



**Central Lincoln County YMCA  
Financial Statements**

**Year Ended December 31, 2016**

## Independent Auditor's Report

To the Board of Trustees of  
Central Lincoln County YMCA

We have audited the accompanying financial statements of Central Lincoln County YMCA (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from 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 auditor's 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 Central Lincoln County YMCA as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Gibson Tillier, LLC*

Augusta, Maine  
June 30, 2017

**CENTRAL LINCOLN COUNTY YMCA**  
**Statement of Financial Position**  
**December 31, 2016**

|   | Unrestricted        | Temporarily<br>restricted | Permanently<br>restricted | Total            |
|---|---------------------|---------------------------|---------------------------|------------------|
| <b>ASSETS</b>                                       |                     |                           |                           |                  |
| Current assets:                                     |                     |                           |                           |                  |
| Cash and cash equivalents                           | \$ 50,032           | 42,612                    | -                         | 92,644           |
| Accounts receivable                                 | 19,646              | -                         | -                         | 19,646           |
| Promises to give receivable, net                    | 27,295              | 48,646                    | -                         | 75,941           |
| Prepaid expenses                                    | 2,323               | -                         | -                         | 2,323            |
| Inventory   | 1,723               | -                         | -                         | 1,723            |
| Total current assets                                | 101,019             | 91,258                    | -                         | 192,277          |
| Property and equipment:                             |                     |                           |                           |                  |
| Construction in progress                            | 41,499              | -                         | -                         | 41,499           |
| Land and land improvements                          | 159,333             | -                         | -                         | 159,333          |
| Building and improvements                           | 2,466,371           | -                         | -                         | 2,466,371        |
| Equipment   | 286,048             | -                         | -                         | 286,048          |
|   | 2,953,251           | -                         | -                         | 2,953,251        |
| Less: accumulated depreciation                      | (1,153,710)         | -                         | -                         | (1,153,710)      |
| Net property and equipment                          | 1,799,541           | -                         | -                         | 1,799,541        |
| Other assets:                                       |                     |                           |                           |                  |
| Promises to give receivable, net of current portion | -                   | 101,439                   | -                         | 101,439          |
| Investments   | 2,098,132           | 1,984,667                 | 87,176                    | 4,169,975        |
| Loan origination costs, net                         | 990                 | -                         | -                         | 990              |
| Total other assets                                  | 2,099,122           | 2,086,106                 | 87,176                    | 4,272,404        |
| <b>Total assets</b>                                 | <b>\$ 3,999,682</b> | <b>2,177,364</b>          | <b>87,176</b>             | <b>6,264,222</b> |
| <b>LIABILITIES AND NET ASSETS</b>                   |                     |                           |                           |                  |
| Current liabilities:                                |                     |                           |                           |                  |
| Accounts payable                                    | \$ 22,109           | 5,986                     | -                         | 28,095           |
| Accrued expenses                                    | 29,123              | -                         | -                         | 29,123           |
| Deferred revenue                                    | 4,155               | -                         | -                         | 4,155            |
| Current portion of capital leases                   | 13,764              | -                         | -                         | 13,764           |
| Current portion of long-term debt                   | 24,864              | -                         | -                         | 24,864           |
| Total current liabilities                           | 94,015              | 5,986                     | -                         | 100,001          |
| Capital leases, net of current portion              | 12,503              | -                         | -                         | 12,503           |
| Long-term debt, net of current portion              | 682,291             | -                         | -                         | 682,291          |
| Total liabilities                                   | 788,809             | 5,986                     | -                         | 794,795          |
| Net assets:   |                     |                           |                           |                  |
| Unrestricted - undesignated                         | 1,133,551           | -                         | -                         | 1,133,551        |
| Unrestricted - Board-designated                     | 2,077,322           | -                         | -                         | 2,077,322        |
| Temporarily restricted                              | -                   | 2,171,378                 | 87,176                    | 2,258,554        |
| Permanently restricted                              | -                   | -                         | -                         | -                |
| Total net assets                                    | 3,210,873           | 2,171,378                 | 87,176                    | 5,469,427        |
| <b>Total liabilities and net assets</b>             | <b>\$ 3,999,682</b> | <b>2,177,364</b>          | <b>87,176</b>             | <b>6,264,222</b> |

