FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

YMCA OF CENTRAL OHIO

WE HAVE A MISSION To serve the whole community through programs expressing Judeo-Christian principles that build a healthy spirit, mind and body.

ymcacolumbus.org

Contents

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Independent Auditor's Report

To the Board of Trustees
The Young Men's Christian Association of Central Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of The Young Men's Christian Association of Central Ohio (the "Association"), which comprise the statement of financial position as of December 31, 2018 and 2017 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Managements' 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 The Young Men's Christian Association of Central Ohio as of December 31, 2018 and 2017 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the financial statements.

To the Board of Trustees
The Young Men's Christian Association of Central Ohio

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Emphasis of Matter

As described in Note 2 to the financial statements, the Association adopted the provisions of Accounting Standards Update No. 2016-14, *Not-For-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*, for the year ended December 31, 2018, applied retrospectively to all years presented. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2019 on our consideration of The Young Men's Christian Association of Central Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Young Men's Christian Association of Central Ohio's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 16, 2019

The Young Men's Christian Association of Central Ohio

Statement of Financial Position

December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 7,871	$ 99,601
Investments (Note 3)	6,509,177	6,532,668
Accounts receivable:		
Trade - Net	1,531,582	1,702,901
Grants	2,704,385	2,664,350
Pledges receivable - Net (Note 4)	177,728	241,226
Current portion of investment in leases receivable (Note 5)	-	1,175,897
Prepaid expenses and other current assets	152,594	216,348
Total current assets	11,083,337	12,632,991
Endowment Investments (Notes 3 and 11)	1,159,359	1,220,046
Contributed Leasehold Interests - Net (Note 6)	15,106,467	15,628,648
Property and Equipment - Net (Note 7)	33,515,067	34,764,927
Total assets	**$ 60,864,230**	**$ 64,246,612**
Liabilities and Net Assets		
Current Liabilities		
Checks issued in excess of bank balance	$ 225,044	$ 746,526
Accounts payable	1,152,090	1,133,772
Accrued liabilities and other:		
Payroll obligations	1,527,376	1,072,424
Accrued interest	6,988	11,082
Deferred membership revenue	417,203	730,528
Other deferred revenue	1,884,360	934,555
Accrued expenses	237,883	700,444
Current portion of notes payable (Note 8)	382,707	284,799
Deposits	140,336	223,014
Total current liabilities	5,973,987	5,837,144
Line of Credit - Net of current portion (Note 8)	2,834,969	3,517,517
Notes Payable - Net of current portion (Note 8)	838,668	921,243
Other Long-term Liabilities	174,400	149,160
Total liabilities	9,822,024	10,425,064
Net Assets		
Net assets without donor restrictions:		
Undesignated	34,252,115	36,527,354
Board designated (Note 11)	538,652	555,095
Net assets with donor restrictions (Note 10)	16,251,439	16,739,099
Total net assets	51,042,206	53,821,548
Total liabilities and net assets	**$ 60,864,230**	**$ 64,246,612**

See notes to financial statements.

The Young Men's Christian Association of Central Ohio

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions - Gifts and bequests	$ 3,763,665	$ -	$ 3,763,665	$ 3,372,921	$ 88,617	$ 3,461,538
Contributions - United Way	1,132,416	391,000	1,523,416	768,009	437,000	1,205,009
Governmental grants	17,400,473	-	17,400,473	15,585,366	-	15,585,366
Membership fees	17,627,183	-	17,627,183	17,068,012	-	17,068,012
Program fees	12,131,778	-	12,131,778	11,633,785	-	11,633,785
Residence and related services	2,224,743	-	2,224,743	2,043,370	-	2,043,370
Dividend and interest income	109,169	12,341	121,510	153,770	30,095	183,865
Net realized and unrealized (losses) gains on investments	(120,393)	(31,902)	(152,295)	48,341	55,277	103,618
Change in fair value of interest rate swap agreement	-	-	-	(3,358)	-	(3,358)
(Loss) gain on sale of property and equipment	(300)	-	(300)	5,359	-	5,359
Miscellaneous income	1,895,344	-	1,895,344	1,554,224	-	1,554,224
Amortization of contributed leasehold interests	522,181	(522,181)	-	508,226	(508,226)	-
Net assets released from restrictions	336,918	(336,918)	-	494,472	(494,472)	-
Total revenue, gains, and other support	57,023,177	(487,660)	56,535,517	53,232,497	(391,709)	52,840,788
Expenses						
Program services:						
Youth development	26,826,137	-	26,826,137	25,835,231	-	25,835,231
Healthy living	9,056,314	-	9,056,314	9,223,155	-	9,223,155
Social responsibility	15,778,684	-	15,778,684	13,435,949	-	13,435,949
Support services:						
Management and general	6,498,815	-	6,498,815	5,775,084	-	5,775,084
Fundraising	1,154,909	-	1,154,909	1,323,928	-	1,323,928
Total expenses	59,314,859	-	59,314,859	55,593,347	-	55,593,347
Decrease in Net Assets	(2,291,682)	(487,660)	(2,779,342)	(2,360,850)	(391,709)	(2,752,559)
Net Assets - Beginning of year	37,082,449	16,739,099	53,821,548	39,443,299	17,130,808	56,574,107
Net Assets - End of year	$ 34,790,767	$ 16,251,439	$ 51,042,206	$ 37,082,449	$ 16,739,099	$ 53,821,548

