

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF CENTRAL KENTUCKY, INC**

FINANCIAL STATEMENTS

For the years ended December 31, 2007 and 2006

YMCA OF CENTRAL KENTUCKY, INC.

FINANCIAL STATEMENTS

For the years ended December 31, 2007 and 2006

	<u>Page</u>
Independent Auditor's Report	1
 Financial Statements	
Statements of Financial Position	2
Statements of Activities	3-6
Statements of Functional Expenses.....	7-10
Statements of Cash Flows	11
Notes to Financial Statements	12-25

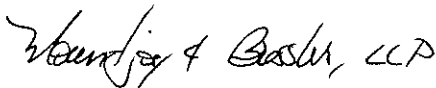
INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Trustees
Young Men's Christian Association of
Central Kentucky, Inc.

We have audited the accompanying statements of financial position of the Young Men's Christian Association of Central Kentucky, Inc. (a not-for-profit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 Kentucky, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Lexington, Kentucky
May 19, 2008

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>Restated 2006</u>
Cash and cash equivalents	\$ 357,691	\$ 321,770
Restricted cash and cash equivalents	180,193	168,285
Accounts receivable	119,792	103,225
Grants receivable	-	33,049
Unconditional promises to give, net	1,969,125	4,128,956
Prepaid expenses	128,082	121,535
Investments	3,790,614	3,623,687
Perpetual trusts held by third parties	2,839,468	2,787,305
Land, buildings, and equipment, net	19,922,089	20,358,885
Other assets	3,000	3,000
Debt issuance costs, net	<u>107,068</u>	<u>116,380</u>
	<u>\$ 29,417,122</u>	<u>\$ 31,766,077</u>

LIABILITIES

Accounts payable	\$ 179,684	\$ 175,709
Accrued liabilities	239,897	234,425
Deferred income	357,885	304,809
Notes payable	1,450,690	1,581,563
Bond obligation	<u>7,200,000</u>	<u>7,800,000</u>
Total liabilities	<u>9,428,156</u>	<u>10,096,506</u>

COMMITMENTS AND CONTINGENCIES

- -

NET ASSETS

Unrestricted:		
Operating	13,153,760	13,418,043
Board designated	2,222,167	1,859,623
Temporarily restricted	1,773,571	3,604,600
Permanently restricted	<u>2,839,468</u>	<u>2,787,305</u>
Total net assets	<u>19,988,966</u>	<u>21,669,571</u>
Total liabilities and net assets	<u>\$ 29,417,122</u>	<u>\$ 31,766,077</u>

See accompanying independent auditor's report
and notes to financial statements

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2007

	2007			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains, losses, and other support:				
Membership dues	\$ 4,965,782	\$ -	\$ -	\$ 4,965,782
Activity and daily fees	3,317,169	-	-	3,317,169
Contributions	774,603	118,153	-	892,756
Interest and dividends	294,986	2,008	-	296,994
United Way	231,735	-	-	231,735
Governmental and foundation grants	322,190	-	-	322,190
Rental of facilities	26,404	-	-	26,404
Resident room rentals	72,917	-	-	72,917
Other	89,257	-	-	89,257
Net unrealized and realized gains (losses) on investments	52,624	(322)	75,168	127,470
Losses on unconditional promises to give	(272,722)	(1,815,169)	-	(2,087,891)
Net assets released from restrictions: Satisfaction of program restrictions	<u>158,704</u>	<u>(135,699)</u>	<u>(23,005)</u>	<u>-</u>
Total revenues, gains, losses, and other support	10,033,649	(1,831,029)	52,163	8,254,783
Expenses:				
Program and membership services:				
Membership services	3,790,391	-	-	3,790,391
Prime time	1,380,466	-	-	1,380,466
Youth camps	419,462	-	-	419,462
Health & fitness programs	436,437	-	-	436,437
Preschool day care	321,871	-	-	321,871
Youth/teen programs	579,965	-	-	579,965
Aquatics	565,680	-	-	565,680
Black achievers	274,479	-	-	274,479
Arts and humanities	<u>120,130</u>	<u>-</u>	<u>-</u>	<u>120,130</u>
Total program services	7,888,881	-	-	7,888,881
Supporting Services:				
Maintenance and housekeeping	463,120	-	-	463,120
Management and general	1,292,343	-	-	1,292,343
Fundraising	<u>291,044</u>	<u>-</u>	<u>-</u>	<u>291,044</u>
Total supporting services	<u>2,046,507</u>	<u>-</u>	<u>-</u>	<u>2,046,507</u>

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2007

	<u>2007</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total expenses	<u>9,935,388</u>	<u>-</u>	<u>-</u>	<u>9,935,388</u>
Change in net assets	98,261	(1,831,029)	52,163	(1,680,605)
Net assets at beginning of year, as restated	<u>15,277,666</u>	<u>3,604,600</u>	<u>2,787,305</u>	<u>21,669,571</u>
Net assets at end of year	<u>\$ 15,375,927</u>	<u>\$ 1,773,571</u>	<u>\$ 2,839,468</u>	<u>\$ 19,988,966</u>

See accompanying independent auditor's report
and notes to financial statements.

