

**SUMMIT AREA YOUNG MEN'S CHRISTIAN  
ASSOCIATION,  
A NEW JERSEY NONPROFIT CORPORATION**

**Financial Statements  
December 31, 2015 and 2014  
(With Summarized Comparative Information)**

The report accompanying these financial statements was issued by Spire Group, PC, a New Jersey Professional Corporation.

**SUMMIT AREA YOUNG MEN’S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Summit Area Young Men's Christian Association, A New Jersey Nonprofit Corporation  
Summit, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of Summit Area Young Men's Christian Association, A New Jersey Nonprofit Corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of Summit Area Young Men's Christian Association, A New Jersey Nonprofit Corporation, are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summit Area Young Men's Christian Association, A New Jersey Nonprofit Corporation, as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Summit Area Young Men's Christian Association, A New Jersey Nonprofit Corporation's 2014 financial statements, and our report dated March 20, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Spire Group, PC*

Clark, New Jersey  
April 7, 2016

**SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION**

**Statements of Financial Position  
December 31, 2015**

|   | <u>2015</u>                 | <u>2014</u>                 |
|---|-----------------------------|-----------------------------|
| <b>Assets</b>                                       |                             |                             |
| <b>Current Assets</b>                               |                             |                             |
| Cash and cash equivalents                           | \$ 2,199,291                | \$ 2,128,528                |
| Restricted cash                                     | 283,182                     | 387,150                     |
| Accounts receivable                                 | 977                         | -                           |
| Pledges receivable - net                            | 118,525                     | 144,742                     |
| Prepaid expenses and other assets                   | <u>123,941</u>              | <u>126,850</u>              |
| <b>Total Current Assets</b>                         | 2,725,916                   | 2,787,270                   |
| Investments, at fair value                          | 6,511,078                   | 6,561,977                   |
| Long-term pledges receivable - less current portion | 28,672                      | 36,001                      |
| Land, buildings, and equipment - net                | <u>12,757,519</u>           | <u>13,054,828</u>           |
| <b>Total Assets</b>                                 | <u><u>\$ 22,023,185</u></u> | <u><u>\$ 22,440,076</u></u> |
| <b>Liabilities and Net Assets</b>                   |                             |                             |
| <b>Liabilities</b>                                  |                             |                             |
| <b>Current Liabilities</b>                          |                             |                             |
| Accounts payable                                    | \$ 74,990                   | \$ 79,158                   |
| Accrued expenses                                    | 636,362                     | 627,727                     |
| Deferred revenue                                    | 196,198                     | 169,696                     |
| Capital lease obligations                           | 274,861                     | 260,554                     |
| Notes payable                                       | <u>218,082</u>              | <u>216,301</u>              |
| <b>Total Current Liabilities</b>                    | 1,400,493                   | 1,353,436                   |
| Long-term capital leases - less current portion     | 229,567                     | 290,342                     |
| Long-term notes payable - less current portion      | <u>1,310,249</u>            | <u>1,531,823</u>            |
| <b>Total Liabilities</b>                            | <u>2,940,309</u>            | <u>3,175,601</u>            |
| <b>Net Assets</b>                                   |                             |                             |
| Unrestricted  | 13,853,855                  | 14,177,685                  |
| Temporarily restricted                              | 86,627                      | 53,418                      |
| Permanently restricted                              | <u>5,142,394</u>            | <u>5,033,372</u>            |
| <b>Total Net Assets</b>                             | <u>19,082,876</u>           | <u>19,264,475</u>           |
| <b>Total Liabilities and Net Assets</b>             | <u><u>\$ 22,023,185</u></u> | <u><u>\$ 22,440,076</u></u> |

See accompanying notes.

# SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION

## Statement of Activities (With Summarized Comparative Information For December 31, 2014) For the Year Ended December 31, 2015