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services				Support Services			Total Expenses
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Support Services	2018
Salaries	$ 13,206,748	$ 5,687,693	$ 8,234,237	$ 27,128,678	$ 3,312,278	$ 644,934	$ 3,957,212	$ 31,085,890
Benefits	1,377,472	475,278	913,769	2,766,519	481,364	100,355	581,719	3,348,238
Pension	589,334	198,756	346,290	1,134,380	150,517	25,499	176,016	1,310,396
Payroll taxes	966,136	421,973	606,450	1,994,559	223,802	44,867	268,669	2,263,228
Contract fees	2,827,633	122,064	571,100	3,520,797	458,451	50,047	508,498	4,029,295
Supplies	1,514,271	289,117	1,221,888	3,025,276	84,128	24,499	108,627	3,133,903
Printing	7,197	8,050	5,662	20,909	13,512	2,689	16,201	37,110
Telephone	143,654	31,040	91,979	266,673	55,881	4,309	60,190	326,863
Postage	6,426	4,506	5,196	16,128	10,560	2,256	12,816	28,944
Occupancy	1,993,243	569,522	1,440,115	4,002,880	410,303	69,433	479,736	4,482,616
Property and liability insurance	190,819	53,398	118,396	362,613	40,327	6,832	47,159	409,772
Advertising	22,257	8,683	7,780	38,720	392,941	2,999	395,940	434,660
Travel	127,860	44,435	144,823	317,118	66,850	14,292	81,142	398,260
Conferences	109,159	69,204	75,018	253,381	59,012	16,543	75,555	328,936
National support	235,123	61,545	101,111	397,779	33,587	8,657	42,244	440,023
Interest and bank charges	298,046	100,518	175,130	573,694	107,449	12,896	120,345	694,039
Depreciation and amortization	1,586,923	535,199	932,470	3,054,592	405,303	68,663	473,966	3,528,558
Bad debt expense	1,035,077	236,092	406,255	1,677,424	-	29,915	29,915	1,707,339
General	588,759	139,241	381,015	1,109,015	192,550	25,224	217,774	1,326,789
Total functional expenses	**$ 26,826,137**	**$ 9,056,314**	**$ 15,778,684**	**$ 51,661,135**	**$ 6,498,815**	**$ 1,154,909**	**$ 7,653,724**	**$ 59,314,859**

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services				Support Services			Total Expenses
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Support Services	2017
Salaries	$ 12,344,899	$ 5,765,932	$ 7,140,269	$ 25,251,100	$ 2,684,287	$ 711,335	$ 3,395,622	$ 28,646,722
Benefits	1,319,187	466,378	765,540	2,551,105	297,563	90,859	388,422	2,939,527
Pension	515,526	196,986	280,794	993,306	173,354	23,301	196,655	1,189,961
Payroll taxes	920,292	434,519	533,831	1,888,642	188,902	49,912	238,814	2,127,456
Contract fees	3,125,459	135,086	878,174	4,138,719	408,409	36,872	445,281	4,584,000
Supplies	1,388,038	237,406	605,942	2,231,386	70,855	63,477	134,332	2,365,718
Printing	10,484	4,830	9,216	24,530	6,695	9,501	16,196	40,726
Telephone	163,006	37,131	86,134	286,271	45,716	5,826	51,542	337,813
Postage	8,099	2,642	5,803	16,544	10,825	3,168	13,993	30,537
Occupancy	2,036,047	648,105	1,341,184	4,025,336	344,313	87,044	431,357	4,456,693
Property and liability insurance	178,892	57,755	96,532	333,179	36,793	8,372	45,165	378,344
Advertising	22,301	4,814	3,725	30,840	413,307	3,747	417,054	447,894
Travel	117,735	42,614	98,036	258,385	65,667	10,645	76,312	334,697
Conferences	117,083	87,732	56,148	260,963	81,944	29,024	110,968	371,931
National support	220,909	66,153	89,594	376,656	27,480	7,844	35,324	411,980
Interest and bank charges	331,596	119,033	174,646	625,275	142,487	17,255	159,742	785,017
Depreciation and amortization	1,563,194	622,268	761,915	2,947,377	367,860	46,625	414,485	3,361,862
Bad debt expense	699,085	141,393	244,726	1,085,204	196,673	57,333	254,006	1,339,210
General	753,399	152,378	263,740	1,169,517	211,954	61,788	273,742	1,443,259
Total functional expenses	**$ 25,835,231**	**$ 9,223,155**	**$ 13,435,949**	**$ 48,494,335**	**$ 5,775,084**	**$ 1,323,928**	**$ 7,099,012**	**$ 55,593,347**

See notes to financial statements.

