SUMMIT AREA YMCA
(a nonprofit organization)

FINANCIAL STATEMENTS

DECEMBER 31, 2011
(with comparative totals for 2010)

SUMMIT AREA YMCA
TABLE OF CONTENTS

NISIVOCCIA LLP
Certified Public Accountants & Advisors

Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

To the Board of Directors of the
Summit Area YMCA

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of the Summit Area YMCA (the "YMCA") as of December 31, 2011, and the related statements of support, revenue, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of the YMCA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the YMCA's 2010 financial statements and, in our report dated March 28, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Summit Area YMCA as of December 31, 2011, and its support, revenue, and expenses and its cash flows for the year then ended, on the basis of accounting described in Note 1.

Mt. Arlington, New Jersey
April 9, 2012

Nisivoccia LLP

SUMMIT AREA YMCA

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS

(MODIFIED CASH BASIS)

DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

	2011				2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Assets:					
Cash and cash equivalents	$ 779,395	$ 1,500	$ 497,159	$ 1,278,054	$ 996,046
Investments	1,115,674		4,008,952	5,124,626	4,904,790
Land, buildings and equipment, net	12,833,938			12,833,938	12,927,337
Deposits	16,137			16,137	8,000
Total assets	$ 14,745,144	$ 1,500	$ 4,506,111	$ 19,252,755	$ 18,836,173
Liabilities:					
Notes payable	$ 1,704,614			$ 1,704,614	$ 1,892,916
Capital lease obligations	463,125			463,125	340,957
Line of credit					300,000
Total liabilities	2,167,739			2,167,739	2,533,873
Net assets:					
Unrestricted	12,577,405			12,577,405	12,288,166
Temporarily restricted		$ 1,500		1,500	40,000
Permanently restricted			$ 4,506,111	4,506,111	3,974,134
Total net assets	12,577,405	1,500	4,506,111	17,085,016	16,302,300
Total liabilities and net assets	$ 14,745,144	$ 1,500	$ 4,506,111	$ 19,252,755	$ 18,836,173

SUMMIT AREA YMCA
STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS
(MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

	2011				2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue, gains and other support:					
Contributions	$ 634,620		$ 531,977	$ 1,166,597	$ 1,313,273
Membership dues	3,361,193			3,361,193	3,349,874
Program service fees	8,047,018			8,047,018	7,963,971
Investment income	6,818			6,818	600,314
Other income	328,946			328,946	210,599
Total revenue, gains and other support	12,378,595		531,977	12,910,572	13,438,031
Net Assets Released from Restrictions:					
Expiration of time or purpose restriction	38,500	$ (38,500)			
	12,417,095	(38,500)	531,977	12,910,572	13,438,031
Expenses:					
Program services					
Day camp	646,848			646,848	672,624
Child care	4,637,202			4,637,202	4,463,097
Physical	3,942,210			3,942,210	4,375,308
Other programs	764,061			764,061	1,118,237
Total program services	9,990,321			9,990,321	10,629,266
Supporting services:					
Management and general	1,841,482			1,841,482	1,606,170
Fundraising	296,053			296,053	189,761
Total supporting services	2,137,535			2,137,535	1,795,931
Total expenses	12,127,856			12,127,856	12,425,197
Increase (decrease) in net assets	289,239	(38,500)	531,977	782,716	1,012,834
Net assets:					
Beginning of year	12,288,166	40,000	3,974,134	16,302,300	15,289,466
End of year	$ 12,577,405	$ 1,500	$ 4,506,111	$ 17,085,016	$ 16,302,300