|   | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | 2015<br>Total     | 2014<br>Total     |
|---|-------------------|---------------------------|---------------------------|-------------------|-------------------|
| <b>Operating Activities</b>   |                   |                           |                           |                   |                   |
| <b>Public Support</b>   |                   |                           |                           |                   |                   |
| Contributions   | \$ 427,232        | \$ 40,000                 | \$ 109,022                | \$ 576,254        | \$ 651,395        |
| Foundation grants   | 93,333            | -                         | -                         | 93,333            | 130,280           |
| Special events - net of expenses \$62,285<br>and \$70,702, respectively             | 121,660           | -                         | -                         | 121,660           | 87,114            |
| Government grants and contracts   | 125,754           | -                         | -                         | 125,754           | 93,437            |
| Net assets released from restrictions<br>expiration of time or purpose restrictions | 6,791             | (6,791)                   | -                         | -                 | -                 |
| <b>Total Public Support</b>   | <b>774,770</b>    | <b>33,209</b>             | <b>109,022</b>            | <b>917,001</b>    | <b>962,226</b>    |
| <b>Revenue</b>  |                   |                           |                           |                   |                   |
| Membership fees - net   | 3,985,868         | -                         | -                         | 3,985,868         | 4,040,012         |
| Program fees - net  | 7,372,434         | -                         | -                         | 7,372,434         | 7,599,213         |
| Gain on sale of equipment   | 13,225            | -                         | -                         | 13,225            | -                 |
| Miscellaneous income  | 181,847           | -                         | -                         | 181,847           | 206,594           |
| <b>Total Revenue</b>  | <b>11,553,374</b> | <b>-</b>                  | <b>-</b>                  | <b>11,553,374</b> | <b>11,845,819</b> |
| <b>Total Public Support and Revenue</b>   | <b>12,328,144</b> | <b>33,209</b>             | <b>109,022</b>            | <b>12,470,375</b> | <b>12,808,045</b> |
| <b>Expenses</b>   |                   |                           |                           |                   |                   |
| <b>Program Services</b>   |                   |                           |                           |                   |                   |
| Youth Development   | 5,582,466         | -                         | -                         | 5,582,466         | 6,064,606         |
| Healthy Living  | 4,737,803         | -                         | -                         | 4,737,803         | 4,299,377         |
| Social Responsibility   | 256,990           | -                         | -                         | 256,990           | 234,560           |
| <b>Total Program Services</b>   | <b>10,577,259</b> | <b>-</b>                  | <b>-</b>                  | <b>10,577,259</b> | <b>10,598,543</b> |
| <b>Supporting Services</b>  |                   |                           |                           |                   |                   |
| Management and general  | 1,855,482         | -                         | -                         | 1,855,482         | 1,795,853         |
| Fundraising   | 297,314           | -                         | -                         | 297,314           | 290,042           |
| <b>Total Supporting Services</b>  | <b>2,152,796</b>  | <b>-</b>                  | <b>-</b>                  | <b>2,152,796</b>  | <b>2,085,895</b>  |
| <b>Total Expenses</b>   | <b>12,730,055</b> | <b>-</b>                  | <b>-</b>                  | <b>12,730,055</b> | <b>12,684,438</b> |
| <b>Change in Net Assets from Operating Activities</b>                               | <b>(401,911)</b>  | <b>33,209</b>             | <b>109,022</b>            | <b>(259,680)</b>  | <b>123,607</b>    |

See accompanying notes.

**SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION**

**Statement of Activities (With Summarized Comparative Information For December 31, 2014)  
For the Year Ended December 31, 2015**

|  | <u>Unrestricted</u>         | <u>Restricted</u>       | <u>Restricted</u>          | <u>Total</u>                | <u>Total</u>                |
|--|-----------------------------|-------------------------|----------------------------|-----------------------------|-----------------------------|
| <b>Change in Net Assets from Operating Activities</b>  | \$ (401,911)                | \$ 33,209               | \$ 109,022                 | \$ (259,680)                | \$ 123,607                  |
| <b>Non-Operating Activities</b>  |                             |                         |                            |                             |                             |
| Net realized and unrealized gain on investments<br>in excess of amounts designated for<br>current operations | <u>78,081</u>               | <u>-</u>                | <u>-</u>                   | <u>78,081</u>               | <u>227,936</u>              |
| <b>Totaal Non-Operating Activities</b>   | <u>78,081</u>               | <u>-</u>                | <u>-</u>                   | <u>78,081</u>               | <u>227,936</u>              |
| <b>Change in Net Assets</b>  | (323,830)                   | 33,209                  | 109,022                    | (181,599)                   | 351,543                     |
| <b>Net Assets at Beginning of Years</b>  | <u>14,177,685</u>           | <u>53,418</u>           | <u>5,033,372</u>           | <u>19,264,475</u>           | <u>18,912,932</u>           |
| <b>Net Assets at End of Years</b>  | \$ <u><u>13,853,855</u></u> | \$ <u><u>86,627</u></u> | \$ <u><u>5,142,394</u></u> | \$ <u><u>19,082,876</u></u> | \$ <u><u>19,264,475</u></u> |

See accompanying notes.

**SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION**

**Statement of Functional Expenses  
For the Year Ended December 31, 2015**

|  | Program Services     |                     |                          |                      | Supporting Services       |                   |                     |                      |
|--|----------------------|---------------------|--------------------------|----------------------|---------------------------|-------------------|---------------------|----------------------|
|  | Youth<br>Development | Healthy<br>Living   | Social<br>Responsibility | Total                | Management<br>and General | Fundraising       | Total               | 2015<br>Total        |
| Salaries   | \$ 2,589,574         | \$ 2,492,772        | \$ 152,561               | \$ 5,234,907         | \$ 1,080,765              | \$ 168,780        | \$ 1,249,545        | \$ 6,484,452         |
| Employee benefits and payroll taxes                        | 980,515              | 430,098             | 35,042                   | 1,445,655            | 325,645                   | 29,737            | 355,382             | 1,801,037            |
| <b>Total Salaries, Benefits and Payroll Taxes</b>          | <b>3,570,089</b>     | <b>2,922,870</b>    | <b>187,603</b>           | <b>6,680,562</b>     | <b>1,406,410</b>          | <b>198,517</b>    | <b>1,604,927</b>    | <b>8,285,489</b>     |
| Professional fees  | 83,573               | 85,987              | 5,897                    | 175,457              | 133,498                   | 30,658            | 164,156             | 339,613              |
| Program supplies   | 330,688              | 280,844             | 34,761                   | 646,293              | 64,770                    | 46,877            | 111,647             | 757,940              |
| Telephone  | 22,669               | 22,216              | 453                      | 45,338               | 11,128                    | -                 | 11,128              | 56,466               |
| Postage and shipping                                       | 6,453                | 6,323               | 129                      | 12,905               | 3,979                     | 3,893             | 7,872               | 20,777               |
| Occupancy  | 637,666              | 612,251             | 12,265                   | 1,262,182            | 146,963                   | -                 | 146,963             | 1,409,145            |
| Equipment repair and maintenance                           | 28,237               | 38,752              | 410                      | 67,399               | 11,248                    | -                 | 11,248              | 78,647               |
| Printing and publications                                  | 17,425               | 12,936              | 264                      | 30,625               | 16,154                    | 8,527             | 24,681              | 55,306               |
| Travel and transportation                                  | 104,874              | 13,342              | 65                       | 118,281              | 1,398                     | 592               | 1,990               | 120,271              |
| Conference, convention and meetings                        | 13,462               | 13,784              | 215                      | 27,461               | 35,380                    | 6,536             | 41,916              | 69,377               |
| Interest expense   | 51,798               | 27,236              | 618                      | 79,652               | -                         | -                 | -                   | 79,652               |
| Dues and subscriptions                                     | 2,813                | 2,756               | 56                       | 5,625                | 12,150                    | 1,365             | 13,515              | 19,140               |
| Liability insurance  | 62,904               | 61,645              | 1,258                    | 125,807              | -                         | -                 | -                   | 125,807              |
| National YMCA dues   | 85,438               | 83,729              | 1,709                    | 170,876              | 197                       | -                 | 197                 | 171,073              |
| Miscellaneous  | 119,654              | 117,303             | 2,393                    | 239,350              | 7,004                     | 349               | 7,353               | 246,703              |
| <b>Total Expenses Before Depreciation and amortization</b> | <b>5,137,743</b>     | <b>4,301,974</b>    | <b>248,096</b>           | <b>9,687,813</b>     | <b>1,850,279</b>          | <b>297,314</b>    | <b>2,147,593</b>    | <b>11,835,406</b>    |
| Depreciation and amortization                              | 444,723              | 435,829             | 8,894                    | 889,446              | 5,203                     | -                 | 5,203               | 894,649              |
| <b>Total Expenses</b>                                      | <b>\$ 5,582,466</b>  | <b>\$ 4,737,803</b> | <b>\$ 256,990</b>        | <b>\$ 10,577,259</b> | <b>\$ 1,855,482</b>       | <b>\$ 297,314</b> | <b>\$ 2,152,796</b> | <b>\$ 12,730,055</b> |

See accompanying notes.



# SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION

## Statement of Functional Expenses For the Year Ended December 31, 2014

|  | Program Services     |                     |                          |                      | Supporting Services       |                   |                     |                      |
|--|----------------------|---------------------|--------------------------|----------------------|---------------------------|-------------------|---------------------|----------------------|
|  | Youth<br>Development | Healthy<br>Living   | Social<br>Responsibility | Total                | Management<br>and General | Fundraising       | Total               | 2014<br>Total        |
| Salaries   | \$ 2,984,770         | \$ 2,205,506        | \$ 98,143                | \$ 5,288,419         | \$ 1,079,323              | \$ 185,174        | \$ 1,264,497        | \$ 6,552,916         |
| Employee benefits and payroll taxes                        | 957,844              | 444,803             | 28,574                   | 1,431,221            | 302,343                   | 26,527            | 328,870             | 1,760,091            |
| <b>Total Salaries, Benefits and Payroll Taxes</b>          | <u>3,942,614</u>     | <u>2,650,309</u>    | <u>126,717</u>           | <u>6,719,640</u>     | <u>1,381,666</u>          | <u>211,701</u>    | <u>1,593,367</u>    | <u>8,313,007</u>     |
| Professional fees  | 86,611               | 62,410              | 3,069                    | 152,090              | 109,780                   | (332)             | 109,448             | 261,538              |
| Program supplies   | 407,959              | 232,465             | 31,027                   | 671,451              | 54,277                    | 26,719            | 80,996              | 752,447              |
| Telephone  | 25,607               | 18,950              | 932                      | 45,489               | 10,864                    | -                 | 10,864              | 56,353               |
| Postage and shipping                                       | 3,668                | 5,041               | 248                      | 8,957                | 5,026                     | 7,731             | 12,757              | 21,714               |
| Occupancy  | 583,438              | 636,355             | 30,432                   | 1,250,225            | 145,792                   | -                 | 145,792             | 1,396,017            |
| Equipment repair and maintenance                           | 48,534               | 55,337              | 1,487                    | 105,358              | 18,985                    | -                 | 18,985              | 124,343              |
| Printing and publications                                  | 13,325               | 21,069              | 1,036                    | 35,430               | 12,643                    | 20,354            | 32,997              | 68,427               |
| Travel and transportation                                  | 115,722              | 14,591              | 103                      | 130,416              | 3,069                     | 703               | 3,772               | 134,188              |
| Conference, convention and meetings                        | 16,508               | 10,279              | 446                      | 27,233               | 35,331                    | 4,676             | 40,007              | 67,240               |
| Interest expense   | 47,696               | 33,471              | 2,510                    | 83,677               | -                         | -                 | -                   | 83,677               |
| Dues and subscriptions                                     | 3,341                | 4,223               | 208                      | 7,772                | 8,928                     | 4,369             | 13,297              | 21,069               |
| Liability insurance  | 65,858               | 48,118              | 2,366                    | 116,342              | -                         | -                 | -                   | 116,342              |
| National YMCA dues   | 79,169               | 58,143              | 2,860                    | 140,172              | 6,042                     | -                 | 6,042               | 146,214              |
| Miscellaneous  | 124,777              | 97,894              | 4,815                    | 227,486              | 3,450                     | 14,121            | 17,571              | 245,057              |
| <b>Total Expenses Before Depreciation and amortization</b> | <u>5,564,827</u>     | <u>3,948,655</u>    | <u>208,256</u>           | <u>9,721,738</u>     | <u>1,795,853</u>          | <u>290,042</u>    | <u>2,085,895</u>    | <u>11,807,633</u>    |
| Depreciation and amortization                              | 499,779              | 350,722             | 26,304                   | 876,805              | -                         | -                 | -                   | 876,805              |
| <b>Total Expenses</b>                                      | <u>\$ 6,064,606</u>  | <u>\$ 4,299,377</u> | <u>\$ 234,560</u>        | <u>\$ 10,598,543</u> | <u>\$ 1,795,853</u>       | <u>\$ 290,042</u> | <u>\$ 2,085,895</u> | <u>\$ 12,684,438</u> |