*See accompanying notes to financial statements.*

**CENTRAL LINCOLN COUNTY YMCA**  
**Statement of Activities**  
**Year Ended December 31, 2016**

|   | Unrestricted        | Temporarily<br>restricted | Permanently<br>restricted | Total            |
|---|---------------------|---------------------------|---------------------------|------------------|
| Operating activities:                                 |                     |                           |                           |                  |
| Revenue and support:                                  |                     |                           |                           |                  |
| Program, net  | \$ 788,913          | -                         | -                         | 788,913          |
| Membership dues, net                                  | 458,028             | -                         | -                         | 458,028          |
| Facility rentals                                      | 16,881              | -                         | -                         | 16,881           |
| Sales   | 698                 | -                         | -                         | 698              |
| Donations   | 169,733             | 1,248,099                 | 12,209                    | 1,430,041        |
| Special events, net                                   | 7,343               | -                         | -                         | 7,343            |
| Miscellaneous   | 25,904              | -                         | -                         | 25,904           |
| Interest and dividends                                | 79,664              | 35                        | 1,732                     | 81,431           |
| Total revenue and gains                               | 1,547,164           | 1,248,134                 | 13,941                    | 2,809,239        |
| Net assets released from restrictions                 | 61,893              | (61,893)                  | -                         | -                |
| Total revenues, gains and other support               | 1,609,057           | 1,186,241                 | 13,941                    | 2,809,239        |
| Expenses:   |                     |                           |                           |                  |
| Daycare and afterschool                               | 543,681             | -                         | -                         | 543,681          |
| Camp  | 188,994             | -                         | -                         | 188,994          |
| Racquet sports  | 292,053             | -                         | -                         | 292,053          |
| Other programs  | 277,856             | -                         | -                         | 277,856          |
| Management and general                                | 240,227             | 51,995                    | -                         | 292,222          |
| Fundraising   | 18,750              | -                         | -                         | 18,750           |
| Total expenses  | 1,561,561           | 51,995                    | -                         | 1,613,556        |
| Change in net assets from operations                  | 47,496              | 1,134,246                 | 13,941                    | 1,195,683        |
| Non-operating activities:                             |                     |                           |                           |                  |
| Loss on disposal of property and equipment            | (60,166)            | -                         | -                         | (60,166)         |
| Realized and unrealized gains/(losses) on investments | 59,689              | 23,151                    | 1,512                     | 84,352           |
| Total non-operating activities                        | (477)               | 23,151                    | 1,512                     | 24,186           |
| Change in net assets                                  | 47,019              | 1,157,397                 | 15,453                    | 1,219,869        |
| Net assets, beginning of year                         | 2,994,858           | 1,155,918                 | 69,103                    | 4,219,879        |
| Prior period adjustment/reclass                       | 168,996             | (141,937)                 | 2,620                     | 29,679           |
| Net assets, beginning of year, as restated            | 3,163,854           | 1,013,981                 | 71,723                    | 4,249,558        |
| <b>Net assets, end of year</b>                        | <b>\$ 3,210,873</b> | <b>2,171,378</b>          | <b>87,176</b>             | <b>5,469,427</b> |