SUMMIT AREA YMCA
STATEMENT OF FUNCTIONAL EXPENSES
(MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

	Program Services					Supporting Services				
	Day Camp	Child Care	Physical	Other Programs	Total	Management and General	Fundraising	Total	2011 Total	2010 Total
Salaries	$ 228,660	$ 2,325,664	$ 2,155,183	$ 369,096	$ 5,078,603	$ 901,718	$ 83,936	$ 985,654	$ 6,064,257	$ 6,290,890
Employment benefits and payroll taxes	39,849	758,156	448,398	82,314	1,328,717	204,820	15,340	220,160	1,548,877	1,600,306
Total salaries and related benefits	268,509	3,083,820	2,603,581	451,410	6,407,320	1,106,538	99,276	1,205,814	7,613,134	7,891,196
Professional fees	22,751	182,741	154,210	35,449	395,151	238,887	41,575	280,462	675,613	592,786
Program supplies	113,313	187,712	245,169	56,516	602,710	183,818	134,888	318,706	921,416	753,541
Telephone	2,512	20,191	16,992	4,928	44,623	14,439		14,439	59,062	69,321
Postage and shipping	1,102	8,851	7,449	1,717	19,119	5,197	3,451	8,648	27,767	29,511
Occupancy	60,460	525,215	408,693	121,290	1,115,658	113,850		113,850	1,229,508	1,292,256
Equipment repair and maintenance	1,398	12,562	22,035	2,178	38,173	29,191		29,191	67,364	266,680
Printing and publications	3,608	28,976	24,385	5,621	62,590	11,866	14,428	26,294	88,884	65,795
Travel	72,217	80,543	7,005	336	160,101	3,843		3,843	163,944	175,323
Conference, convention and meetings	1,341	10,774	10,652	2,090	24,857	22,362	370	22,732	47,589	70,568
Interest expense						90,527		90,527	90,527	83,403
Dues and subscriptions	553	4,449	3,744	863	9,609	19,764	2,065	21,829	31,438	23,172
Liability insurance	5,243	42,117	35,444	8,170	90,974				90,974	103,405
National YMCA dues	7,248	54,747	54,389	6,016	122,400	1,007		1,007	123,407	133,850
Miscellaneous	50,877	107,625	107,034	11,827	277,363	193		193	277,556	224,519
Total expenses before depreciation	611,132	4,350,323	3,700,782	708,411	9,370,648	1,841,482	296,053	2,137,535	11,508,183	11,775,326
Depreciation	35,716	286,879	241,428	55,650	619,673				619,673	649,871
Total expenses	$ 646,848	$ 4,637,202	$ 3,942,210	$ 764,061	$ 9,990,321	$ 1,841,482	$ 296,053	$ 2,137,535	$ 12,127,856	$ 12,425,197

SUMMIT AREA YMCA
STATEMENT OF CASH FLOWS
(MODIFIED CASH BASIS)
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash flows from operating activities:		
Increase in net assets - modified cash basis	$ 782,716	$ 1,012,834
Adjustments to reconcile increase in net assets - modified cash basis to net cash provided by operating activities:		
Depreciation and amortization	619,673	649,871
Realized and unrealized (gain) loss on investment	135,674	(480,637)
Dividends and interest reinvested	(142,492)	(119,677)
Contributions restricted for long-term purposes	(531,977)	(701,388)
Changes in operating assets and liabilities:		
Deposits	(8,137)	91,022
Net cash provided by operating activities	855,457	452,025
Cash flows from investing activities:		
Capital expenditures	(526,274)	(713,330)
Purchase of investments	(2,787,349)	(2,997,768)
Proceeds from sales of investments	2,574,331	1,931,611
Net cash used in investing activities	(739,292)	(1,779,487)
Cash flows from financing activities:		
Proceeds from line of credit	615,893	800,000
Principal repayment on line of credit	(915,893)	(599,000)
Proceeds from notes payable		448,784
Principal repayment on notes payable	(188,302)	(161,794)
Acquisition of capital lease	300,163	143,299
Principal repayment on capital lease obligations	(177,995)	(178,999)
Investment in permanent endowment	531,977	701,388
Net cash provided by (used in) financing activities	165,843	1,153,678
Net increase (decrease) in cash and cash equivalents	282,008	(173,784)
Cash and cash equivalents:		
Beginning of year	996,046	1,169,830
End of year	$ 1,278,054	$ 996,046
Supplemental disclosures of cash flow information:		
Interest paid	$ 90,527	$ 83,403
Supplemental disclosures of non-cash activity:		
Unrealized gain (loss) on investments	$ (235,045)	$ 374,546
Equipment purchased under capital lease	$ 300,163	$ 143,299

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

The Summit Area YMCA (the "YMCA") is a not-for-profit organization incorporated on June 18, 1889. It utilizes two fully-equipped buildings that provide year-round recreational facilities, meeting rooms, and child care facilities. In addition, it maintains another location where it operates a year-round day care center.

Basis of Presentation

The YMCA uses the modified cash basis method of accounting for all transactions; consequently, certain revenue is recognized when received rather than when the obligation is incurred. The modifications to the cash basis of accounting are capitalization of property and equipment, recording of unrealized gains and losses on investments and recording of long-term debt obligations. Interest earned on time deposits is considered received when credited by banks. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

The YMCA prepares its financial statements in accordance with *Financial Statements of Not-for-Profit Organizations.* This standard establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The YMCA classifies its resources into three net asset categories according to externally (donor) imposed restrictions. The YMCA had accounting transactions in all three of the net asset categories as follows:

- Unrestricted net assets – this category includes resources which are not subject to donor imposed restrictions.