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

	Restated 2006			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains, losses, and other support:				
Membership dues	\$ 4,678,934	\$ -	\$ -	\$ 4,678,934
Activity and daily fees	3,267,251	-	-	3,267,251
Contributions	4,014,170	3,914,523	-	7,928,693
Interest and dividends	289,448	1,558	-	291,006
United Way	199,331	-	-	199,331
Governmental and foundation grants	529,213	-	-	529,213
Rental of facilities	24,631	-	-	24,631
Resident room rentals	69,739	-	-	69,739
Other	106,489	-	-	106,489
Net unrealized and realized gains (losses) on investments	39,878	(75,129)	205,411	170,160
Net assets released from restrictions: Satisfaction of program restrictions	<u>262,343</u>	<u>(244,910)</u>	<u>(17,433)</u>	<u>-</u>
Total revenues, gains, losses, and other support	13,481,427	3,596,042	187,978	17,265,447
Expenses:				
Program and membership services:				
Membership services	3,585,226	-	-	3,585,226
Prime time	1,496,643	-	-	1,496,643
Youth camps	429,751	-	-	429,751
Health & fitness programs	514,885	-	-	514,885
Preschool day care	302,746	-	-	302,746
Youth/teen programs	610,563	-	-	610,563
Aquatics	574,562	-	-	574,562
Black achievers	248,745	-	-	248,745
Arts and humanities	<u>120,535</u>	<u>-</u>	<u>-</u>	<u>120,535</u>
Total program services	7,883,656	-	-	7,883,656
Supporting Services:				
Maintenance and housekeeping	428,745	-	-	428,745
Management and general	1,224,557	-	-	1,224,557
Fundraising	<u>403,374</u>	<u>-</u>	<u>-</u>	<u>403,374</u>
Total supporting services	<u>2,056,676</u>	<u>-</u>	<u>-</u>	<u>2,056,676</u>

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2006

	Restated 2006			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total expenses	<u>9,940,332</u>	<u>-</u>	<u>-</u>	<u>9,940,332</u>
Change in net assets	3,541,095	3,596,042	187,978	7,325,115
Net assets at beginning of year, restated	<u>11,736,571</u>	<u>8,558</u>	<u>2,599,327</u>	<u>14,344,456</u>
Net assets at end of year	<u>\$ 15,277,666</u>	<u>\$ 3,604,600</u>	<u>\$ 2,787,305</u>	<u>\$ 21,669,571</u>

See accompanying independent auditor's report
and notes to financial statements.

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2007

	2007								
	Membership Services	Prime Time	Youth Camps	Health & Fitness Programs	Pre-School Day Care	Youth/Teen Programs	Aquatics	Black Achievers	Arts and Humanities
Salaries and wages	\$ 1,430,433	\$ 929,684	\$ 216,850	\$ 177,516	\$ 219,892	\$ 269,641	\$ 338,283	\$ 86,441	\$ 50,987
Employee benefits	99,116	69,627	9,727	13,408	24,286	30,506	18,155	9,171	11,407
Payroll taxes, etc.	127,316	85,050	16,346	15,825	19,221	23,070	30,575	8,193	4,303
Total salaries & related expenses	<u>1,656,865</u>	<u>1,084,361</u>	<u>242,923</u>	<u>206,749</u>	<u>263,399</u>	<u>323,217</u>	<u>387,013</u>	<u>103,805</u>	<u>66,697</u>
Building and occupancy	725,747	20,368	45,833	52,668	2,542	77,099	51,561	25,763	8,277
Contracted/temporary labor	1,145	79	10,591	78,878	-	13,771	7,112	3,198	24,102
Marketing & promotion	72,077	22,534	4,382	1,182	65	10,190	973	9,292	3,537
Program bus/van rental	-	27,154	29,408	-	-	12,114	-	15,842	133
Travel and transportation	6,360	6,848	904	1,859	554	2,308	4,129	12,253	746
Program supplies	89,249	85,154	26,347	10,921	35,537	61,306	31,253	44,312	2,238
Insurance	31,923	14,959	2,237	2,512	-	2,975	3,036	2,985	475
National support	56,186	18,948	3,298	4,406	2,875	5,591	3,288	2,550	1,054
Professional fees	613	612	-	-	-	-	-	-	-
Technology expense	39,558	15,581	3,015	3,671	2,683	4,175	4,114	2,435	657
Miscellaneous expenses	57,773	16,932	1,284	3,727	-	2,363	2,249	258	594
Equipment expenses	203,361	3,428	783	542	395	1,497	9,133	666	156
Telephone & communications	16,108	15,770	2,242	1,118	994	2,138	996	2,814	240
Maintenance & housekeeping supplies	251	587	727	14	1,611	93	12,215	109	8
Office supplies and expense	13,238	9,759	1,196	483	1,539	1,523	493	3,281	1,856
Conference, convention and meetings	8,918	9,047	550	3,562	1,227	1,411	1,697	8,463	117
Employee expenses	22,620	18,615	1,897	1,907	5,358	3,837	7,291	1,748	372
Postage & mailing	26,617	5,950	801	461	39	3,003	790	2,458	174
Scholarships & awards	-	-	-	-	-	-	-	24,403	-
Depreciation	480,326	2,250	26,272	40,054	2,800	32,537	22,536	7,060	5,416
Amortization	-	-	-	-	-	-	-	-	-
Trust and investment expenses	-	-	-	-	-	-	-	-	-
Interest	280,209	-	14,515	21,520	-	18,466	15,323	-	3,246
Organizational dues & subscriptions	<u>1,247</u>	<u>1,530</u>	<u>257</u>	<u>203</u>	<u>253</u>	<u>351</u>	<u>478</u>	<u>784</u>	<u>35</u>
Totals	\$ <u>3,790,391</u>	\$ <u>1,380,466</u>	\$ <u>419,462</u>	\$ <u>436,437</u>	\$ <u>321,871</u>	\$ <u>579,965</u>	\$ <u>565,680</u>	\$ <u>274,479</u>	\$ <u>120,130</u>