*See accompanying notes to financial statements.*

**CENTRAL LINCOLN COUNTY YMCA  
Statement of Functional Expenses  
Year Ended December 31, 2016**

|  | Program Services                          |                  |                              |                   |                           | Supporting Services       |               | Total            |
|--|---|------------------|------------------------------|-------------------|---------------------------|---------------------------|---------------|------------------|
|  | Daycare<br>and<br>Afterschool<br>Programs | Camp<br>Programs | Racquet<br>Sport<br>Programs | Other<br>Programs | Total Program<br>Services | Management<br>and General | Fundraising   |                  |
| Salaries                                     | \$ 316,182                                | 62,636           | 164,584                      | 121,877           | 665,279                   | 80,319                    | 7,834         | 753,432          |
| Payroll taxes and benefits                   | 63,213                                    | 11,078           | 24,411                       | 34,901            | 133,603                   | 18,611                    | 1,813         | 154,027          |
| Supplies                                     | 6,008                                     | 7,799            | 5,682                        | 15,165            | 34,654                    | 3,069                     | 4,306         | 42,029           |
| Contractual                                  | 1,989                                     | 80,842           | 1,442                        | 21,627            | 105,900                   | 103,770                   | 607           | 210,277          |
| Travel                                       | 20,694                                    | 1,013            | 1,900                        | 2,292             | 25,899                    | 6                         | -             | 25,905           |
| Advertising                                  | 10,900                                    | 1,735            | 3,469                        | 3,123             | 19,227                    | 1                         | 1,709         | 20,937           |
| Occupancy                                    | 7,313                                     | 2,244            | 15,693                       | 18,558            | 43,808                    | 498                       | -             | 44,306           |
| Depreciation                                 | 49,490                                    | 9,165            | 20,163                       | 19,229            | 98,047                    | -                         | -             | 98,047           |
| Insurance                                    | 1,354                                     | 1,065            | 8,532                        | 10,090            | 21,041                    | 1,697                     | -             | 22,738           |
| Telephone                                    | 1,468                                     | 513              | 1,777                        | 2,102             | 5,860                     | 56                        | -             | 5,916            |
| Repairs and maintenance                      | 9,148                                     | 4,346            | 14,109                       | 17,280            | 44,883                    | 447                       | -             | 45,330           |
| Postage and printing                         | 4,138                                     | 766              | 1,686                        | 1,073             | 7,663                     | -                         | 2,481         | 10,144           |
| Dues & licenses                              | 240                                       | -                | 759                          | 273               | 1,272                     | 27,943                    | -             | 29,215           |
| Food & beverage                              | 23,552                                    | 645              | 407                          | 567               | 25,171                    | 2,217                     | -             | 27,388           |
| Interest                                     | 53  | 10               | 16,100                       | 14                | 16,177                    | -                         | -             | 16,177           |
| Provision for uncollectible promises to give | -   | -                | -                            | -                 | -                         | 51,995                    | -             | 51,995           |
| Miscellaneous                                | 27,939                                    | 5,137            | 11,339                       | 9,685             | 54,100                    | 1,593                     | -             | 55,693           |
| <b>Total expenses</b>                        | <b>\$ 543,681</b>                         | <b>188,994</b>   | <b>292,053</b>               | <b>277,856</b>    | <b>1,302,584</b>          | <b>292,222</b>            | <b>18,750</b> | <b>1,613,556</b> |