See accompanying notes.

**SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION**

**Statements of Cash Flows**

**For the Years Ended December 31, 2015 and 2014**

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>  |                     |                     |
| <b>Change in Net Assets</b>  | \$ (181,599)        | \$ 351,543          |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation and amortization  | 894,649             | 876,805             |
| Net realized and unrealized loss (gain) on investments                                       | 78,475              | (31,322)            |
| (Increase) decrease in:  |                     |                     |
| Accounts receivable  | (977)               | -                   |
| Pledges receivable   | 33,546              | 4,706               |
| Prepaid expenses and other assets  | 2,909               | (60,630)            |
| Increase (decrease) in:  |                     |                     |
| Accounts payable   | (4,168)             | 79,158              |
| Accrued liabilities  | 8,635               | 14,005              |
| Deferred revenue   | 26,502              | (24,765)            |
| <b>Net Cash Provided by Operating Activities</b>   | <u>857,972</u>      | <u>1,209,500</u>    |
| <b>Cash Flows from Investing Activities</b>  |                     |                     |
| Capital expenditures   | (376,081)           | (339,875)           |
| Purchase of investments  | (3,534,783)         | (3,822,817)         |
| Proceeds from sales of investments   | 3,507,207           | 3,780,029           |
| <b>Net Cash (Used) by Investing Activities</b>   | <u>(403,657)</u>    | <u>(382,663)</u>    |
| <b>Cash Flows from Financing Activities</b>  |                     |                     |
| Principal repayment on notes payable   | (219,793)           | (215,880)           |
| Principal repayment on capital lease obligations   | (267,727)           | (248,060)           |
| <b>Net Cash (Used) by Financing Activities</b>   | <u>(487,520)</u>    | <u>(463,940)</u>    |
| <b>Net Change in Cash and Cash Equivalents</b>   | (33,205)            | 362,897             |
| <b>Cash and Cash Equivalents, Beginning of Years</b>   | <u>2,515,678</u>    | <u>2,152,781</u>    |
| <b>Cash and Cash Equivalents, End of Years</b>   | <u>\$ 2,482,473</u> | <u>\$ 2,515,678</u> |
| <b>Supplemental Disclosure of Cash Flow Information</b>                                      |                     |                     |
| Cash paid during the year for  |                     |                     |
| Interest   | <u>\$ 79,652</u>    | <u>\$ 83,677</u>    |
| <b>Supplemental Disclosures of Non-Cash Activity</b>   |                     |                     |
| Equipment purchased under capital lease  | <u>\$ 221,259</u>   | <u>\$ 292,038</u>   |

See accompanying notes.

# **SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION**

## **Notes to Financial Statements December 31, 2015 and 2014**

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### **Note 1 – Nature of Business**

The Summit Area Young Men's Christian Association, A New Jersey Nonprofit Corporation (the "YMCA" or "Association") 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.

On August 12, 2014, the Association, formerly known as the Summit Area YMCA, changed its name to the Summit Area Young Men's Christian Association, A New Jersey Nonprofit Corporation.

### **Note 2 – Summary of Significant Accounting Policies**

#### **Basis of Presentation**

Financial statement presentation follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The YMCA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a temporary restriction expires or is satisfied, temporarily restricted net assets are then reclassified to unrestricted net assets.

#### **Revenue and Support Recognition**

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Memberships are recognized as revenue in the applicable membership period.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment Fund contributions and investments are permanently restricted by the donor. Investment earnings available for use are recorded in unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received as unrestricted revenue. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

# SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION

## Notes to Financial Statements December 31, 2015 and 2014

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### Note 2 – Summary of Significant Accounting Policies (Continued)

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 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.