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

For the year ended December 31, 2007

	2007			
	Maint./ House- keeping	Manage- ment & General	Fund Raising	Total
Salaries and wages	\$ 213,185	\$ 747,697	\$ 125,984	\$ 4,806,593
Employee benefits	34,996	127,214	18,770	466,383
Payroll taxes, etc.	22,933	63,419	9,977	426,228
Total salaries & related expenses	<u>271,114</u>	<u>938,330</u>	<u>154,731</u>	<u>5,699,204</u>
Building and occupancy	-	4,419	-	1,014,277
Contracted/temporary labor	-	2,846	-	141,722
Marketing & promotion	-	99,696	13,702	237,630
Program bus/van rental	-	18	-	84,669
Travel and transportation	3,857	20,972	2,285	63,075
Program supplies	234	6,138	7,864	400,553
Insurance	38,137	6,945	-	106,184
National support	-	170	-	98,366
Professional fees	-	29,743	91,683	122,651
Technology expense	-	5,591	9,688	91,168
Miscellaneous expenses	-	5,740	-	90,920
Equipment expenses	12,218	19,202	1,227	252,608
Telephone & communications	458	21,461	13	64,352
Maintenance & housekeeping supplies	134,131	-	-	149,746
Office supplies	-	9,854	596	43,818
Conference, convention and meetings	1,345	17,332	5,556	59,225
Employee expenses	778	10,716	263	75,402
Postage & mailing	175	7,971	2,097	50,536
Scholarships & awards	-	-	-	24,403
Depreciation	-	17,281	-	636,532
Amortization	-	9,312	-	9,312
Trust and investment expenses	-	52,369	-	52,369
Interest	-	-	-	353,279
Organizational dues & subscriptions	673	6,237	1,339	13,387
Totals	<u>\$ 463,120</u>	<u>\$ 1,292,343</u>	<u>\$ 291,044</u>	<u>\$ 9,935,388</u>

See accompanying independent auditor's report and notes to financial statements.

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2006

	Restated 2006								
	Membership Services	Prime Time	Youth Camps	Health & Fitness Programs	Pre-School Day Care	Youth/Teen Programs	Aquatics	Black Achievers	Arts and Humanities
Salaries and wages	\$ 1,336,097	\$ 989,269	\$ 247,881	\$ 225,483	\$ 211,524	\$ 220,439	\$ 333,710	\$ 72,068	\$ 78,747
Employee benefits	98,989	74,231	9,600	24,898	23,522	45,050	18,220	8,592	9,709
Payroll taxes, etc.	122,671	87,821	15,793	22,031	18,829	26,314	29,090	8,061	2,963
Total salaries & related expenses	<u>1,557,757</u>	<u>1,151,321</u>	<u>273,274</u>	<u>272,412</u>	<u>253,875</u>	<u>291,803</u>	<u>381,020</u>	<u>88,721</u>	<u>91,419</u>
Building and occupancy	708,473	32,152	43,483	55,935	309	79,788	68,073	21,221	778
Contracted/temporary labor	7,903	792	5,118	76,199	-	25,806	8,060	9,079	26,403
Marketing & promotion	65,231	16,303	3,723	1,027	932	9,614	3,922	14,631	-
Program bus/van rental	-	37,399	24,704	-	-	1,179	-	13,658	-
Travel and transportation	8,384	7,426	453	2,100	187	27,685	5,348	11,216	-
Program supplies	89,375	116,245	20,587	16,865	30,577	53,029	28,766	43,161	76
Insurance	29,949	15,147	1,662	2,568	-	4,888	3,110	1,479	-
National support	54,605	18,692	3,142	4,525	2,745	6,488	3,058	575	-
Professional fees	-	-	-	-	-	-	-	-	-
Technology expense	40,693	16,181	4,843	3,390	2,486	2,644	3,767	2,461	-
Miscellaneous expenses	53,199	7,130	1,110	3,195	-	3,093	2,158	113	-
Equipment expenses	128,085	4,207	402	5,904	416	3,188	3,678	4,572	-
Telephone & communications	15,832	16,172	2,531	1,275	659	2,745	975	2,444	360
Maintenance & housekeeping supplies	-	594	734	-	929	-	11,485	1,596	-
Office supplies and expense	18,013	14,296	1,146	913	1,087	1,586	943	1,570	250
Conference, convention and meetings	11,695	13,695	1,003	3,158	1,476	16,739	2,500	4,336	-
Employee expenses	18,196	20,518	1,723	1,663	4,038	2,723	5,802	477	-
Postage & mailing	22,096	4,690	683	433	70	1,372	459	1,945	200
Scholarships & awards	-	-	-	-	-	500	-	17,500	-
Depreciation	467,601	2,225	24,853	39,130	2,800	48,279	24,945	7,060	640
Amortization	-	-	-	-	-	-	-	-	-
Trust and investment expenses	-	-	-	-	-	-	-	-	-
Interest	285,913	-	14,436	24,005	-	26,982	15,793	-	409
Organizational dues & subscriptions	2,226	1,458	141	188	160	432	700	930	-
Totals	<u>\$ 3,585,226</u>	<u>\$ 1,496,643</u>	<u>\$ 429,751</u>	<u>\$ 514,885</u>	<u>\$ 302,746</u>	<u>\$ 610,563</u>	<u>\$ 574,562</u>	<u>\$ 248,745</u>	<u>\$ 120,535</u>