*See accompanying notes to financial statements.*

**CENTRAL LINCOLN COUNTY YMCA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

**2016**

|   |                    |
|---|--------------------|
| Cash flows from operating activities:   |                    |
| Change in net assets  | \$ 1,219,869       |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                    |
| Net realized and unrealized gains on investments  | (84,352)           |
| Depreciation  | 98,047             |
| Amortization  | 99                 |
| Loss on disposal of property and equipment  | 60,166             |
| Prior period adjustment   | 29,679             |
| (Increase) decrease in:   |                    |
| Accounts receivable   | 15,557             |
| Promises to give receivable   | (69,219)           |
| Prepaid expenses  | 8,605              |
| Inventory   | (1,426)            |
| Increase in:  |                    |
| Accounts payable  | 4,534              |
| Accrued expenses  | 7,740              |
| Deferred revenue  | 269                |
| <b>Net cash provided by operating activities</b>  | <b>1,289,568</b>   |
| Cash flows from investing activities:   |                    |
| Purchase of property and equipment  | (124,529)          |
| Purchase of investments   | (1,196,171)        |
| <b>Net cash used in investing activities</b>  | <b>(1,320,700)</b> |
| Cash flows from financing activities:   |                    |
| Payments on obligation under capital lease  | (15,289)           |
| Payments on long-term debt  | (24,532)           |
| <b>Net cash used in financing activities</b>  | <b>(39,821)</b>    |
| <b>Net decrease in cash and cash equivalents</b>  | <b>(70,953)</b>    |
| Cash and cash equivalents, beginning of year  | 163,597            |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 92,644</b>   |
| Supplemental disclosure of cash flow information:   |                    |
| Interest paid   | \$ 16,177          |
| Income taxes paid   | -                  |
| Non-cash investing activities:  |                    |
| Cost of new equipment   | 41,556             |
| Issuance of lease to purchase equipment   | 41,556             |

*See accompanying notes to financial statements.*

**CENTRAL LINCOLN COUNTY YMCA**  
**Notes to Financial Statements**

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**NOTE 1 - NATURE OF OPERATIONS**

**Nature of Activities** - Central Lincoln County YMCA (the YMCA) is a nonprofit corporation organized under the general laws of the State of Maine and operated exclusively for charitable purposes. It is organized to promote the physical, mental and spiritual development of people. This is accomplished through fitness programs, sports activities, Y Camp, childcare, and various other programs. Support for these activities come from program fees and donations.

**Program Services** - The Central Lincoln County YMCA is a membership association of men, women and children of all ages, abilities, incomes, races and religions. The YMCA offers several programs to serve all ages such as: gymnastics, group exercise, swim lessons, youth sports, tennis, pickup basketball, pickleball, personal training, dog obedience, and martial arts.

**Daycare and Afterschool Services** - The Central Lincoln County YMCA believes the values and skills learned early on are vital building blocks for quality of life and future success. That's why its child care program is staffed with people who understand the cognitive, physical, social and emotional development of kids, the need children have to feel connected and supported in trying new things, and the caring and reinforcement parents and families need to help each other.

When school lets out, the Y is in! Y kids eat a healthy snack, release their energy playing, enjoy the company of friends, get their homework done and learn something new. Seasoned staff engage children in fun group games where honesty and fair play are reinforced and kids are introduced to new projects that let them explore their creativity.

**Camp** - Summer Camps at Central Lincoln County YMCA provide children ages 3 to 14 with safe and exciting opportunities to explore, learn, create and discover the world around them. Under the guidance of caring, enthusiastic, and trained staff members, children will create lasting friendships and lifelong memories. From sports and swimming to arts and adventure, the YMCA camps span a broad range of interests, while focusing on developing young minds and bodies. The Summer Camps inspire campers to embrace the Y's core values of caring, honesty, respect and responsibility and challenge them to grow physically, mentally, and spiritually. The staff are positive role models and will encourage campers of all ages to become better leaders, friends and, of course, to have fun!

**Racquet Sports** - The Tennis Programs offers private lessons and clinics on three beautifully maintained indoor tennis courts.

**Other Programs** - Other programs at Central Lincoln County YMCA include Wellness, Sports, Gymnastics, and Dog Obedience.

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation** - The YMCA records resources for accounting and reporting purposes into three net asset categories: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Such net assets are available for any purpose consistent with the YMCA's mission.

Temporarily restricted net assets - Net assets subject to specific, donor-imposed restrictions that must be met by actions of the YMCA and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as releases from restriction. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to unrestricted support. For the year ended December 31, 2016, the YMCA's temporarily restricted net assets totaled \$2,171,378.

Permanently restricted net assets - Net assets subject to donor-imposed restriction requiring they be maintained permanently by the YMCA. Such net assets are normally restricted to long-term investment, with income earned and appreciation available for specific or general YMCA purposes. For the year ended December 31, 2016, the YMCA's permanently restricted net assets totaled \$87,176.