#### Investments

Investments are recorded at fair market value. Donated investments are recorded as contributions at their fair market values on the date of receipt.

#### Property and Equipment

Property and equipment purchases are recorded at cost, except for contributed property which is recorded at fair value on the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The principal rates for computing depreciation by major asset categories are as follows:

| <u>Description</u>       | <u>Asset<br/>Life (Years)</u> |
|--------------------------|-------------------------------|
| Building and renovations | 7 – 40                        |
| Office equipment         | 3 – 10                        |
| Transportation equipment | 3 – 5                         |

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

#### Long-Lived Assets

In accordance with GAAP, long-lived tangible assets subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceed their fair value as determined by an estimate of undiscounted future cash flow.

Losses on assets held for disposal are recognized when management has approved and committed to a plan to dispose of the assets, and the assets are available for disposal.

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Donated Services**

The YMCA receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. Certain commercial services are provided to the YMCA gratis or at a reduced cost. No amounts have been recognized in the statement of activities because the criteria for recognition under accounting principles generally accepted in the United States of America have not been satisfied.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Advertising Expenses**

Advertising costs are expensed when incurred. Advertising costs for the years ended December 31, 2015 and 2014 amounted to \$21,023 and \$19,443, respectively.

**Income Taxes**

The YMCA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been recorded in the financial statements.

The Association accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2015. The YMCA's exemption from federal income tax returns are no longer subject to examination by federal taxing authorities for years before 2012.

**Reclassification**

Certain 2014 items were reclassified to conform to 2015 presentation.

**Subsequent Events**

The Association has evaluated subsequent events through April 7, 2016, the date these financial statements were available to be issued.

During March 2016, the Investors Bank line of credit has been renewed with a new maturity date of October 1, 2016.

**Note 3 – Endowment**

The YMCA's endowment consists of only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

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**Note 3 – Endowment (Continued)**

**Interpretation of Relevant Law**

The Board of Trustees 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 Association 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. Any 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 organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (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 organization
- (7) The investment policies of the Association

**Endowment net assets composition by type of fund as of December 31, 2015 and 2014:**

|                                  | Permanently Restricted |              |
|----------------------------------|------------------------|--------------|
|                                  | 2015                   | 2014         |
| Donor-restricted endowment funds | \$ 5,142,394           | \$ 5,033,372 |

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**Notes to Financial Statements  
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**Note 3 – Endowment (Continued)**

**Changes in endowment net assets for the years ended December 31, 2015 and 2014:**

|  | <u>2015</u>                | <u>2014</u>                |
|--|----------------------------|----------------------------|
| Endowment net assets - beginning of years  | \$ 5,033,372               | \$ 4,989,125               |
| Contributions                              | <u>109,022</u>             | <u>44,247</u>              |
| <b>Endowment net assets - end of years</b> | <b><u>\$ 5,142,394</u></b> | <b><u>\$ 5,033,372</u></b> |

**Endowment net assets include the following at December 31, 2015 and 2014:**

|                          | <u>2015</u>                | <u>2014</u>                |
|--------------------------|----------------------------|----------------------------|
| Cash                     | \$ 283,182                 | \$ 387,150                 |
| Investments              | 4,712,015                  | 4,465,479                  |
| Pledges receivable - net | <u>147,197</u>             | <u>180,743</u>             |
| <b>Total</b>             | <b><u>\$ 5,142,394</u></b> | <b><u>\$ 5,033,372</u></b> |

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the YMCA to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2015.

**Return Objectives and Risk Parameters**

The YMCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the YMCA must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that produce expected earnings while assuming a moderate level of investment risk. The YMCA expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

To satisfy its objective of moderate risk, the YMCA's target benchmark is approximately 50% - 65% equities, 30% - 35% bonds and 5% cash and cash equivalents.

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**Note 4 – Pledges Receivable**

The YMCA received unconditional promises to give with payments due in future periods. Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows utilizing a 3% discount rate.

Promises to give at December 31, 2015 and 2014 are summarized as follows:

|  | <u>2015</u>              | <u>2014</u>              |
|--|--------------------------|--------------------------|
| Pledges receivable in one to five years    | \$ 162,624               | \$ 198,361               |
| Pledges receivable in more than five years | 500                      | -                        |
| Less unamortized discount                  | <u>(4,690)</u>           | <u>(6,612)</u>           |
| Subtotal                                   | 158,434                  | 191,749                  |
| Less allowance for uncollectible pledges   | <u>(11,237)</u>          | <u>(11,006)</u>          |
| <b>Net</b>                                 | <u><u>\$ 147,197</u></u> | <u><u>\$ 180,743</u></u> |

