

Financial Statements

**YOUNG MEN'S CHRISTIAN
ASSOCIATION OF SEWICKLEY VALLEY**

DECEMBER 31, 2009 AND 2008

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Young Men's Christian Association of Sewickley Valley
Sewickley, Pennsylvania

We have audited the accompanying Statements of Financial Position - Modified Cash Basis of the Young Men's Christian Association of Sewickley Valley (YMCA) as of December 31, 2009 and 2008, and the related Statements of Activities - Modified Cash Basis, Statements of Functional Expenses - Modified Cash Basis and Cash Flows - Modified Cash Basis for the years then ended. These financial statements are the responsibility of the YMCA's management. Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Additionally, restrictions on net assets include Board Restricted Funds. Generally accepted accounting principles require only third party restrictions can restrict net assets.

In our opinion, except for the effects of the items as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the Financial Position - Modified Cash Basis, of the YMCA as of December 31, 2009 and 2008, and the changes in its net assets - modified cash basis and its Cash Flows - Modified Cash Basis for the years then ended, on the basis of accounting described in Note 2.

RC Holsinger Associates, P.C.
Wexford, Pennsylvania
April 27, 2010

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS

ASSETS

	2009	2008
Current Assets:		
Cash and cash equivalents	\$ 357,108	\$ 688,173
Notes receivable	496	1,230
Prepaid expenses	70,437	-
Pledges receivable - scholarships	53,150	139,931
Total Current Assets	481,191	829,334
Pledges receivable - capital campaign, net	916,362	1,292,468
Investments	3,836,356	3,059,903
Land, buildings and equipment, net	7,975,437	7,024,684
Total Assets	\$ 13,209,346	\$ 12,206,389

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accrued liabilities	\$ 1,584	\$ 10,041
Deferred support revenue	7,589	7,571
Amounts due other programs	422,915	289,246
Accounts payable	45,633	19,765
Total Current Liabilities	477,721	326,623
Net Assets:		
Unrestricted	11,123,206	10,032,493
Temporarily restricted	916,362	1,292,468
Permanently restricted	692,057	554,805
Total Net Assets	12,731,625	11,879,766
Total Liabilities and Net Assets	\$ 13,209,346	\$ 12,206,389

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
STATEMENT OF ACTIVITY - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues:				
Memberships	\$ 2,210,217	\$ -	\$ -	\$ 2,210,217
Contributions	278,948	-	-	278,948
Grants and bequests	31,650	-	-	31,650
Program service	1,469,963	-	-	1,469,963
Resale	5,844	-	-	5,844
Rental income	49,132	-	-	49,132
Investment income	67,243	-	10,448	77,691
Investment return, net	720,058	-	131,669	851,727
Capital campaign	-	170,879	-	170,879
Other income	11,839	-	-	11,839
Net assets released from restrictions	<u>546,985</u>	<u>(546,985)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenues	 <u>5,391,879</u>	 <u>(376,106)</u>	 <u>142,117</u>	 <u>5,157,890</u>
Expenses:				
Programs	3,733,255	-	-	3,733,255
General and Administrative	437,293	-	4,865	442,158
Fundraising	<u>80,730</u>	<u>-</u>	<u>-</u>	<u>80,730</u>
 Total Expenses	 4,251,278	 -	 4,865	 4,256,143
Loss on disposal of fixed assets	<u>49,888</u>	<u>-</u>	<u>-</u>	<u>49,888</u>
Change in Net Assets	1,090,713	(376,106)	137,252	851,859
Net Assets - Beginning of Year	<u>10,032,493</u>	<u>1,292,468</u>	<u>554,805</u>	<u>11,879,766</u>
Net Assets - End of Year	<u>\$ 11,123,206</u>	<u>\$ 916,362</u>	<u>\$ 692,057</u>	<u>\$ 12,731,625</u>