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

For the year ended December 31, 2006

	Restated 2006			
	Maint./ House- keeping	Manage- ment & General	Fund Raising	Total
Salaries and wages	\$ 206,572	\$ 683,300	\$ 96,534	\$ 4,701,624
Employee benefits	31,376	119,001	17,380	480,568
Payroll taxes, etc.	23,579	60,767	7,501	425,420
Total salaries & related expenses	<u>261,527</u>	<u>863,068</u>	<u>121,415</u>	<u>5,607,612</u>
Building and occupancy	-	656	1,400	1,012,268
Contracted/temporary labor	127	150	-	159,637
Marketing & promotion	-	85,671	36,100	237,154
Program bus/van rental	-	-	-	76,940
Travel and transportation	715	17,786	1,662	82,962
Program supplies	34	5,895	4,518	409,128
Insurance	36,537	6,140	-	101,480
National support	-	181	913	94,924
Professional fees	-	62,875	219,379	282,254
Technology expense	-	4,609	4,899	85,973
Miscellaneous expenses	-	5,794	-	75,792
Equipment expenses	6,210	18,940	106	175,708
Telephone & communications	415	25,348	23	68,779
Maintenance & housekeeping supplies	122,904	-	-	138,242
Office supplies	-	4,325	755	44,884
Conference, convention and meetings	230	29,217	10,023	94,072
Employee expenses	46	737	-	55,923
Postage & mailing	-	5,928	1,476	39,352
Scholarships & awards	-	-	-	18,000
Depreciation	-	22,836	-	640,369
Amortization	-	9,310	-	9,310
Trust and investment expenses	-	49,256	-	49,256
Interest	-	-	-	367,538
Organizational dues & subscriptions	-	5,835	705	12,775
Totals	<u>\$ 428,745</u>	<u>\$ 1,224,557</u>	<u>\$ 403,374</u>	<u>\$ 9,940,332</u>

See accompanying independent auditor's report and notes to financial statements.

YMCA OF CENTRAL KENTUCKY, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,680,605)	\$ 7,325,115
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	636,532	640,369
Amortization	9,312	9,310
Trust expenses	52,369	49,256
Unrealized and realized gain on investments	(127,470)	(170,160)
Forgiveness of debt	(100,000)	(100,000)
Donation of property	-	(3,500,000)
Loss on unconditional promises to give	2,087,891	-
Allowance for doubtful accounts	75,114	15,273
Change in accounts receivable	(16,567)	(44,600)
Change in grants receivable	33,049	61,104
Change in unconditional promises to give	(3,174)	(3,423,593)
Change in prepaid expenses	(6,547)	(3,712)
Change in accounts payable	3,975	(7,999)
Change in accrued liabilities	5,472	(12,361)
Change in deferred income	<u>53,076</u>	<u>23,219</u>
Net cash provided by operating activities	<u>1,022,427</u>	<u>861,221</u>
Cash flows from investing activities:		
Proceeds from sales or maturities of investments	6,093,572	6,593,280
Acquisition of investments	(6,237,561)	(5,997,822)
Acquisition of fixed assets	<u>(199,736)</u>	<u>(923,028)</u>
Net cash used in investing activities	<u>(343,725)</u>	<u>(327,570)</u>
Cash flows from financing activities:		
Reduction of notes payable	(30,873)	(31,137)
Payments on bond obligation	<u>(600,000)</u>	<u>(600,000)</u>
Net cash used in financing activities	<u>(630,873)</u>	<u>(631,137)</u>
Change in cash and cash equivalents	47,829	(97,486)
Cash and cash equivalents, beginning of year	<u>490,055</u>	<u>587,541</u>
Cash and cash equivalents, end of year	\$ <u><u>537,884</u></u>	\$ <u><u>490,055</u></u>
Supplemental Data:		
Cash paid for interest during the year	\$ <u><u>296,638</u></u>	\$ <u><u>298,612</u></u>

Supplemental Schedule of Noncash Transactions:

In 2007, a capital donor withdrew an unconditional promise to give with a net value of \$1,815,169. In addition, the Association wrote-off a separate unconditional promise to give with a net value of \$272,722.

The Association received a donation of land with a fair value of \$3,500,000 during the year ended December 31, 2006. Forgiveness of debt was \$100,000 for the years ended December 31, 2007 and 2006.

See accompanying independent auditor's report and notes to financial statements.

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2007 and 2006

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: The Young Men's Christian Association of Central Kentucky, Inc. (Association) is a not-for-profit organization whose goals are to put Christian principles into action through programs and membership services that build a healthy spirit, mind, and body for all people in the community. Financial assistance is available for those in need for both membership and programs. Programs which assist in meeting the Association's goals include:

Membership Services. The Association is primarily a membership organization offering memberships to youth, teens, adults, households and seniors within its community. Memberships offer the opportunity to pursue health and well being either individually, or as a part of an organized group in areas of cardiovascular, muscle strengthening, aquatics, and socialization with others. Many activities are included with membership and many other fee-based programs are offered at a discount to members.