**Note 5 - Investments**

The following summarizes the investments at December 31, 2015 and 2014:

|                                | <u>2015</u>                |                            | <u>2014</u>                |                            |
|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                | <u>Cost</u>                | <u>Market</u>              | <u>Cost</u>                | <u>Market</u>              |
| Equities                       | \$ 4,281,035               | \$ 4,465,394               | \$ 3,791,284               | \$ 4,497,758               |
| Corporate and government bonds | 1,215,107                  | 1,224,689                  | 1,261,466                  | 1,288,121                  |
| Fixed income                   | <u>835,109</u>             | <u>820,995</u>             | <u>787,948</u>             | <u>776,098</u>             |
| <b>Total</b>                   | <u><u>\$ 6,331,251</u></u> | <u><u>\$ 6,511,078</u></u> | <u><u>\$ 5,840,698</u></u> | <u><u>\$ 6,561,977</u></u> |



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**Note 5 - Investments (Continued)**

The following schedule summarizes the investment return for the years ended December 31, 2015 and 2014:

|                                      | <u>2015</u>         | <u>2014</u>        |
|--------------------------------------|---------------------|--------------------|
| Interest and dividends               | \$ 156,556          | \$ 196,614         |
| Realized loss                        | (60,419)            | (35,182)           |
| Unrealized (loss) gain               | <u>(18,056)</u>     | <u>66,504</u>      |
| Investment return before expenses    | 78,081              | 227,936            |
| Investment expenses                  | <u>(16,296)</u>     | <u>(14,121)</u>    |
| Return on investment                 | 61,785              | 213,815            |
| Less transfer to operations          | (285,000)           | (232,200)          |
| Less operating fund interest         | <u>(5,929)</u>      | <u>(5,187)</u>     |
| <b>Net investment return</b>         |                     |                    |
| <b>deficit of amounts designated</b> |                     |                    |
| <b>for current operations</b>        | <u>\$ (229,144)</u> | <u>\$ (23,572)</u> |

**Note 6 – Fair Value Measurements**

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while observable inputs reflect our market assumptions. Preference is given to observable inputs. These three types of inputs create the following fair value hierarchy:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement dates.

Level 2 – unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

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**Note 6 – Fair Value Measurements (Continued)**

Level 3 – unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The following tables present the assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

|                                      | <b>December 31,<br/>2015</b> | <b>Fair Value Measurements at Reporting Date Using</b> |                          |                    |
|--------------------------------------|------------------------------|--|--------------------------|--------------------|
|                                      |                              | <b>(Level 1)</b>                                       | <b>(Level 2)</b>         | <b>(Level 3)</b>   |
| Equities                             |                              |  |                          |                    |
| Large blend                          | \$ 1,853,752                 | \$ 1,853,752   | \$ -                     | \$ -               |
| Foreign large blend                  | 867,437                      | 867,437  | -                        | -                  |
| Small blend                          | 486,181                      | 486,181  | -                        | -                  |
| Multialternative                     | 454,423                      | -  | 454,423                  | -                  |
| Diversified emerging markets         | 205,864                      | 205,864  | -                        | -                  |
| Foreign small/mid blend              | 158,728                      | 158,728  | -                        | -                  |
| Global real estate                   | 145,408                      | 145,408  | -                        | -                  |
| Moderate allocation                  | 135,089                      | 135,089  | -                        | -                  |
| World stock                          | 102,936                      | 102,936  | -                        | -                  |
| Healthcare                           | 49,581                       | 49,581   | -                        | -                  |
| Natural resources                    | 5,995                        | 5,995  | -                        | -                  |
| Total equities                       | <u>4,465,394</u>             | <u>4,010,971</u>                                       | <u>454,423</u>           | <u>-</u>           |
| Corporate and government bonds       |                              |  |                          |                    |
| Rated AA+                            | 1,056,358                    | 1,056,358  | -                        | -                  |
| Rated AAA                            | 72,619                       | 72,619   | -                        | -                  |
| Rated Aa1                            | 42,823                       | 42,823   | -                        | -                  |
| Rated A-                             | 30,775                       | 30,775   | -                        | -                  |
| Rated AA-                            | 22,114                       | 22,114   | -                        | -                  |
| Total corporate and government bonds | <u>1,224,689</u>             | <u>1,224,689</u>                                       | <u>-</u>                 | <u>-</u>           |
| Fixed income                         |                              |  |                          |                    |
| Corporate bond ETF                   | 820,995                      | 820,995  | -                        | -                  |
| Total fixed income                   | <u>820,995</u>               | <u>820,995</u>   | <u>-</u>                 | <u>-</u>           |
| <b>Total assets</b>                  | <u><u>\$ 6,511,078</u></u>   | <u><u>\$ 6,056,655</u></u>                             | <u><u>\$ 454,423</u></u> | <u><u>\$ -</u></u> |