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
STATEMENT OF ACTIVITY - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues:				
Memberships	\$ 2,188,443	\$ -	\$ -	\$ 2,188,443
Contributions	252,311	-	-	252,311
Grants and bequests	49,999	-	-	49,999
Program service	1,508,802	-	-	1,508,802
Resale	8,660	-	-	8,660
Rental income	38,022	-	-	38,022
Investment income	127,381	-	15,389	142,770
Investment return, net	(1,648,954)	-	(339,372)	(1,988,326)
Capital campaign	-	1,568,115	-	1,568,115
Other income	-	-	-	-
Net assets released from restrictions	<u>257,250</u>	<u>(257,250)</u>	<u>-</u>	<u>-</u>
 Total Support and Revenues	 <u>2,781,914</u>	 <u>1,310,865</u>	 <u>(323,983)</u>	 <u>3,768,796</u>
 Expenses:				
Programs	3,923,407	-	-	3,923,407
General and Administrative	488,990	40,595	-	529,585
Fundraising	<u>78,006</u>	<u>-</u>	<u>-</u>	<u>78,006</u>
 Total Expenses	 4,490,403	 40,595	 -	 4,530,998
 Loss on disposal of fixed assets	 <u>70,697</u>	 <u>-</u>	 <u>-</u>	 <u>70,697</u>
 Change in Net Assets	 (1,799,186)	 1,270,270	 (323,983)	 (832,899)
 Net Assets - Beginning of Year	 <u>11,811,679</u>	 <u>22,198</u>	 <u>878,788</u>	 <u>12,712,665</u>
 Net Assets - End of Year	 <u>\$ 10,032,493</u>	 <u>\$ 1,292,468</u>	 <u>\$ 554,805</u>	 <u>\$ 11,879,766</u>

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

	Years Ended December 31,				2008
	2009			Total	
	Programs	General and Administrative	Fundraising		
Salaries	\$ 1,790,210	\$ 237,531	\$ 67,510	\$ 2,095,251	\$ 2,278,384
Employee benefits	384,502	43,202	4,320	432,024	464,098
Payroll taxes	137,262	15,423	1,542	154,227	167,578
Legal and accounting	-	72,433	-	72,433	80,830
Supplies	306,875	-	-	306,875	309,456
Utilities	208,061	23,378	2,339	233,778	284,299
Printing	36,913	-	-	36,913	53,351
Maintenance	135,525	-	-	135,525	109,749
Employee and volunteer expense	26,179	-	-	26,179	30,346
Training and dues	96,214	-	-	96,214	90,036
Bank fees	57,678	-	-	57,678	75,786
Depreciation	446,702	50,191	5,019	501,912	422,126
Contracted services	10,038	-	-	10,038	8,706
Bus rental	10,050	-	-	10,050	9,682
Insurance	56,366	-	-	56,366	53,004
Rent	27,000	-	-	27,000	27,225
Taxes	2,191	-	-	2,191	5,961
Grants	1,000	-	-	1,000	1,300
Bad debts	-	-	-	-	40,595
Other	489	-	-	489	18,486
	<u>\$ 3,733,255</u>	<u>\$ 442,158</u>	<u>\$ 80,730</u>	<u>\$ 4,256,143</u>	<u>\$ 4,530,998</u>

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
 STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Years Ended December 31,	
	2009	2008
Operating Activities:		
Change in net assets	\$ 851,859	\$ (832,899)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	501,912	422,126
Loss on disposal of assets	49,888	70,697
Realized/unrealized (gain) loss on investments	(851,727)	1,988,326
Bad debt expense	-	40,595
Income from donated land	-	(11,136)
Discount on pledges	(8,000)	20,104
Contributions restricted for long-term purposes	(162,879)	(1,588,219)
Changes in assets and liabilities:		
Notes receivable	734	1,890
Prepaid expenses	(70,437)	-
Pledges receivable - scholarships	86,781	(139,931)
Accrued liabilities	(8,457)	10,393
Deferred support revenue	18	6,623
Amounts due other programs	133,669	55,169
Accounts payable	25,868	19,765
 Total Adjustments	 (302,630)	 896,402
 Net Cash Provided by Operating Activities	 549,229	 63,503
Investing Activities:		
Purchase of land, building and equipment	(1,502,553)	(559,714)
Purchases of investments	(1,308,225)	(1,534,360)
Proceeds from sale of investments	1,383,499	1,564,256
 Net Cash Used by Investing Activities	 (1,427,279)	 (529,818)
Financing Activities:		
Proceeds from capital campaign	546,985	235,052
 Net Cash Provided by Financing Activities	 546,985	 235,052
 Decrease in Cash and Cash Equivalents	 (331,065)	 (231,263)
 Cash and Cash Equivalents - Beginning of Year	 688,173	 919,436
 Cash and Cash Equivalents - End of Year	 \$ 357,108	 \$ 688,173

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - NATURE OF ORGANIZATION

The Sewickley Valley YMCA (YMCA) is a membership association of men, women, and children of all ages, abilities, incomes, reaches and religions. It is dedicated to building healthy spirit, mind and body based on Christian principles, and to improve the quality of life for children, individuals and families in the served communities.