The Young Men's Christian Association of Central Ohio

Statement of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Decrease in net assets	$ (2,779,342)	$ (2,752,559)
Adjustments to reconcile decrease in net assets to net cash and cash equivalents from operating activities:		
Depreciation	3,006,377	2,853,636
Amortization of contributed leasehold improvements	522,181	508,226
Amortization of debt issuance costs	-	84,859
Bad debt	1,707,339	1,339,210
Net realized and unrealized loss (gain) on investments	152,295	(103,618)
Change in fair value of interest rate swap agreement	-	3,358
Loss on sale of property and equipment	300	9,641
Endowment contributions	-	(88,517)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Accounts receivable	(1,576,055)	(2,183,943)
Pledges receivable	63,498	(115,041)
Prepaid expenses and other assets	63,754	(17,209)
Checks issued in excess of bank balance	(521,482)	746,526
Accounts payable	18,318	162,520
Accrued expenses	(69,141)	315,723
Deferred revenue	636,480	226,525
Net cash and cash equivalents provided by operating activities	1,224,522	989,337
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,756,817)	(1,225,365)
Purchases of investments	(68,196)	(14,607,345)
Proceeds from sales of investments	79	16,195,135
Payments received on investments in leases receivable	1,175,897	645,537
Net cash and cash equivalents (used in) provided by investing activities	(649,037)	1,007,962
Cash Flows from Financing Activities		
Net (payments on) proceeds from line of credit	(682,548)	3,517,517
Proceeds from debt	350,000	-
Payments on notes payable	(334,667)	(7,437,622)
Endowment contributions	-	88,517
Net cash and cash equivalents used in financing activities	(667,215)	(3,831,588)
Net Decrease in Cash and Cash Equivalents	(91,730)	(1,834,289)
Cash and Cash Equivalents - Beginning of year	99,601	1,933,890
Cash and Cash Equivalents - End of year	**$ 7,871**	**$ 99,601**
Supplemental Cash Flow Information - Cash paid for interest	$ 150,796	$ 247,431

See notes to financial statements.

Note 1 - Nature of Business

The Young Men's Christian Association of Central Ohio (the "Association"), reflecting its Judeo-Christian principles, is an association of volunteers, members, and staff open to and serving all, providing programs and services that develop spirit, mind, and body. Financial assistance is available based on need. The Association seeks to identify and involve those in need.

The Association consists of 13 full facility branches and two outdoor facilities, including Camp Willson, an overnight camp and conference facility. The Association operates over 100 childcare programs through its branches, area school districts, and other locations. The Association also manages the Van Buren Center, a shelter to support individuals and families experiencing homelessness, and Franklin Station, permanent apartment living for low-income adults. Programs are under three areas of focus: Youth Development, programs that nurture the potential of children and teens; Healthy Living, programs that improve health and well-being; and Social Responsibility, programs and activities that relate to giving back and providing support to the greater central Ohio community. The programs are funded primarily by membership and program fees, United Way, charitable contributions, and government grants.

The Association is an affiliate of YMCA of the USA (Y-USA). As such, the Association receives benefits, such as the use of the YMCA name and participation in Y-USA's retirement plan (see Note 12).

Note 2 - Significant Accounting Policies

Basis of Accounting

The accounts of the Association are maintained in accordance with the principles of not-for-profit accounting. The statements have been prepared on an accrual basis.

Basis of Presentation

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Association to report information regarding its financial position, activities, and cash flows according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. This category includes board-designated/quasi-endowed net assets consisting of donations made by bequest from donors' estates. It is the Association's policy to separate these donations from general-type donations.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Concentration of Credit Risk

The Association's financial instruments that are exposed to concentration of credit risk principally consist of cash, receivables, lease receivables, and investments. The Association places its cash in a number of quality financial institutions and products to limit its risk. The Association does from time to time have cash balances at financial institutions in excess of the FDIC-insured maximum.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less.

At December 31, 2018 and 2017, cash equivalents include $7,871 and $99,601, respectively, due from credit card processors for members' dues, programming, and child-care payments. Credit card processors pay the Association shortly after the members' remittance.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments in common stock and bonds are recorded at fair market value based on quoted market prices. Investments in the hedge funds are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

Accounts Receivable

The Association's accounts receivable are composed primarily of trade receivables and grants committed from various funding agencies for use in the Association's activities.

Pledges Receivable

The Association records pledges and unconditional promises to give as receivables and revenue in the year the pledge is made. Those that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as revenue until the conditions are substantially met.

Allowance for Doubtful Accounts

The Association reports trade accounts receivable, pledges receivable, and leases receivable net of an allowance for doubtful accounts. The allowance is established based on a specific assessment of all receivables that remain unpaid following normal collection periods. In addition, a general valuation allowance is established based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. As of December 31, 2018 and 2017, the Association has recorded an allowance for doubtful accounts against these receivables totaling $383,289 and $610,189, respectively.

Property and Equipment

The Association capitalizes expenditures greater than $2,500 for equipment, $5,000 for grant funded capital expenses, and $7,500 for building improvements, replacements, and renovations at cost. Ordinary repairs and maintenance are charged to expense when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years. When property and equipment are sold or retired, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations.

Beneficial Interest

The Association is the beneficiary of an endowment established at the Community Foundation of Delaware County. Income from the endowment fund investments is currently expendable by the Association when received. These funds are subject to the variance power of the Foundation's governing body and, therefore, are excluded from the Association's financial statements and recognized as support when amounts are awarded to the Association. The fair market value of these funds was $37,952 and $41,291 at December 31, 2018 and 2017, respectively.

Checks Issued in Excess of Bank Balance

Under the Association's cash management system, checks issued but not yet presented to the Association's bank may result in overdraft balances for accounting purposes and are classified as "checks issued in excess of bank balance" on the statement of financial position, although the bank balance remains positive.

Note 2 - Significant Accounting Policies (Continued)

Debt Issuance Costs

Debt issuance costs are reflected net with long-term obligations on the statement of financial position. Amortization of debt issuance costs is expensed within the statement of functional expenses using the straight-line method over the terms of the related debt. Debt issuance costs associated with the bonds payable were expensed in 2017, as the bonds were extinguished (see Note 8).