**SUMMIT AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, A NEW JERSEY NONPROFIT CORPORATION**

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**Note 6 – Fair Value Measurements (Continued)**

|                                      | <b>December 31,<br/>2014</b> | Fair Value Measurements at Reporting Date Using |                   |             |
|--------------------------------------|------------------------------|---|-------------------|-------------|
|                                      |                              | (Level 1)                                       | (Level 2)         | (Level 3)   |
| Equities                             |                              |   |                   |             |
| Large growth                         | \$ 1,872,963                 | \$ 1,872,963                                    | \$ -              | \$ -        |
| Foreign large blend                  | 788,737                      | 788,737   | -                 | -           |
| Small growth                         | 512,253                      | 512,253   | -                 | -           |
| Multialternative                     | 391,264                      | -   | 391,264           | -           |
| Diversified emerging markets         | 219,742                      | 219,742   | -                 | -           |
| Foreign small/mid blend              | 169,535                      | 169,535   | -                 | -           |
| Global real estate                   | 142,653                      | 142,653   | -                 | -           |
| Moderate allocation                  | 137,929                      | 137,929   | -                 | -           |
| World stock                          | 121,919                      | 121,919   | -                 | -           |
| Pacific/Asia stock                   | 106,086                      | 106,086   | -                 | -           |
| Other                                | 34,677                       | 34,677  | -                 | -           |
| Total equities                       | <u>4,497,758</u>             | <u>4,106,494</u>                                | <u>391,264</u>    | <u>-</u>    |
| Corporate and government bonds       |                              |   |                   |             |
| Rated AA+                            | 1,138,911                    | 1,138,911                                       | -                 | -           |
| Rated A                              | 50,858                       | 50,858  | -                 | -           |
| Rated Aa1                            | 43,396                       | 43,396  | -                 | -           |
| Rated A-                             | 32,344                       | 32,344  | -                 | -           |
| Rated AA-                            | 22,612                       | 22,612  | -                 | -           |
| Total corporate and government bonds | <u>1,288,121</u>             | <u>1,288,121</u>                                | <u>-</u>          | <u>-</u>    |
| Fixed income                         |                              |   |                   |             |
| Corporate bond ETF                   | 526,755                      | 526,755   | -                 | -           |
| Emerging markets bond                | 125,692                      | 125,692   | -                 | -           |
| High yield                           | 123,651                      | 123,651   | -                 | -           |
| Total fixed income                   | <u>776,098</u>               | <u>776,098</u>                                  | <u>-</u>          | <u>-</u>    |
| <b>Total assets</b>                  | <u>\$ 6,561,977</u>          | <u>\$ 6,170,713</u>                             | <u>\$ 391,264</u> | <u>\$ -</u> |

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**Notes to Financial Statements  
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**Note 7 – Land, Building and Equipment**

Land, building and equipment as of December 31, 2015 and 2014:

|                                   | <u>2015</u>                 | <u>2014</u>                 |
|-----------------------------------|-----------------------------|-----------------------------|
| Land                              | \$ 1,138,200                | \$ 1,138,200                |
| Building                          | 16,694,735                  | 16,682,935                  |
| Building improvements             | 2,048,456                   | 1,856,769                   |
| Furniture and equipment           | 4,779,600                   | 4,385,737                   |
| Vehicles                          | <u>451,649</u>              | <u>451,649</u>              |
| Total                             | 25,112,640                  | 24,515,290                  |
| Less: Accumulated depreciation    | <u>12,355,121</u>           | <u>11,460,462</u>           |
| <b>Net property and equipment</b> | <u><u>\$ 12,757,519</u></u> | <u><u>\$ 13,054,828</u></u> |

Depreciation expense for the years ended December 31, 2015 and 2014 amounted to \$894,649 and \$876,805, respectively.

**Note 8 – Line of Credit**

The YMCA had a line of credit with Haven Savings Bank in the amount of \$700,000. The interest rate was prime minus .25% with a floor of 3.75%. The interest rate at December 31, 2014 was 3.75%. There was no outstanding balance on the line of credit at December 31, 2014. This line of credit was cancelled by the YMCA in February 2015.

The YMCA has a line of credit with Affinity Federal Credit Union in the amount of \$237,000, expiring June 2016. The interest rate is the 12 month certificate of deposit rate plus 2.25%. The interest rate at December 31, 2015 and 2014 was 2.65%. There was no outstanding balance on the line of credit at December 31, 2015 and 2014.

The YMCA has a line of credit with Investors Bank in the amount of \$750,000, expiring October 1, 2016. The interest rate is the prime rate rounded to the nearest 0.125%. The interest rate at December 31, 2015 was 3.50%. There was no outstanding balance on the line of credit as of December 31, 2015.

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**Note 9 – Long-Term Debt**

|   | <u>2015</u>                | <u>2014</u>                |
|---|----------------------------|----------------------------|
| Note payable to bank with an original principal balance of \$2,100,000 which requires monthly payments of \$21,067 including principal and interest at 3.75%. The note matures in August 2022 and is secured by all assets of the YMCA.                   | \$ 1,486,472               | \$ 1,678,769               |
| Note payable to bank for purchase of vehicle with an original principal balance of \$48,784 which requires monthly payments of \$927 including principal and interest at 5.25%. The note matured in August 2015 and is secured by the related vehicle.    | -                          | 6,298                      |
| Note payable to bank for purchase of vehicle with an original principal balance of \$52,675 which requires monthly payments of \$989 including principal and interest at 4.75%. The note matures in February 2017 and is secured by the related vehicle.  | 9,937                      | 21,053                     |
| Note payable to bank for purchase of vehicle with an original principal balance of \$52,444 which requires monthly payments of \$970 including principal and interest at 4.125%. The note matures in November 2018 and is secured by the related vehicle. | <u>31,922</u>              | <u>42,004</u>              |
| Total   | 1,528,331                  | 1,748,124                  |
| Less: Current maturities  | <u>218,082</u>             | <u>216,301</u>             |
| <b>Total long-term debt</b>   | <u><u>\$ 1,310,249</u></u> | <u><u>\$ 1,531,823</u></u> |