- Temporarily restricted net assets – this category includes resources which are subject to donor imposed restrictions that will be met by the passage of time or which will be fulfilled by actions of the YMCA.

- Permanently restricted net assets – this category includes resources which are subject to donor-imposed restrictions that will not be met by the passage of time nor can they be fulfilled or otherwise resolved by actions of the YMCA. Principal amounts of contributions must remain intact in perpetuity. Income derived from these assets can be used for unrestricted or temporarily restricted purposes in accordance with the intent of the donor.

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Cash and Cash Equivalents

The YMCA considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at date of gift when received by donation. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Expenditures for minor repairs and maintenance are charged to expense as incurred. Major renewals and improvements are capitalized. Gifts of long-lived assets are reported as an increase in unrestricted net assets, unless there are explicit restrictions that specify how the assets are to be used. Proceeds from the sale of fixed assets, if unrestricted, are transferred to unrestricted net assets, or, if restricted, to deferred amounts restricted for fixed asset acquisitions.

The YMCA continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of fixed assets in accordance with the provisions of *Accounting for the Impairment or Disposal of Long-Lived Assets.*

Fair Value of Financial Instruments

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the YMCA has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

The carrying amounts of cash and cash equivalents and deposits approximate fair value because of the short maturity of these instruments.

Long-term debt and capital leases are carried at amortized cost. However, the YMCA believes it can obtain similar loans and leases at similar terms; therefore the YMCA has determined that amortized cost approximates fair value.

Income Taxes

The YMCA is recognized by the Internal Revenue Service as a nonprofit organization under Internal Revenue Code Section 501(c)(3) and is thereby exempt from federal income taxes. It is classified as a publicly supported organization pursuant to Section 509(a)(2), and not as a private foundation.

The YMCA adopted the provisions of Accounting Standards Codification (ASC) *Accounting for Uncertainty in Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The cumulative effect of this change in accounting principle was immaterial.

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Income Taxes (cont'd)

In assessing the realizability of tax benefits, management considers whether it is more likely than not that some portion or all of any tax position will not be realized. The ultimate realization of such tax positions is dependent upon the generation of future income. Management considers projected future income, and tax planning strategies in making this assessment.

The YMCA does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the fiscal year ended December 31, 2011. However, the YMCA is subject to regular audit by tax authorities. The YMCA believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

As required by law, the YMCA files informational returns with both the Federal and New Jersey State governments on an annual basis - Form 990 with the Internal Revenue Service, and Form CRI-300R with the State. These returns are subject to examination by these authorities within three years from the latest filing date for Federal and four years from the latest filing date for New Jersey.

Investments

Investments are recorded at their fair market value in accordance with *Accounting for Certain Investments held by Not-for-Profit Organizations*. Donated investments are recorded as contributions at their fair market values on the date of receipt.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the YMCA to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Total Columns

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the YMCA's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Concentrations of Credit Risk

The YMCA maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The YMCA has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Volunteer Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop and supplement the YMCA's programs. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria for recognition under U.S. generally accepted accounting principles.

Revenue and Support Recognition

All public support and revenue is recognized as income when received.

The YMCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. However, the receipt of restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted revenues in the statement of activities.

Restricted gains and other income earned on investments, whose restrictions are satisfied in the same accounting period, are reported as unrestricted income.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fundraising

Fundraising includes the direct costs of special events and the allocation of employees' salaries and other costs involved in fundraising and special events based on methods considered by management to be reasonable.

Allocation of Expenses

Program expenses include amounts which are related to child care services, family center activities and physical programs. Management and general services relate to administrative expenses associated to those programs. The costs of providing the various programs and other activities have been allocated among the programs and supporting services based on methods considered by management to be reasonable.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through the date of the auditors' report and the date of issuance. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no unrecognized subsequent events that require additional disclosure.

Note 1 - Summary of Significant Accounting Policies (Cont'd)

New Accounting Pronouncements

Fair Value Measurements

In January 2010, the FASB issued an accounting standard update on fair value measurements and disclosure. The update requires more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1,2 and 3. The YMCA's adoption of the new disclosures and clarifications of existing disclosures that were effective for interim and annual reporting periods beginning after December 15, 2009 did not have an effect on the YMCA's financial statements. The disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years did not have an effect on the YMCA's financial statements.