Interest Rate Swap

The Association has entered into an interest rate swap agreement originally maturing January 1, 2023 in order to convert a variable-rate note payable to a fixed rate. The interest rate swap was extinguished in 2017 as a result of the issuance of the line of credit (see Note 8). Changes in the fair value of the interest rate swap are recognized with revenue on the statement of activities and changes in net assets. Realized gains and losses are recognized as a component of interest expense; realized losses totaling $0 and $16,230 have been recognized in 2018 and 2017, respectively.

Revenue

Fees and grants from governmental agencies are recognized as revenue when the related services are performed or the expenditures are made, while membership fees are recognized over the related membership period. Program fees residence and related services and other revenue are generally recognized as revenue when earned. Deferred revenue is recorded when advance payments are received.

Contributions

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution and related investment income is received, the Association reports the support as without donor restriction.

Public Support

As a member agency, the Association receives funds from United Way of Central Ohio and from United Way of Pickaway County.

Donated Services and Assets

Donated assets are capitalized and recorded as support at their fair market value at the date of receipt. Such donations are reported as net assets without donor restriction unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property or equipment are reported as net assets with donor restriction. In the absence of donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

For donated assets, the use of which is given over a specified period of time and the donor retains legal title, the contributions are recorded as net assets with donor restriction and as long-lived assets at their fair market values at the date of receipt of the donations. In accordance with the adoption of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities*, the net assets are released from restrictions when the donated property is placed into service.

Note 2 - Significant Accounting Policies (Continued)

Contributed services are recorded when they meet the criteria of (1) creating or enhancing nonfinancial assets or (2) requiring specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. The Association receives services from volunteers throughout the year; however, these services do not meet the criteria defined above and, therefore, are not recorded in the financial statements.

Functional Allocation of Expenses

The Association allocates its expenses on a functional basis amongst its various programs and support services. Costs are directly assigned and allocated between program and support services based on the Association's detailed general ledger account structure by using the program code for 2018 and 2017. Costs not directly attributable to a function, including depreciation, maintenance, utilities, and other costs, are allocated to a function based on a time and effort for 2018 and 2017. Although methods of allocation are considered appropriate, other methods could be used that would produce different results.

Advertising Expense

Advertising costs are expensed as incurred.

Tax Status

The Association is an Ohio nonprofit organization, tax exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated business income, if any, are provided at the applicable rates on income for financial reporting purposes. There was no unrelated business income tax expense for the years ended December 31, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Association invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the statement of financial position.

Recently Adopted Accounting Pronouncement

For the year ended December 31, 2018, the Association adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities*, applied retrospectively to all years presented. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Association, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. As a result of the adoption of this standard, the financial information for the year ended December 31, 2017 has been restated as follows: net assets of $16,293,853 previously reported as temporarily restricted net assets and net assets of $445,246 previously reported as permanently restricted net assets have been combined into net assets with donor restrictions.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Association's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Association has not yet determined which application method it will use. The Association has assessed the timing and pattern of revenue recognized and believes that there will not be a material change to its income recognition.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Association's year ending December 31, 2020 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The new lease standard is expected to have a significant effect on the Association's financial statements as a result of the facility leases described in Note 13 and classified as operating leases.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Association's year ending December 31, 2019 and will be applied on a modified prospective basis. The Association does not expect the standard to have a significant impact on the timing of revenue recognition for governmental grants and contracts, but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 16, 2019, which is the date the financial statements were available to be issued.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Association has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. The Association had no assets or liabilities based on Level 3 inputs as of or during the years ended December 31, 2018 and 2017.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Association's policy is to recognize transfers amongst the levels of fair value classifications as of the end of the reporting period. There were no transfers amongst the reporting levels during 2018 or 2017.

The following tables present information about the Association's assets measured at fair value on a recurring basis at December 31, 2018 and 2017 and the valuation techniques used by the Association to determine those fair values.

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value	Balance at December 31, 2018
Assets				
Cash and fixed income:				
Cash equivalents	$ 26,583	$ -	$ -	$ 26,583
Money market funds	6,497,859	-	-	6,497,859
Endowment bond funds	-	382,290	-	382,290
Equities - Endowment common stock	761,804	-	-	761,804
Total assets	$ 7,286,246	$ 382,290	$ -	$ 7,668,536

Note 3 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value	Balance at December 31, 2017
Assets				
Cash and fixed income:				
Cash equivalents	$ 22,958	$ -	$ -	$ 22,958
Money market funds	6,497,938	-	-	6,497,938
Endowment bond funds	-	383,574	-	383,574
Equities - Endowment common stock	825,005	-	-	825,005
Other - Hedge funds	-	-	23,239	23,239
Total assets	$ 7,345,901	$ 383,574	$ 23,239	$ 7,752,714

The Association determines the fair values of the investments using quoted market prices, broker and dealer prices, or statements of account received from investment managers, which were principally based on quoted market or broker and dealer prices.

During 2018, the Association recorded realized investment gains of $0 and unrealized investment losses of $152,295. During 2017, the Association recorded realized investment gains of $680,624 and unrealized investment losses of $577,006.

As of December 31, 2018 and 2017, investments of $1,159,359 and $1,220,046, respectively, are classified as noncurrent assets reflecting amounts equivalent to the aggregate of restricted endowments and board-designated quasi-endowment funds.