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**Note 9 – Long-Term Debt (continued)**

Principal repayment for long-term debt is as follows:

| <u>Year</u>  |                            |
|--------------|----------------------------|
| 2016         | \$ 218,082                 |
| 2017         | 220,394                    |
| 2018         | 225,949                    |
| 2019         | 223,832                    |
| 2020         | 232,427                    |
| Thereafter   | <u>407,647</u>             |
| <b>Total</b> | <b>\$ <u>1,528,331</u></b> |

**Note 10 – Capital Leases**

The YMCA has entered into several capital leases for office and exercise equipment which expire through 2018 with implied interest rates ranging from 4.10% to 12.63%. The assets and liabilities under capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive life. Amortization expense for the years ended December 31, 2015 and 2014 amounted to \$204,576 and \$163,208, respectively. Amortization expense is included in depreciation expense.

Property and equipment held under capital lease:

|                               | <u>2015</u>              | <u>2014</u>              |
|-------------------------------|--------------------------|--------------------------|
| Fitness equipment             | \$ 852,560               | \$ 517,603               |
| Less accumulated amortization | <u>340,881</u>           | <u>250,633</u>           |
| <b>Net</b>                    | <b>\$ <u>511,679</u></b> | <b>\$ <u>266,970</u></b> |

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**Note 10 – Capital Leases (continued)**

Minimum future lease payments under capital lease as of December 31, 2015 for each of the next four years in the aggregate are:

| <u>Year</u>                                 |                          |
|---|--------------------------|
| 2016  | \$ 291,384               |
| 2017  | 170,830                  |
| 2018  | <u>71,544</u>            |
| Net minimum lease payment                   | 533,758                  |
| Less: Amount representing interest          | <u>29,330</u>            |
| Present value of net minimum lease payments | 504,428                  |
| Less: Current portion                       | <u>274,861</u>           |
| <b>Long-term portion</b>                    | <b>\$ <u>229,567</u></b> |

**Note 11 – Retirement Plan**

The YMCA participates in the YMCA Retirement Fund Retirement Plan, which is a defined contribution, money purchase church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and the YMCA Retirement Fund Tax-Deferred Savings Plan, which is a retirement income account plan as defined in section 403(b)(9) of the code. Both plans are sponsored by the Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922), organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. The total contributions charged to retirement costs aggregated \$507,920 and \$429,182 for the years ended December 31, 2015 and 2014, respectively.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. The YMCA's policy is to fully fund retirement plan costs as accrued at 12% of compensation. Employees, at their option, may also contribute to tax deferred annuities through the YMCA retirement fund or other commercial sources. The Summit Area YMCA does not match these contributions.

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**Note 12 – 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. In August 2015, the lease was extended to August 31, 2017. The facility comprised 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.

In April 2006, the YMCA entered into a lease agreement for office space located at 490 Morris Avenue in Summit. During August 2012 the lease was extended to July 2015. The annual rental is approximately \$105,960 not including its proportionate share of common area maintenance charges, real estate tax, and other sundry charges. As of the date of these financial statements, no new lease agreement has been finalized. The YMCA has continued its lease on a month-to-month basis under the provisions of the expired lease.

The YMCA has a non-cancellable operating lease for office equipment expiring September 2018.

The minimum future rental payments of these leases as of December 31, 2015 are as follows:

| <u>Year</u>  |                          |
|--------------|--------------------------|
| 2016         | \$ 326,004               |
| 2017         | 226,320                  |
| 2018         | <u>12,546</u>            |
| <b>Total</b> | <b>\$ <u>564,870</u></b> |

Total rent expense for the years ended December 31, 2015 and 2014 amounted to \$479,929 and \$466,620, respectively.

**Note 13 – Concentration of Credit Risks**

The vast majority of contributions and receivables are due from payers located in the Summit area and its surrounding suburbs.

The YMCA's cash is exposed to concentration of credit risk. The YMCA's cash is placed with a wide array of institutions that have high credit ratings. The balances at the financial institutions are insured by Federal Insurance Corporation "FDIC" up to \$250,000. As of December 31, 2015 and 2014, the YMCA had cash which exceeded federally insured limits by \$701,311 and \$453,667, respectively.

The YMCA's investments are subject to credit risk.



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**Note 14 – Related Party Transactions**

The YMCA is affiliated by agreement with the YMCA of the USA. Under this agreement, the YMCA is obligated to pay a percentage of its revenues to the national Association. Dues paid to the YMCA of the USA for the years ended December 31, 2015 and 2014 amounted to \$171,073 and \$146,214, respectively.

The YMCA is affiliated with the YMCA of the USA. The YMCA's health insurance coverage is carried through the National YMCA's policy. Health insurance costs the YMCA of the USA for the years ended December 31, 2015 and 2014 amounted to \$752,159 and \$776,275, respectively.

**Note 15 – Litigation**

The YMCA is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material effect on the financial condition or results of operations of the Association.