Note 2 - Investments- donor designated endowments (UPMIFA state) after implementation of FSP FAS 117-1

The YMCA's endowment consists of individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by the modified cash basis of accounting, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the YMCA has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the YMCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the YMCA, and (7) the YMCA's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The YMCA has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to increase the inflation adjusted asset value of the principal capital and the purchasing power of the income while maintaining a moderate risk profile. Diversification of assets is used to manage the risk profile, utilizing strategic asset allocation guidelines.

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 2 - Investments- donor designated endowments (UPMIFA state) after implementation of FSP FAS 117-1 (cont'd)

Spending Policy. On an annual basis the spending policy allows for specific distributions from the endowment portfolio, periodic withdrawals based on a percentage (not to exceed 5%) are determined by management. The percentage withdrawn during 2011 and 2010 was 5%. The investment strategy plans for these periodic withdrawals of earned income from the portfolio.

During the years ended December 31, 2011 and 2010, management appropriated $150,000 and $120,000, respectively, for spending.

Endowment net asset composition by type of fund were comprised of the following at December 31:

	2011	2010
Donor-restricted endowment funds	$ 4,506,111	$3,974,134
Total funds	$ 4,506,111	$3,974,134

The following summarizes changes in endowment net assets for the year ended December 31:

	2011	2010
Endowment net assets:		
Beginning of year	$ 3,974,134	$3,272,746
Contributions	531,977	701,388
End of year	$ 4,506,111	$3,974,134

Note 3 - Investments

Investments were comprised of the following at December 31, 2011:

	2011			
Description	Cost	Market Value (Level 1)	Market Value (Level 2)	Unrealized Gain (Loss)
Equities				
Basic materials	$ 56,586	$ 51,759		$ (4,827)
Consumer goods	265,082	310,829		45,747
Financial services	235,423	212,735		(22,688)
Health care	126,356	141,156		14,800
Industrial goods	85,300	92,518		7,218
Oil and gas	137,416	140,251		2,835
Other	8,693	7,208		(1,485)
Services	179,738	181,894		2,156
Technology	174,109	195,038		20,929
Telecommunications	44,510	41,207		(3,303)
Utilities	20,133	22,186		2,053
Total equities	1,333,346	1,396,781		63,435

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 3 - Investments (Cont'd)

Fixed income securities				
US government and its agencies	2,727,345	2,984,365		257,020
State and local government	30,330	31,071		741
Corporate debt	131,200	140,014		8,814
Total fixed income securities	2,888,875	3,155,449		266,574
Mutual funds				
Fixed income	450,770	469,511		18,741
Total mutual funds	450,770	469,511		18,741
Certificate of deposit	100,000		$ 102,885	2,885
	$ 4,772,991	$ 5,021,741	$ 102,885	$ 351,635

	2010			
Description	Cost	Market Value (Level 1)	Market Value (Level 2)	Unrealized Gain (Loss)
Equities	$2,350,197	$2,854,401		$ 504,204
Fixed Income	1,401,716	1,421,841		20,125
Mutual Funds	417,283	476,747		59,464
Certificate of Deposit	150,000		$ 151,801	1,801
	$4,169,196	$4,752,989	$ 151,801	$ 585,594

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based on estimates using present value or other valuation techniques where quoted market prices are not available. All financial assets of the YMCA have been valued using level 1 and level 2 inputs for the years ended December 31, 2011 and 2010, respectively.

The following summarizes the investment return and its classification in the statement of activities for the year ended December 31:

	2011	2010
Beginning market value	$ 4,904,790	$ 3,238,319
Purchases	2,787,349	2,997,768
Sales	(2,545,839)	(1,909,784)
Investment income:		
Interest/dividends reinvested	142,492	119,677
Realized gains	99,371	106,091
Unrealized gains (losses)	(235,045)	374,546
Management fees	(28,492)	(21,827)
Ending market value	$ 5,124,626	$ 4,904,790

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 3 - Investments (Cont'd)

Investment return is summarized as follows:

	2011	2010
Interest and dividend income	$ 142,492	$ 119,677
Realized gains	99,371	106,091
Unrealized gains (losses)	(235,045)	374,546
	$ 6,818	$ 600,314

Note 4- Land, Buildings and Equipment

Land, buildings and equipment as of December 31, 2011 and 2010 are as follows:

	Lives	1900	
Land		$ 1,138,200	$ 1,138,200
Buildings	40	15,659,846	15,482,029
Building improvements	10	1,554,441	1,548,186
Furniture and equipment	7/5	3,287,828	2,945,627
Vehicles	5	240,194	240,193
Total		21,880,509	21,354,235
Less: accumulated depreciation		(9,046,571)	(8,426,898)
Net property and equipment		$ 12,833,938	$ 12,927,337

Depreciation expense for the years ended December 31, 2011 and 2010 totaled $619,673 and $649,871, respectively.