Investments in Entities that Calculate Net Asset Value per Share

The Association holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	December 31, 2018	December 31, 2017	December 31, 2018		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds	$ -	$ 23,239	$ -	Quarterly	60 days

The hedge funds represent an investment in a close-ended balanced fund of funds. The fund invests in funds that invest in the equity and fixed-income markets. It allocates its assets primarily among professionally selected investment funds that are managed by experienced third-party investment advisors who invest in a variety of markets and employ, as a group, a range of investment techniques and strategies. The funds are domiciled in the United States.

Note 4 - Pledges Receivable

Pledges receivable represent unconditional promises to give at December 31, 2018 and 2017. Those amounts are recorded as contributions based upon the net present value of the amounts expected to be collected.

Note 4 - Pledges Receivable (Continued)

The following is a schedule of net pledges receivable as of December 31, 2018 and 2017:

	2018	2017
Due within one year	$ 183,225	$ 268,226
Less allowance for uncollectible contributions	(5,497)	(27,000)
Total	$ 177,728	$ 241,226

Note 5 - Investments in Leases Receivable

During the construction of the Liberty, Grove City, Gahanna, and Hilliard facilities, the Association entered into direct financing lease agreements with The Ohio State University (OSU) for the construction and operation of a Wellness Center at each of those branches. OSU leases the Wellness Centers for an initial lease period of 20 years. The rent commencement date for the various leases was the first day of operation by OSU at the various branches. Under these direct financing lease agreements, base rent is charged at an amount equal to the monthly mortgage principal amortization plus a pro rata share of closing and financing costs incurred during construction, which would be payable if the OSU space costs were amortized on a level payment basis of 5 percent per annum over a term of 20 years.

In addition to the base rent, OSU pays the Association a pro rata share of the operating expenses and the interest incurred on the financing of the OSU space costs at the rate of interest charged to the Association. At the end of the initial 20-year lease terms, OSU has options to extend the leases for at least an additional 20-year period. These lease options require OSU to continue to pay only its pro rata share of operating costs for the space, without any further base rent.

In 2018, the Association received an offer from OSU to terminate the lease agreements. The Association received approximately $1,082,275 in June 2018 related to the termination of the lease agreements.

The Association's investment in leases receivable consists of the following at December 31, 2018 and 2017:

	2018	2017
OSU Liberty Branch Wellness Center, entered in January 2003, with interest receivable monthly, based on interest incurred on the financing of the OSU space costs, at the rate of interest charged to the Association, due in April 2023. The agreement was terminated in 2018	$ -	$ 292,988
OSU Grove City Branch Wellness Center, entered in June 2003, with interest receivable monthly, based on interest incurred on the financing of the OSU space costs, at the rate of interest charged to the Association, due in May 2023. The agreement was terminated in 2018	-	233,332
OSU Gahanna Branch Wellness Center, entered in April 2004, with interest receivable monthly, based on interest incurred on the financing of the OSU space costs, at the rate of interest charged to the Association, due in March 2024. The agreement was terminated in 2018	-	312,519
OSU Hilliard Branch Wellness Center, entered in August 2004, with interest receivable monthly, based on interest incurred on the financing of the OSU space costs, at the rate of interest charged to the Association, due in July 2024. The agreement was terminated in 2018	-	337,058
Total	-	1,175,897
Less current portion	-	(1,175,897)
Noncurrent portion	$ -	$ -

Note 5 - Investments in Leases Receivable (Continued)

Interest income related to these receivables totaled $12,676 and $33,600 in 2018 and 2017, respectively.

Note 6 - Contributed Leasehold Interests

The Association has been the recipient of a number of contributed leasehold interests for branch facilities in central Ohio. The fair values of those leasehold interests were recognized as donor-restricted contributions in the year in which each arrangement was entered, ranging from 2000 through 2010. The Association is responsible for providing all fitness and office equipment necessary for the operation of the related facilities, as well as all costs related to the day-to-day operations of the facilities (e.g., insurance, utilities, repair, and maintenance). A summary of each contributed leasehold arrangement follows:

Liberty Township

In May 2000, the Association entered into a 27-year, below-market lease agreement with the board of trustees of Liberty Township for certain real property being utilized for the Association's Liberty branch at a cost of $1 per year. The lease is renewable for one additional 27-year period. As part of the lease agreement, the Liberty Township board of trustees, at its sole cost and expense, constructed the facilities in accordance with the Association's approval of architectural schematic plans for the building and other improvements. Under the lease agreement, the lessor retains title to the real property. The leasehold value for the use of the building and land was recorded as support with donor restrictions at its fair market value.

Land Lease - Grove City

In April 2002, the Association entered into a 99-year, below-market lease agreement with the City of Grove City, Ohio for land being utilized for the Association's Grove City branch at a cost of $1 per year. This lease is renewable for one additional 99-year period. Under the lease agreement, the lessor retains title to the land. The leasehold value was recorded as support with donor restrictions at its fair market value at the date of receipt.

Land Lease - Gahanna

In February 2002, the Association entered into a 99-year, below-market lease agreement with the City of Gahanna, Ohio for land being utilized for the Association's Gahanna branch at a cost of $1 per year. This lease is renewable for one additional 99-year period. Under the lease agreement, the lessor retains title to the land. The leasehold value was recorded as support with donor restrictions at its fair market value at the date of receipt.