**Accounting Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

**Revenue Recognition** - Membership dues and program fees are recognized as revenue ratably over the period of membership or the duration of the program.

**Contributions and Pledges** - The YMCA records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. The YMCA recognizes conditional promises to give when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

**Donated Services** - Donated services, if any, are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the YMCA.

**Functional Allocation of Expenses** - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Advertising** - The YMCA expenses advertising costs as incurred. Advertising costs for the year ended December 31, 2016 were approximately \$20,937.

**Income Taxes** - The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense; however, there is no interest or penalties recognized in the statements of activities. The tax years after 2012 are still open to audit for federal purposes.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the YMCA considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents, excluding those amounts that are part of its investment accounts.

**Concentrations of Credit Risk** - The YMCA maintains cash balances at several financial institutions located in Maine. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2016 the YMCA had no uninsured cash.

**Accounts Receivable** - Accounts receivable consists primarily of receivables from program registrants. An allowance is determined by management based on historical collections, specific participants' circumstances, and economic conditions. Member receivables are written off when management has exhausted collections efforts and deems the accounts uncollectible. The YMCA does not accrue interest on unpaid accounts receivable.

**Investments** - Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value.

**Inventory** - Inventory is stated at cost (first-in, first-out), and consists of merchandise available for resale. Inventory is determined by a physical count at year-end.

**Property and Equipment** - Property and equipment acquisitions, including those obtained under capital leases, with individual costs in excess of \$1,000 are capitalized. The YMCA uses the straight-line method to compute depreciation expense and assumes useful lives of five to ten years for equipment and five to thirty years for building and improvements. Depreciation expense for the year ended December 31, 2016 was \$98,047.

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Impairment of Long-lived Assets** - The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

**Deferred Revenue** - Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.

**Subsequent Events** - Management has performed an analysis of the activities and transactions subsequent to December 31, 2016 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2016. Management has performed their analysis through June 30, 2017, the date the financial statements were available to be issued.

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the YMCA's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the YMCA has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect the YMCA's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following are descriptions of the valuation methods and assumptions used by the YMCA to estimate the fair values of certain financial instruments.

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED**

*Cash and cash equivalents:* valued at acquisition cost (Level 1 inputs).

*Equity Securities and Mutual Funds:* consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

*Fixed Income Securities:* YMCA fixed income securities are invested primarily in high grade fixed income securities, which are one to three years in duration. The fair values of these investments are readily marketable and are determined by obtaining quoted prices on a nationally recognized securities exchange (Level 1 inputs).

Investments measured at fair value at December 31, 2016 are summarized below:

Level 1 unrestricted investments at December 31, 2016 are composed of the following:

|                           | <u>Cost</u>         | <u>Fair Value</u> | <u>Unrealized<br/>Appreciation<br/>(Depreciation)</u> |
|---------------------------|---------------------|-------------------|---|
| NONCURRENT ASSETS:        |                     |                   |   |
| Cash and cash equivalents | \$ 114,549          | 114,549           | -   |
| Equity                    | 534,252             | 558,626           | 24,374  |
| Fixed income              | 1,427,904           | 1,424,957         | (2,947)   |
| <b>Totals</b>             | <b>\$ 2,076,705</b> | <b>2,098,132</b>  | <b>21,427</b>   |

Level 1 temporarily restricted investments at December 31, 2016 are composed of the following:

|                           | <u>Cost</u>         | <u>Fair Value</u> | <u>Unrealized<br/>Appreciation<br/>(Depreciation)</u> |
|---------------------------|---------------------|-------------------|---|
| NONCURRENT ASSETS:        |                     |                   |   |
| Cash and cash equivalents | \$ 250,062          | 250,062           | -   |
| Equity                    | 391,804             | 397,515           | 5,711   |
| Fixed income              | 1,346,319           | 1,337,090         | (9,229)   |
| <b>Totals</b>             | <b>\$ 1,988,185</b> | <b>1,984,667</b>  | <b>(3,518)</b>  |