Note 5 - Long Term Debt

	1900	
Note payable to bank which requires monthly payments of $3,285 including principal and interest at 5.5%. The note matures in September 2025 and is secured by a pledge agreement whereby the YMCA agrees not to sell, transfer or mortgage the property located at 99 Morris Avenue.	$ 377,878	$ 395,686
Note payable to bank for purchase of vehicle which requires monthly payments of $927 including principal and interest at 5.25%. The note matures in August 2015 and is secured by the related vehicle.	37,015	45,922

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 5 - Long Term Debt (Cont'd)

	2011	2010
Note payable from issued bonds sold to bank used to finance the completion of the natatorium project, leasehold improvements at the Berkeley Heights branch and consolidate all outstanding construction loans. The note requires monthly payments of $18,542 including principal and interest at a fixed rate of 4.35%. The note matures in March 2024 and is secured by all owned real and personal property not subject to liens.	1,289,721	1,451,308
	$ 1,704,614	$ 1,892,916

Principal repayments for long term debt are as follows:

Years Ended	
2012	$ 251,025
2013	163,170
2014	170,769
2015	174,989
2016	175,440
Thereafter	769,221
	$ 1,704,614

Note 6- Capital Leases

The YMCA has entered into several capital leases for office and exercise equipment which expire through 2016. Assets under such capital leases, which are included in land, buildings and equipment, amounted to $740,408 and $706,073 as of December 31, 2011 and 2010, respectively. Accumulated amortization on these assets amounted to $229,691 and $189,762 as of December 31, 2011 and 2010, respectively. Obligations for the capital leases maturing in each of the subsequent years are as follows:

Years Ended	
2012	$ 210,851
2013	134,514
2014	89,782
2015	13,989
2016	13,989
	$ 463,125

SUMMIT AREA YMCA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

Note 7 - Line of Credit

The YMCA has a line of credit with Hilltop Community Bank in the amount of $700,000. At December 31, 2011 and 2010 outstanding balances on this line of credit was $0 and $300,000, respectively. The line accumulates interest at a rate of prime minus .25% with a floor of 5% (5% at December 31, 2011 and 2010, respectively) and expires in August 2012. In June 2011, The YMCA entered into a line of credit agreement with Affinity Federal Credit Union in the amount of $237,000. As of December 31, 2011, there was no outstanding balance on this line of credit. The line accumulates interest at a rate of 3% on balances outstanding and expires in June 2012.

Note 8 - Retirement Plan

The YMCA participates in a contributory, defined-contribution retirement plan that is administered by an independent board of trustees. This plan covers all employees who have attained twenty-one years of age and performed at least 1,000 hours of service in each of two years. Vesting is immediate upon entry to the plan. The organization's policy is to fully fund pension costs as accrued. The expense for the years ended December 31, 2011 and 2010 was $379,418 and $420,287, respectively. Employees at their option may also contribute to tax deferred annuities through the YMCA retirement fund or other commercial sources. The Summit YMCA does not match these contributions.

Note 9 - Operating Leases

On July 1, 1995 the YMCA entered into a lease agreement for the Berkeley Heights branch facility for a term of five years with three additional five-year options of extension. On November 7, 2011, this lease was extended for an additional two years beginning on August 31, 2012. The facility comprising of 22,846 square feet has an annual rental of approximately $275,000 not including its proportionate share of common area maintenance charges, real estate tax and other sundry charges. At the commencement of the extension, the per-square-foot charge will increase by 2% per year.

In April 2006, the YMCA entered into a lease agreement for office space located at 490 Morris Avenue in Summit. During April 2011 the initial lease expired, both parties have verbally agreed to extend the lease for two years. The annual rental is approximately $79,200 not including its proportionate share of common area maintenance charges, real estate tax, and other sundry charges. Upon future lease extension, the rental will increase by the same percentage as the consumer price index urban wage earners and clerical workers, CPI-W (3.2% at December 2011).

The YMCA has several non-cancellable operating leases for office equipment that expire at various times. The minimum future rental payments of these leases as of December 31, 2011 are as follows:

Years Ended	
2012	$ 386,576
2013	336,461
2014	211,352
2015	18,700
	$ 953,089