Land Lease - Hilliard

In October 2002, the Association entered into a 20-year, below-market agreement with an individual for 9.5 acres of land being utilized for the Association's Hilliard branch at an annual cost of $1 per year. This lease had four renewal options of 20 years each. The Association exercised all four of these renewal options in September 2003 extending the lease through October 2102. The leasehold value was recorded as support with donor restrictions at its fair market value at the date of receipt. The land owner subsequently gifted the title to the land to the Association in the year prior to 2018.

Note 6 - Contributed Leasehold Interests (Continued)

Land Lease - Delaware

In 2010, the Association entered into a 20-year, below-market lease agreement with the City of Delaware, Ohio and the State of Ohio, Adjutant General's Department for certain real property at a cost of $1 per year. This lease is renewable for up to four five-year terms at a cost of $1 per year. As part of the lease agreement, the City of Delaware constructed a facility, at its sole cost and expense, in accordance with the Association's approval of architectural plans for a building and other improvements, on land leased from the Adjutant General's Department. Under the lease agreement, the lessor will retain title to the real property. The leasehold value for the use of the building and land was recorded as support with donor restrictions at its estimated fair market value upon execution in 2010.

Donated leasehold interest for operating facilities is summarized as follows:

	2018	2017
Land:		
Gahanna	$ 1,516,400	$ 1,516,400
Liberty Township	331,800	331,800
Grove City	110,400	110,400
Delaware	335,280	335,280
Building:		
Liberty Township	5,427,377	5,427,377
Delaware	12,338,255	12,338,255
Total	$ 20,059,512	$ 20,059,512

The land leasehold interests are being amortized over periods ranging from 40 to 99 years. The building leasehold interests are being amortized over 40 years. Amortization expense of $522,181 and $508,226 was recognized in 2018 and 2017, respectively. Accumulated amortization was $4,953,045 and $4,430,864 as of December 31, 2018 and 2017, respectively.

Note 7 - Property and Equipment

Property and equipment as of December 31, 2018 and 2017 consist of the following:

	2018	2017	Depreciable Life - Years
Land	$ 2,998,644	$ 2,998,644	-
Land improvements	959,033	771,637	10-15
Buildings	57,625,355	56,537,709	7-40
Transportation equipment	620,306	563,805	5
Furniture and fixtures	11,548,264	11,156,956	3-5
Leasehold improvements	671,949	671,949	5-20
Construction in progress	36,542	104,750	-
Total cost	74,460,093	72,805,450	
Accumulated depreciation	40,945,026	38,040,523	
Net carrying amount	$ 33,515,067	$ 34,764,927	

Depreciation expense was $3,006,377 and $2,853,636 for 2018 and 2017, respectively.

Construction in progress consists of costs incurred for building improvements not yet placed in service. There are no contractually obligated additional costs to complete these projects as of December 31, 2018.

Note 8 - Long-term Debt

Long-term debt at December 31 is as follows:

	2018	2017
Lease line of credit with a bank converted to a term loan in May 2018; monthly payments of $8,024 including interest at a fixed rate of 4.77 percent until maturity in May 2020. The note is collateralized by the equipment purchased with the borrowings	$ 303,015	$ -
Lease line of credit with a bank converted to a term loan in May 2016; monthly payments of $20,744 including interest at a fixed rate of 2.75 percent until maturity in May 2020. The note is collateralized by the equipment purchased with the borrowings	352,650	601,580
Mortgage note payable with a bank; monthly payments of $5,153 including interest at a fixed rate of 4.5 percent until maturity in February 2031. The note is collateralized by the underlying property	565,710	604,462
Total	1,221,375	1,206,042
Less current portion	382,707	284,799
Long-term portion	$ 838,668	$ 921,243

Required minimum principal payments on the above debt for each of the years ending December 31 are as follows:

Years Ending	Amount
2019	$ 382,707
2020	236,985
2021	134,394
2022	54,251
2023	42,388
Thereafter	370,650
Total	$ 1,221,375

Line of Credit

On June 23, 2017, the Association entered into a line of credit agreement in the amount of $6,495,096 with The Huntington National Bank that expires on June 22, 2020. Borrowings on the line were used to pay down the outstanding balance due on the bonds and notes payable. The line of credit is fully collateralized by money market funds held by the Association. Interest is payable monthly starting in August 2017 at LIBOR plus 1.00 percent (interest rate varied from 2.36 percent to 3.52 percent in 2018) and is due until expiration of the agreement in June 2020. The line of credit had an outstanding amount of $2,834,969 and $3,517,517 at December 31, 2018 and 2017, respectively.

Note 9 - Other Long-term Liabilities and Reserves

The Association provides medical and dental insurance to certain retirees with at least 15 years of service. Coverage ends upon attainment of 65 years of age or Medicare eligibility, whichever comes first. Premiums will be paid by the Association at the same amount as it provides for active employees, and retirees who elect to receive benefits must contribute toward this coverage. The assumptions used to estimate the liability were developed by statistics from Y-USA on the average age at retirement and percentage of the total employees who retire from Y-USA with 15 or more years of service. In October 2016, the plan was closed to new participants. As of December 31, 2018 and 2017, the Association has accrued a liability of approximately $125,000 and $145,000, respectively, for estimated future premium contributions. The amount is included with accrued current expenses and with other long-term liabilities on the statement of financial position.