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED**

Level 1 permanently restricted investments at December 31, 2016 are composed of the following:

|                           |           | <u>Cost</u>   | <u>Fair Value</u> | <u>Unrealized<br/>Appreciation<br/>(Depreciation)</u> |
|---------------------------|-----------|---------------|-------------------|---|
| NONCURRENT ASSETS:        |           |               |                   |   |
| Cash and cash equivalents | \$        | 17,239        | 17,239            | -   |
| Equity                    |           | 17,923        | 18,753            | 830   |
| Fixed income              |           | 51,299        | 51,184            | (115)   |
| <b>Totals</b>             | <b>\$</b> | <b>86,461</b> | <b>87,176</b>     | <b>715</b>  |

Investment advisor fees totaled \$19,108 for the year ended December 31, 2016.

**NOTE 4 - PROMISES TO GIVE RECEIVABLE**

The YMCA held a fund-raising campaign to raise funds to pay for capital projects. Capital campaign promises to give are considered temporarily restricted for that purpose. Expenses are released from restriction as expenses are incurred that relate to the construction of capital projects.

In addition the YMCA holds an annual fund-raising campaign to support operations. These promises to give are all current and are unrestricted.

Promises to give receivable, net of unamortized discount are summarized as follows at December 31, 2016:

|   |                   |
|---|-------------------|
| Unconditional promises expected to be collected in: |                   |
| Less than one year                                  | \$ 93,242         |
| One year to five years                              | 142,033           |
| Thereafter  | -                 |
|   | 235,275           |
| Less:   |                   |
| Allowance for uncollectible promises to give        | (51,995)          |
| Discount to present value                           | (5,900)           |
| Total   | 177,380           |
| Less current portion                                | (75,941)          |
| <b>Total, less current portion</b>                  | <b>\$ 101,439</b> |

Promises to give receivable in more than one year are discounted at 1.25% at December 31, 2016.

Included in pledges receivable are amounts promised by certain members of the Board of Trustees. At December 31, 2016, those amounts totaled approximately \$28,897.

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2016:

|  |                                |
|--|--------------------------------|
| Construction in progress                                   | \$ 41,499                      |
| Land and improvements                                      | 159,333                        |
| Building and improvements                                  | 2,466,371                      |
| <u>Equipment</u>   | <u>286,048</u>                 |
| Total investment in property and equipment                 | 2,953,251                      |
| <u>Less: accumulated depreciation</u>                      | <u>(1,153,710)</u>             |
| <br><b><u>Net investment in property and equipment</u></b> | <br><b><u>\$ 1,799,541</u></b> |

**NOTE 6 - NOTES PAYABLE**

The YMCA's long-term debt consists of the following at December 31, 2016:

|  |                              |
|--|------------------------------|
| 5.50% note payable to US Department of Agriculture, due in monthly installments of \$1,419, including interest, through January 2041; secured by real estate. Original amount of \$275,000 was borrowed on January 24, 2001. | \$ 226,650                   |
| 4.00% note payable to Damariscotta Bank & Trust, due in monthly installments of \$2,456 including interest, through June 15, 2039; secured by real estate. Original amount of \$436,000 was borrowed on June 15, 2010.       | 379,973                      |
| 3.25% note payable to Damariscotta Bank & Trust, due in monthly installments of \$1,066 including interest, through January 24, 2026; secured by real estate. Original amount of \$275,000 was borrowed on January 24, 2001. | <u>100,532</u>               |
|  | 707,155                      |
| <u>Less: current portion</u>   | <u>24,864</u>                |
| <br><b><u>Long-term debt</u></b>   | <br><b><u>\$ 682,291</u></b> |

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 6 - NOTES PAYABLE, CONTINUED**