Prime Time. This program offers before/after school child care at a number of public and private school sites within the community. This program fosters growth and development of children with their parents and family. Instruction and activities within this program help kids develop moral and ethical behavior, self-esteem, and leadership, while providing a safe and supportive environment for working parents.

Youth-Camps. Various programs are offered to participants including all-day camps for youth during the school year, all-day summer camps, sports camps, art camps, horseback camps, gymnastics camps, and adventure/discovery camps. The Association also offers summer day camp activities in natural surroundings at its Bar-Y camp.

Health & Fitness Programs. These fee-based programs allow members and program participants to expand physical fitness through a variety of interests and include personal fitness programs, weight management programs, group participation in Pilates, martial arts, Yoga, cycling, aerobics, along with various other programs.

Preschool Day Care. The Association, at its North Lexington facility, offers a pre-school child care center offering parents a safe and secure location for children from ages 6 weeks through kindergarten. This highly diverse center focuses on family activities and early childhood education.

Youth/Teen Programs. Programs include youth instructional sports designed to enhance the skills of the respective sport and to promote the development of health and fitness, cooperation, safety, and respect for others. Such programs include basketball, T-ball, football, soccer, volleyball, cheerleading, YMCA youth sports leagues that emphasize equal participation for all versus winning or losing. Teen programs include teen camps, teen arcades, computer labs, teen leadership, youth in government and teen nights.

Aquatics. Swim lessons are offered to all ages of participants and include progressive learn-to-swim programs, water fitness activities, swim teams, and specialized aquatic activities such as scuba diving, CPR and Life Guarding certification.

Black Achievers. The Black Achievers program provides students in the 7th through 12th grades exposure to present future educational and career opportunities. These students are connected with adult mentors who encourage students throughout their high school years and guide them on career development. Assistance is provided for students in applying for college and the Association works with colleges and universities to secure scholarships for graduating seniors.

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Arts and Humanities Programs: Instructional sessions are offered in various art forms including music (guitar and percussion classes), dance (ballroom dancing and ballet) and visual art forms (drawing, water-color and oil painting, clay sculpting), drama (theatre) and language programs (beginning, intermediate Spanish).

Facility Rental. The Association provides its facilities to various civic, church and other organizations at minimal cost as part of its community-based service. In addition, the Association offers a number of resident rooms for rent at an affordable fee to adult males who may be in transition. Rooms are available on a temporary or permanent basis.

Basis of Accounting: The accompanying financial statements of the Association are prepared on the accrual basis of accounting.

Contributions: Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are not included as contributions until the conditions are substantially met.

Contributed Services: During the years ended December 31, 2007 and 2006, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents consists of cash and certificates of deposit with maturities of three months or less.

Investments: The Association records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the statements of activities.

Property and Equipment: The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

Assets with useful lives of more than one year and a cost greater than \$1,000 are capitalized and depreciated over their useful life. It is the Association's policy to capitalize donated useful property exceeding \$1,000 at fair value.

Property and equipment are stated at cost and are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	38-50
Building improvements	8-20
Furniture and equipment	3-10

Unconditional Promises to Give: Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using an applicable interest rate to discount the amounts.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is an amount that management believes will be adequate to absorb possible losses based on prior year experience and knowledge of donors' financial conditions. Amounts are charged against the allowance when management determines the collectibility is doubtful.

Deferred Income: The Association defines deferred income as membership dues and activity fees received in advance of the performance of services. The Association's grant awards are accounted for as exchange transactions. Grant funds received in exchange transactions are deemed to be earned of the applicable grant when the Association has incurred expenses in compliance with the specific restrictions of the grant agreement. Expenses incurred for which grant funds have not been received are reported as grants receivable, while grant funds received but not yet earned are reported as deferred income.

Advertising: The Association expenses advertising costs as incurred. Advertising expense amounts to \$237,345 and \$237,154 for the years ended December 31, 2007 and 2006, respectively.

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

Income Taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Financial Statement Presentation: The Association reports three classes of net asset categories according to externally (donor) imposed restrictions:

- a) Unrestricted net assets encompass the portion of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations,
- b) Temporarily restricted net assets are the net assets resulting from contributions and other inflows whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations,

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

- c) Permanently restricted net assets are the net assets resulting from contributions and other inflows whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

Reclassification: Certain 2006 functional expense items and statement of activities items have been reclassified to conform with the 2007 presentation. Such reclassifications had no effect on results of operations or net assets.

**NOTE B - BOARD DESIGNATED, TEMPORARILY RESTRICTED AND PERMANENTLY
RESTRICTED NET ASSETS**

Net assets have been designated by the Board of Directors for the following purposes:

	<u>2007</u>	<u>2006</u>
Endowment and contingencies	\$ <u>2,222,167</u>	\$ <u>1,859,623</u>

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Scholarship programs	\$ 69,637	70,253
Scott County facility	13,311	12,765
High Street Facility Fund	-	6,969
Capital Campaign	<u>1,690,623</u>	<u>3,514,613</u>
	\$ <u>1,773,571</u>	\$ <u>3,604,600</u>

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to support the Association's program services:

Endowment	\$ <u>2,839,468</u>	\$ <u>2,787,305</u>
-----------	---------------------	---------------------

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE C - LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Land and land improvements	\$ 7,293,270	\$ 7,293,270
Buildings and improvements	17,207,653	17,143,890
Furniture and equipment	1,061,993	1,041,300
Vehicle	18,420	18,420
Construction-in-progress	<u>830,771</u>	<u>730,497</u>
	26,412,107	26,227,377
Accumulated depreciation	<u>(6,490,018)</u>	<u>(5,868,492)</u>
	<u>\$ 19,922,089</u>	<u>\$ 20,358,885</u>

Depreciation expense for the years ended December 31, 2007 and 2006 was \$636,532 and \$640,369, respectively.