The Association ended participation in a risk-rated individual retro plan with the Ohio Bureau of Workers' Compensation (BWC) effective July 1, 2014. As a result, the Association is responsible for claims incurred up to a predetermined total liability for a period of 10 years following the plan year end, as determined by the contract. The Association records an estimate of the expected future claims based upon prior claims history and the Association's best estimate of the expected future claims. As of December 31, 2018 and 2017, the Association has accrued a liability of approximately $125,000 and $88,000, respectively, for estimated future premium contributions. The amount is included with accrued current expenses and with other long-term liabilities on the statement of financial position.

After July 1, 2014, the Association switched to full premium plan under the Ohio BWC; however, this plan was only in effect through June 30, 2015, at which time the Association switched to a prospective bimonthly premium installment plan based on projected annual premiums with a retrospective true-up every year. As of December 31, 2018 and 2017, a liability of approximately $0 and $82,000, respectively, is included in accrued expenses for amounts expected to be due on the true-up, net of any prepaid estimated premium payments. The amount is included with accrued current expenses on the statement of financial position.

Note 10 - Net Assets

Net assets with donor restrictions consist of the following:

	2018	2017
Grants receivable	$ 391,000	$ 437,000
Y purchasing stock	8,500	8,500
Accumulated appreciation on endowments	209,362	219,705
Contributed leasehold interests - Net	15,206,549	15,628,648
Endowment investments	436,028	445,246
Total net assets with donor restrictions	$ 16,251,439	$ 16,739,099

Note 11 - Donor-restricted and Board-designated Endowments

The Association's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Association is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Association had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Association considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Association has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

	Endowment Net Asset Composition by Type of Fund as of December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 538,652	$ -	$ 538,652
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	445,246	445,246
Accumulated investment losses	-	(44,244)	(44,244)
Term endowment	-	219,705	219,705
Total donor-restricted endowment funds	-	620,707	620,707
Total	$ 538,652	$ 620,707	$ 1,159,359

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 555,095	$ 664,951	$ 1,220,046
Investment return:			
Investment loss	(31,397)	(12,341)	(43,738)
Unrealized income (loss)	14,954	(31,903)	(16,949)
Endowment net assets - End of year	$ 538,652	$ 620,707	$ 1,159,359

	Endowment Net Asset Composition by Type of Fund as of December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 555,095	$ -	$ 555,095
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	445,246	445,246
Accumulated investment losses	-	(67,230)	(67,230)
Term endowment	-	286,935	286,935
Total donor-restricted endowment funds	-	664,951	664,951
Total	$ 555,095	$ 664,951	$ 1,220,046

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 356,512	$ 643,664	$ 1,000,176
Investment return:			
Investment income	15,886	30,095	45,981
Unrealized gains	30,095	55,277	85,372
Contributions	-	88,517	88,517
Release of restriction	152,602	(152,602)	-
Endowment net assets - End of year	$ 555,095	$ 664,951	$ 1,220,046

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 Association to retain as a fund of perpetual duration. As December 31, 2018, the fair value of underwater endowment funds was $436,028. The original endowment gift amount or level required to be maintained by donor stipulations or by law that extends donor restrictions was $445,246. As of December 31, 2018, the amount of the deficiencies of the underwater endowment funds was $9,218. As of December 31, 2017, there were no funds with deficiencies.

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under these policies, the endowment assets are invested in a manner that is intended to produce results that exceed the market index. The Association expects its endowment funds, over time, to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable market index.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association has a policy of appropriating for distribution each year regarding its endowment fund. The endowment fund is subject to the intent of the donor expressed in the gift instrument. The board of trustees of the Association may appropriate for expenditure or accumulate so much of an endowment fund as the board of trustees determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established.

Note 12 - Employee Benefit Plans

The Association participates in Y-USA's defined contribution contributory retirement plan (the "Plan"), which covers substantially all professional and support staff once they have been employed for a period of two years and have worked a minimum of 1,000 hours during the year. The Plan provides for contributions based on the participant's gross earnings at 8 percent. The Association contributed approximately $1,310,000 and $1,190,000 for the years ended December 31, 2018 and 2017, respectively.

Note 13 - Operating Leases

The Association leases facilities at various locations under operating lease agreements extending through June 2027.

Minimum future rental payments under these noncancelable operating leases as of December 31, 2018 are as follows:

Years Ending December 31	Amount
2019	$ 368,681
2020	343,208
2021	316,768
2022	331,584
2023	335,900
Thereafter	912,250
Total	$ 2,608,391

Total rent expense was approximately $309,000 and $182,000 for the years ended December 31, 2018 and 2017, respectively.

Note 14 - Liquidity and Availability of Resources

To manage liquidity needs, the Association has access to a $6,495,096 line of credit available for use for general expenditures. The line of credit is fully collateralized by money market funds held by the Association (see Note 8). The Association utilizes any cash in excess of daily requirements to sweep into the line of credit to lessen the balance and, therefore, lessen interest expense as part of its liquidity management practice. The line of credit balance at December 31, 2018 and 2017 was $2,834,969 and $3,517,517, respectively. The Association structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Additionally, the Association has a board-designated quasi-endowment of $538,652 and $555,095 and donor-restricted earnings of $620,707 and $664,951 as of December 31, 2018 and 2017, respectively. Although the Association does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. However, both the quasi-endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (see Note 11 for disclosures about donor-restricted and board-designated endowments).

The Association's endowment funds consist of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 11, the quasi-endowment has a spending rate of 0 percent on the principal balances. Earnings of the endowment funds are allocated annually to operations per Board Policy. Appropriations from the endowment account are limited by board policy as to availability within the next 12 months.