Maturities of long-term debt are as follows:

| <u>Year Ended</u><br><u>December 31</u> | <u>Amount</u>            |
|---|--------------------------|
| 2017                                    | \$ 24,864                |
| 2018                                    | 25,886                   |
| 2019                                    | 26,952                   |
| 2020                                    | 28,018                   |
| 2021                                    | 29,222                   |
| <u>Thereafter</u>                       | <u>572,213</u>           |
| <b><u>Total</u></b>                     | <b><u>\$ 707,155</u></b> |

**NOTE 7 - LINE OF CREDIT**

The YMCA has a line of credit with a local bank which provides borrowings up to \$90,000. Advances are payable on demand including interest of 3.75% and are unsecured. At December 31, 2016, no balance was outstanding on this line.

**NOTE 8 - BOARD DESIGNATED NET ASSETS**

The YMCA's Board designated net assets consist of investments and had a balance of \$2,077,322 at December 31, 2016.

Changes in Board designated net assets for the year ended December 31, 2016:

|   |                            |
|---|----------------------------|
| Board-designated investments, beginning of year         | \$ 1,979,948               |
| Changes in Board-designated investments:                |                            |
| Net Appreciation  | 97,374                     |
| Dividends & Interest                                    | 44,976                     |
| Contributions   | -                          |
| Amounts Appropriated for expenditure                    | (44,976)                   |
| Other Changes   | -                          |
| <u>Total changes in Board-designated investments</u>    | <u>97,374</u>              |
| <b><u>Board-designated investments, end of year</u></b> | <b><u>\$ 2,077,322</u></b> |

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

The YMCA's temporarily restricted net assets consist of the following at December 31, 2016:

|  |                     |
|--|---------------------|
| Gifts and other unexpended revenues and gains restricted to: |                     |
| Capital Improvement Fund                                     | \$ 2,161,335        |
| Other  | 10,023              |
| <hr/>  |                     |
| <b>Total</b>   | <b>\$ 2,171,378</b> |

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors for year ended December 31, 2016 was \$61,893 from other net assets.

**NOTE 10 - ENDOWMENT COMPOSITION**

**Interpretation of Relevant Law** - The State of Maine has passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Trustees of the YMCA has interpreted UPMIFA 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, 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 UPMIFA. In accordance with UPMIFA, 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 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 organization

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

**NOTE 10 - ENDOWMENT COMPOSITION, CONTINUED**

As of December 31, 2016:

|                                       | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total<br/>Net Assets</u> |
|---------------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Donor Designated Endowment Funds      | \$ -                | -                                 | 87,176                            | 87,176                      |
| Other Endowment Funds                 |                     |                                   |                                   |                             |
| Undesignated                          | -                   | -                                 | -                                 | -                           |
| Donor Advised                         | -                   | -                                 | -                                 | -                           |
| Designated                            | -                   | -                                 | -                                 | -                           |
| <u>Subtotal Other Endowment Funds</u> | <u>-</u>            | <u>-</u>                          | <u>-</u>                          | <u>-</u>                    |
| <b><u>Total Endowment Funds</u></b>   | <b><u>\$ -</u></b>  | <b><u>-</u></b>                   | <b><u>87,176</u></b>              | <b><u>87,176</u></b>        |

**Return Objectives and Risk Parameters** - The YMCA has adopted investment and spending policies for assets that attempt to provide a predictable stream of funding for scholarships for Summer Camp and other 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.

**Investment Objective** - Strategies Employed for Achieving Objectives: The YMCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters. The intended overall rate of return of the portfolio is a reasonable "real" rate, consistent with the risk levels established by the Investment Committee. The objective is that the minimum acceptable rate of return over a full market cycle of 3 to 5 years is one that equals or exceeds the assumed spending rate plus the rate of inflation.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The YMCA's current investment spending policy for appropriating distributions is calculated based on a percentage of its endowment income at December 31. For the year ended December 31, 2016 the appropriation percentage totaled 5%.

**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 UPMIFA requires the YMCA to retain as a fund of perpetual duration. Deficiencies of this nature that are in excess of related temporarily restricted amounts are reported in unrestricted net assets. There were no such amounts as of December 31, 2016.