NOTE D - PENSION PLAN

The Association participates in the YMCA Retirement Fund 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 through-out 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.

The Plan calls for contributions to the Fund as an amount equal to 12% of the participating employees' salary, with the Association contributing 7% and the employee contributing 5%. Under a special annual agreement, the Association can increase the amount of its contribution rate, thereby reducing the required contribution rate from its eligible employees. Employee contributions as well as any excess contribution rate paid by the Association on behalf of the employee contribution percentage are vested immediately to the employee. Prior to July 1, 2006 each employee who was 21 years of age and over was eligible to participate in the Plan on the first day of the month after one year of service, defined as completion of 1,000 hours of compensated employment within a 12-month period. Employer contributions to the Plan were vested to the employee after three years of service. Effective July 1, 2006 the Plan was amended to call for participation to begin on the first day of the month after two years of service, as previously defined. Both employee and employer contributions to the Plan become immediately vested to the employee upon entrance into the Plan.

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE D - PENSION PLAN - CONTINUED

For the years ended December 31, 2007 and 2006

The Association elected to contribute 12% for the years ending December 31, 2007 and 2006, thereby making the required employee contribution rates to be 0% for the respective periods. The Association contributed \$285,292 and \$318,071 for the years ending December 31, 2007 and 2006, respectively, of which \$0 and \$9,100 was unpaid as of the respective period end.

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 in this plan.

NOTE E - NOTES PAYABLE

	<u>2007</u>	<u>2006</u>
Notes payable at December 31, 2007 and 2006 consist of the following:		
6% note payable, \$100,000 of principal and related interest to be forgiven annually as a contribution, uncollateralized.	\$ 1,250,000	\$ 1,350,000
Mortgage note payable at 7.25% interest rate, due July 1, 2013, principal and interest due in monthly payments of \$3,696, collateralized by real estate owned by the Association.	<u>200,690</u>	<u>231,563</u>
	<u>\$ 1,450,690</u>	<u>\$ 1,581,563</u>

The following is a summary of debt maturities as of December 31, 2007:

<u>Year</u>	<u>Amount</u>
2008	\$ 130,631
2009	132,927
2010	135,395
2011	138,048
2012	140,900
Thereafter	<u>772,789</u>
	<u>\$ 1,450,690</u>

NOTE F - BONDS OBLIGATION

The Lexington-Fayette Urban County Government (the "Issuer") has issued its Variable Rate Demand Industrial Development Revenue Bonds Series 1999 (the "Bonds") in the aggregate principal amount of \$12,000,000. The bonds were issued pursuant to a Trust Indenture dated as of July 1, 1999 (the "Indenture"), between the Issuer and Fifth Third Bank (the "Trustee"). The bonds are dated as of and bear interest from the date of their initial delivery pursuant to the instructions of Banc One Capital Markets, Inc., as underwriter (the "Underwriter"). The bonds will mature on July 1, 2019, and are subject to redemption prior to maturity.

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE F - BONDS OBLIGATION - CONTINUED

The proceeds received from the sale of the bonds were loaned to the Association. The loan was made pursuant to the terms of a loan agreement dated as of July 1, 1999 between the Association and the Issuer to finance the Association's construction and renovation costs for the North Lexington Family Facility, the Beaumont Centre Family Facility and the High Street Facility.

The Bonds bear interest in one of several different adjustable interest rate methods (3.46% and 3.97% at December 31, 2007 and 2006, respectively) and pay interest monthly commencing August 1, 1999. The Association is required to pay 5% of the principal beginning July 1, 2000 and continuing annually until all of the bonds have been redeemed.

Debt service requirements at December 31, 2007 are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 600,000	\$ 238,740	\$ 838,740
2009	600,000	217,980	817,980
2010	600,000	197,220	797,220
2011	600,000	176,460	776,460
2012	600,000	155,700	755,700
Thereafter	<u>4,200,000</u>	<u>508,620</u>	<u>4,708,620</u>
	\$ <u>7,200,000</u>	\$ <u>1,494,720</u>	\$ <u>8,694,720</u>

The bonds are subject to mandatory sinking fund installment redemption requirements prior to maturity, pursuant to the terms of the Indenture. The Association is required to transfer \$150,000 in an escrow account on the last business day of each calendar quarter.

The loan agreement and the Indenture contain various restrictive covenants including approval of all contracts, investment of construction advances and financial covenants (including a debt service coverage ratio and a liquidity covenant on unrestricted and temporarily restricted cash and investments). As of December 31, 2007, the Association was in compliance with all specified covenants with the exception that the Association did not timely furnish audited financial statements to the required financial institutions in the agreement. The bank granted a waiver through May 31, 2008 related to this covenant.