General expenditures are expenditures related to the day-to-day operations of the business. General expenditures pertain to expenses resulting from normal operations, as well as debt servicing and capital outlays. The Association's normal business cycle corresponds to its fiscal year. The Association does not fund operating expenditures with donor-restricted or board-restricted endowment fund principal balance, only on the board-approved portion of annual earnings.

The Association's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2018	2017
Cash and cash equivalents	$ 7,871	$ 99,601
Accounts and interest receivable	4,230,061	4,367,251
Pledges receivable	177,728	241,226
Total	$ 4,415,660	$ 4,708,078

None of these financial assets in the table above are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Association also realizes there could be unanticipated liquidity needs.

Single Audit Report

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
The Young Men's Christian
Association of Central Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Young Men's Christian Association of Central Ohio (the "Association"), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To Management and the Board of Trustees
The Young Men's Christian
Association of Central Ohio

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

May 16, 2019

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
The Young Men's Christian
Association of Central Ohio

Report on Compliance for Each Major Federal Program

We have audited The Young Men's Christian Association of Central Ohio's (the "Association") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Association's major federal program for the year ended December 31, 2018. The Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

To the Board of Trustees
The Young Men's Christian
Association of Central Ohio

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

May 16, 2019

The Young Men's Christian Association of Central Ohio

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Agency/Pass-through Agency/Program Title	Grant/Project Number	CFDA Number	Award Date	Approved Award Amount	Expenditures	Total Amount Provided to Subrecipients
Community Development Block Grant - Entitlement Grants Cluster - U.S. Department of Housing and Urban Development - Community Developmental Block Grants Passed through City of Columbus	YMCA-19-CSB	14.218	7/1/2018-6/30/2019	$ 50,706	$ 50,706	$ -
Temporary Assistance for Needy Families Cluster - U.S. Department of Health and Human Services - Passed through the Franklin County Department of Job and Family Services and Franklin County Commissioners:						
TANF Vaughn - Temporary Assistance to Needy Families	25-17-1222	93.558	8/25/2017-6/12/2018	245,000	154,202	-
TANF Vaughn - Temporary Assistance to Needy Families	25-19-3192	93.558	10/1/2018-6/14/2019	233,000	29,916	-
TANF SPARK - Temporary Assistance to Needy Families	25-19-3187	93.558	8/1/2018-7/31/2019	297,118	53,479	-
Summer Camp - Temporary Assistance to Needy Families	25-18-1525	93.558	6/6/2018-8/12/2018	180,000	172,267	-
Total Temporary Assistance for Needy Families Cluster - Awards from Franklin County Department of Job and Family Services and Franklin County Commissioners					409,864	-
U.S. Department of Housing and Urban Development - Continuum of Care Program Passed through City of Columbus	YMCA-19-CSB	14.267	7/1/2018-6/30/2019	6,889	6,889	-
U.S. Department of Housing and Urban Development - HOME Program Passed through City of Columbus	YMCA-18-CSB	14.239	1/1/2018-12/31/2018	316,834	316,834	-
Corporation for National and Community Service:						
Americorp - Serve Ohio	18AFH-1502-19-OC134	94.006	8/1/2018-07/31/2019	179,180	55,203	-
Americorp - Serve Ohio	75036962	94.006	8/1/2017-07/31/2018	164,226	113,178	-
Total Americorp - Awards from Corporation for National and Community Service					168,381	-
U.S. Department of Health and Human Services - Administration for Children Head Start - Passed through the Franklin County Department of Health and Community Wellness:						
Head Start	05CH 8337/05	93.600	04/1/2017-3/31/2018	5,439,186	1,596,856	607,009
Head Start	05CH 8337/06	93.600	04/1/2018-3/31/2019	5,590,781	4,062,988	1,556,477
Total awards from Administration of Children Head Start					5,659,844	2,163,486
U.S. Department of Agriculture - Passed through the Ohio Department of Education:						
Child Care Food Program	119529	10.558	10/1/2017-9/30/2018	575,000	524,336	-
Child Care Food Program	119529	10.558	10/1/2018-12/31/2018	575,000	67,582	-
Summer Food Service Program	119529	10.559	6/1/2018-8/31/2018	14,399	14,399	-
Total awards from Ohio Department of Education - Child Care Food Program					606,317	-
U.S. Department of Education - Passed through the Ohio Department of Education:						
Special Education - Grants for Infants and Families (Help Me Grow)	FCFC-17-027	84.181	7/1/2017-6/30/2018	547,858	273,929	-
Special Education - Grants for Infants and Families (Help Me Grow)	FCFC-18-027	84.181	7/1/2018-6/30/2019	721,350	360,675	-
Total awards from Ohio Department of Education - Special Education - Grants for Infants and Families					634,604	-
U.S. Department of Justice - Passed through the Ohio Attorney General:						
Juvenile Justice Program	JJ-DMC-1001	16.540	5/1/2018-9/30/2018	11,773	11,759	-
VOCA Program - Crime Victims Fund	2019-VOCA-132135077	16.575	10/1/2018-9/30/2019	203,443	6,991	-
Total awards from Ohio Attorney General					18,750	-
Total federal awards					$ 7,872,189	$ 2,163,486

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Young Men's Christian Association of Central Ohio (the "Association") under programs of the federal government for the year ended December 31, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Association has elected to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	______ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None