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

**NOTE 11 - NET ASSET COMPOSITION**

As of December 31, 2016:

|                                | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total<br/>Net Assets</u> |
|--------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Endowment Funds                | \$ -                | -                                 | 87,176                            | 87,176                      |
| Capital Improvement Funds      | -                   | 2,161,355                         | -                                 | 2,161,355                   |
| Board-designated investments   | 2,077,322           | -                                 | -                                 | 2,077,322                   |
| Unrestricted                   | 41,165              | -                                 | -                                 | 41,165                      |
| Held in property & equipment   | 1,092,386           | -                                 | -                                 | 1,092,386                   |
| Other                          | -                   | 10,023                            | -                                 | 10,023                      |
| <b><u>Total Net Assets</u></b> | <b>\$ 3,210,873</b> | <b>2,171,378</b>                  | <b>87,176</b>                     | <b>5,469,427</b>            |

**NOTE 12 - SPECIAL EVENTS**

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events for the year ended December 31, 2016 are netted against such revenue as follows:

|  |                 |
|--|-----------------|
| Special event revenue                    | \$ 11,318       |
| Special event direct expenses            | (3,975)         |
| <b><u>Special event revenue, net</u></b> | <b>\$ 7,343</b> |

**NOTE 13 - FINANCIAL ASSISTANCE PROVIDED**

The YMCA provides financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program fees are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the year ended December 31, 2016:

|                                    |                   |
|------------------------------------|-------------------|
| Membership dues                    | \$ 479,566        |
| Less financial assistance provided | (21,538)          |
| <b><u>Membership dues, net</u></b> | <b>\$ 458,028</b> |
| Program fees                       | \$ 825,637        |
| Less financial assistance provided | (36,724)          |
| <b><u>Program fees, net</u></b>    | <b>\$ 788,913</b> |

**Central Lincoln County YMCA  
Notes to Financial Statements, Continued**

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**NOTE 14 - DEFINED CONTRIBUTION PLANS**

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 the 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 YMCA contributes 7% of the employee's gross salary and the employee contributes 5%. All full-time employees at least 21 years of age are eligible for participation after two full years of employment. Participation is mandatory for all eligible employees. Total plan costs for the year ended December 31, 2016 was \$25,681.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

**NOTE 15 - RELATED PARTIES**

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the U.S.A. for the year ended December 31, 2016 was \$25,195.

**NOTE 15 – LEASE COMMITMENTS**

Operating Leases: The YMCA has entered into an operating lease and a maintenance agreement for a copier. Expense for the year ended December 31, 2016 totaled \$7,885. Future minimum payments required under these agreements are as follows:

|              |           |               |
|--------------|-----------|---------------|
| 2017         | \$        | 6,544         |
| 2018         |           | 2,520         |
| 2019         |           | 2,520         |
| 2020         |           | 630           |
| <b>Total</b> | <b>\$</b> | <b>12,214</b> |

**Central Lincoln County YMCA**  
**Notes to Financial Statements, Continued**

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**NOTE 15 – LEASE COMMITMENTS, CONTINUED**

Capital Leases: The YMCA has entered into various capital lease agreements for fitness equipment. The outstanding balance of these obligations at December 31, 2016 was \$26,297. Future minimum payments required under these agreements are as follows:

|              |           |                      |
|--------------|-----------|----------------------|
| 2017         | \$        | 13,764               |
| 2018         |           | 9,948                |
| 2019         |           | <u>2,555</u>         |
| <b>Total</b> | <b>\$</b> | <b><u>26,267</u></b> |

**NOTE 17 - PRIOR PERIOD ADJUSTMENTS/RECLASSIFICATIONS**

Adjustments totaling \$29,679 were made to increase the prior period's net assets for expensed construction in progress, capital leases requiring capitalization that were previously expensed, less 2016 revenue included in the prior period in error.