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE G - LEASE OBLIGATIONS

Operating:

The Association leases three copiers and cardiovascular fitness equipment from non-related parties under signed operating lease agreements. The Association signed a five year service agreement for membership computer software in 2004, which expires in June 2009. Equipment lease expense for the years ended December 31, 2007 and 2006 was \$181,312 and \$116,080, respectively.

The following is a schedule of the future minimum operating lease payments as of December 31, 2007:

<u>Year</u>	<u>Amount</u>
2008	\$ 168,130
2009	68,868
2010	2,128
2011	2,128
2012	<u>1,596</u>
	<u>\$ 242,850</u>

NOTE H - CONCENTRATION OF CREDIT

The YMCA maintains numerous bank accounts at several banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The amount in excess of the FDIC limit totaled \$319,823 and \$563,893 at December 31, 2007 and 2006, respectively.

Revenues and support are from individuals located within the same geographic region. Participation could be affected by the economic condition of the region.

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE I - INVESTMENTS

Investments at December 31, 2007 consist of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation/ (loss)</u>
Equities	\$ 2,077,258	\$ 2,230,165	\$ 152,907
Fixed income	3,285,347	3,284,237	(1,110)
Cash equivalents	<u>1,114,942</u>	<u>1,115,680</u>	<u>738</u>
	<u>\$ 6,477,547</u>	<u>\$ 6,630,082</u>	<u>\$ 152,535</u>
Investments		\$ 3,790,614	
Perpetual trusts held by third parties		<u>2,839,468</u>	
		<u>\$ 6,630,082</u>	

Investments at December 31, 2006 consist of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation</u>
Equities	\$ 1,757,619	\$ 2,167,919	\$ 410,300
Fixed income	3,478,593	3,490,918	12,325
Cash equivalents	<u>752,155</u>	<u>752,155</u>	<u>-</u>
	<u>\$ 5,988,367</u>	<u>\$ 6,410,992</u>	<u>\$ 422,625</u>
Investments		\$ 3,623,687	
Perpetual trusts held by third parties		<u>2,787,305</u>	
		<u>\$ 6,410,992</u>	

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE I - INVESTMENTS - CONTINUED

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2007:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income:				
Capital Contribution Escrow	\$ 86,111	\$ -	\$ -	\$ 86,111
Capital Reserve	5,760	-	-	5,760
YMCA Maintenance Reserve	31,490	-	-	31,490
YMCA Endowment	32,058	-	-	32,058
Stoll Trust	59,482	-	-	59,482
Mitchell Trust	11,805	-	-	11,805
Coolidge Trust	62,888	-	-	62,888
Cooper Trust	5,392	-	-	5,392
Miscellaneous	<u>-</u>	<u>2,008</u>	<u>-</u>	<u>2,008</u>
	<u>\$ 294,986</u>	<u>\$ 2,008</u>	<u>\$ -</u>	<u>\$ 296,994</u>
Net realized and unrealized gains (losses):				
Capital Contribution Escrow	\$ 5,897	\$ -	\$ -	\$ 5,897
YMCA Maintenance Reserve	1,077	-	-	1,077
YMCA Endowment	44,580	-	-	44,580
Stoll Trust	-	-	14,078	14,078
Mitchell Trust	-	-	9,863	9,863
Coolidge Trust	-	-	44,732	44,732
Cooper Trust	-	-	6,495	6,495
Miscellaneous	<u>1,070</u>	<u>(322)</u>	<u>-</u>	<u>748</u>
	<u>\$ 52,624</u>	<u>\$ (322)</u>	<u>\$ 75,168</u>	<u>\$ 127,470</u>

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE I - INVESTMENTS - CONTINUED

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2006:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income:				
Capital Contribution Escrow	\$ 99,988	\$ -	\$ -	\$ 99,988
Capital Reserve	4,560	-	-	4,560
YMCA Maintenance Reserve	16,390	-	-	16,390
YMCA Endowment	68,341	-	-	68,341
Stoll Trust	45,204	-	-	45,204
Mitchell Trust	12,770	-	-	12,770
Coolidge Trust	35,918	-	-	35,918
Cooper Trust	6,019	-	-	6,019
Miscellaneous	<u>258</u>	<u>1,558</u>	<u>-</u>	<u>1,816</u>
	<u>\$ 289,448</u>	<u>\$ 1,558</u>	<u>\$ -</u>	<u>\$ 291,006</u>
Net realized and unrealized gains (losses):				
Capital Contribution Escrow	\$ 10,249	\$ -	\$ -	\$ 10,249
YMCA Maintenance Reserve	(232)	-	-	(232)
YMCA Endowment	28,739	-	-	28,739
Stoll Trust	-	-	98,994	98,994
Mitchell Trust	-	-	26,776	26,776
Coolidge Trust	-	-	62,388	62,388
Cooper Trust	-	-	17,253	17,253
Life Insurance Policy	-	(76,000)	-	(76,000)
Miscellaneous	<u>1,122</u>	<u>871</u>	<u>-</u>	<u>1,993</u>
	<u>\$ 39,878</u>	<u>\$ (75,129)</u>	<u>\$ 205,411</u>	<u>\$ 170,160</u>

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE J - PROMISES TO GIVE

Unconditional promises to give related to the Organization's Capital Campaign and Campaign for Kids at December 31, 2007, are as follows:

Receivable in less than one year	\$ 280,034
Receivable in one to five years	1,334,007
Receivable in six to fifteen years	1,453,333
Receivable in over fifteen years	<u>6,000</u>
Total unconditional promises to give	3,073,374
Less allowance for doubtful accounts	(372,270)
Less discounts to net present value	<u>(731,979)</u>
Net unconditional promises to give at December 31, 2007	\$ <u>1,969,125</u>

Discount rate used on promises to give was 5%.

NOTE K - RELATED PARTY TRANSACTIONS

As of December 31, 2007 and 2006, \$106,600 and \$91,145, respectively, was paid to the YMCA of the U.S.A. for support services.

NOTE L - SPLIT-INTEREST AGREEMENTS

Four donors have established trusts under which the Association receives benefits that are shared with other beneficiaries. Under the terms of these trusts, the Association has the irrevocable right to receive their share of the income earned on the trust assets in perpetuity, but they never receive the assets held in trust. The value of these trusts has been determined by taking the Association's share of the income received annually and multiplying that percentage by the market value of the trust assets. A brief description of the perpetual trusts held by third parties is as follows:

- a. *Stoll Trust* The Association receives 1/3 of the income earned. The income can be used for general operations.
- b. *Mitchell Trust* The Association receives 1/13 of the income earned. The income can be used for general operations.
- c. *Coolidge Trust* The Association receives 100% of the income earned. The income is to be spent for the benefit of the Jessamine County branch.
- d. *Cooper Trust* The Association receives 50% of the income earned. The income can be used for general operations.

continued

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE M - COMMITMENTS AND CONTINGENCIES

During 1998 the YMCA of Central Kentucky, Inc., along with Saint Joseph Hospital, created a separate holding company known as Beaumont Wellness Associates. The company was created to own the Beaumont Centre YMCA facility, as well as providing general fiduciary responsibility for its development and operation. As of December 31, 2007, the Company had not applied for tax exempt status.

Beginning in June 2006, the YMCA of Central Kentucky embarked on a \$20 million capital campaign to build two new full service facilities. As of December 31, 2007, the campaign has received unconditional and conditional promises to give of approximately \$4.0 million. In addition, a commitment has been secured for one of the facilities from a health-care facility to lease a portion of the square footage upon completion for a five-year term with an option to renew for additional five-year terms. Fundraising efforts for both projects are expected to continue throughout the 2008 calendar year. The Association has ceased building design processes until additional funds can be raised. During 2007, a capital donor withdrew an unconditional promise to give with a net value of approximately \$1.8 million. In addition, the Association wrote-off a separate unconditional promise to give with a net value of approximately \$270,000.

The Association has entered into agreements with architectural, consulting and construction management firms related to the construction of two new YMCA facilities. The Association has committed approximately \$2,100,000 related to the construction of these facilities, of which approximately \$100,000 and \$730,000 have been expended and capitalized in years ended December 31, 2007 and 2006, respectively.

NOTE N - CONDITIONAL PROMISE TO GIVE

YMCA has been promised \$800,000, to be contributed at a rate of \$100,000 per year over a eight year period, ending with calendar year ending December 31, 2015, subject to sufficient funds being appropriated in each fiscal year's budget and YMCA's adherence to the terms set forth in the agreement.

In addition, the contributor has agreed to donate a suitable building site with a minimum of 10 acres of land for construction of a facility, provided the construction of this facility is contingent on YMCA's ability to raise sufficient funds through capital contributions. The contributor will also provide site development services corresponding with the construction of this facility.

In 2007, the Association received approximately \$500,000 in additional conditional promises to give.

Since these promises do not meet the criteria for revenue recognition under SFAS No. 116, they are not reflected as contributions in the statement of activities until they are collected.

YMCA OF CENTRAL KENTUCKY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended December 31, 2007 and 2006

NOTE O - PRIOR PERIOD ADJUSTMENTS

Certain amounts resulting in the overstatement of temporarily restricted net assets and understatement of permanently restricted net assets of the prior years were corrected during 2007. The changes to net assets as of December 31, 2005 and 2006 and the statement of activities for the year ended December 31, 2006 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
December 31, 2005, as originally reported, total net assets	\$ 11,926,864	\$ 8,558	\$ 2,409,034	\$ 14,344,456
Reclassification of perpetual trusts held by third parties between permanently restricted and unrestricted	<u>(190,293)</u>	<u>-</u>	<u>190,293</u>	<u>-</u>
Net assets, restated, December 31, 2005	\$ <u>11,736,571</u>	\$ <u>8,558</u>	\$ <u>2,599,327</u>	\$ <u>14,344,456</u>
December 31, 2006, as originally reported, change in net assets	\$ (159,410)	\$ 7,311,267	\$ 173,258	\$ 7,325,115
Reclassification of land donation between temporarily restricted and unrestricted	3,500,000	(3,500,000)	-	-
Reclassification of net unrealized and realized gains (losses) on investments between permanently restricted and unrestricted	(17,253)	-	17,253	-
Understatement of net assets released from temporarily and permanently restricted net assets	<u>217,758</u>	<u>(215,225)</u>	<u>(2,533)</u>	<u>-</u>
Change in net assets, restated December 31, 2006	\$ <u>3,541,095</u>	\$ <u>3,596,042</u>	\$ <u>187,978</u>	\$ <u>7,325,115</u>