The YMCA operates as an autonomous organization governed by its own corporate by-laws and elected Board of Directors, and is an associate member of the YMCA of the USA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The YMCA's financial statements are prepared using the modified cash basis of accounting. Under this basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. This basis differs from generally accepted accounting principles because the YMCA has not recognized accounts receivable from members and the related effects on the changes in net assets in the accompanying financial statements.

Basis of Presentation - Generally accepted accounting principles require the YMCA to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations." FASB ASC 958-205-05 requires that the various funds be categorized into three distinct categories of net assets, that the expenses be disclosed based upon function (rather than natural category) and that a statement of cash flows be presented.

Presently, the YMCA has segregated its net assets into the required categories; however, the YMCA bases its classifications upon internal board designations in addition to any outside third party restriction. FASB ASC 958-205-05 requires that only third party restrictions be classified as temporarily or permanently restricted net assets. The board has classified any increase in the corpus of the Hunter Fund items as restricted.

In accordance with the Statement of Financial Accounting Standards (SFAS) No. 116 FASB ASC 958-205-05, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restriction. The YMCA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions, whose restrictions are met in the same fiscal year, are reported as unrestricted support.

Revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and funds of the YMCA are classified and reported as follows:

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unrestricted Net Assets - Net assets that are not subject to any donor-imposed stipulations consisting of the following funds:

- The Current Unrestricted Fund accounts for the general operations of the YMCA.
- The Harton Semple, Regular and Thorne McKillip Endowment Funds are used for general operating purposes at the Board's discretion.
- The Custodial Fund holds the resources of YMCA sponsored programs.
- The Rea Revolving Fund provides financial aid to the disadvantaged at the discretion of the president of the Board of Trustees.
- The Land, Buildings and Equipment Fund is used for the acquisition of equipment.

Temporarily Restricted Net Assets - Net assets resulting from contributions, grants, or other inflows of assets whose use by the YMCA is limited by donor or grantor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the YMCA pursuant to the stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed or other legal restrictions that require the principal to be maintained permanently by the YMCA, consist of the Charles Hunter Memorial Fund of which resources are restricted for the promotion and advancement of the religious and recreational programs for youth in the YMCA. Permanent restrictions on net assets were \$692,057 and \$554,805 at December 31, 2009 and 2008, respectively.

Programs - The YMCA is committed to ensuring that the programs are open to everyone and the program delivery is focused on creating hope for children, engaging families, establishing balanced health for all and to help strengthen communities through outreach support services. Aside from programs in child care, summer camps, preschool, aquatics and health and wellness, the YMCA also delivers an array of social service programs that include faith in action, the arts and character development.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include all liquid instruments with maturities of three months or less when purchased. All amounts included in this statement of financial position under the caption of cash and cash equivalents meet this criterion. Cash and certain investments are held in a financial institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The YMCA's uninsured cash balance was \$0 and \$605,753 at December 31, 2009 and 2008, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments - On January 1, 2008, the YMCA adopted Statement of Financial Accounting Standards No. 157 ("SFAS 157"), *Fair Value Measurements*, including FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*, which defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosure about fair value measurements. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price). The adoption of FSP FAS 157-3 did not have a material effect on the YMCA's financial statements. Accounts receivable, notes payable, and accounts payable have been identified as short-term financial instruments. The related carrying amounts in the financial statements as of December 31, 2009, approximate fair values because of the relatively short time between the origination of the instrument and its expected realization/liquidation.

Pledges Receivable - Unconditional pledges receivable are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Land, Buildings and Equipment - Land, building and equipment is recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years. The asset cost and accumulated depreciation are removed from the accounts for assets sold or retired, and any resulting gain or loss is included in the statement of activities in the period of disposal. Donations of land, building and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Contributed Services - The YMCA receives services donated by the public in carrying out the YMCA's mission. No amounts have been reflected in the accompanying financial statements for those services since they do not meet the criteria for recognition under the Statement of Financial Accounting Standards, "Accounting for Contributions Received and Contributions Made."

Income Taxes - The YMCA is a non-profit community organization exempt from taxation under Section 501(c) (3) of the Internal Revenue Code.

The YMCA adopted the provisions of FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes" (previously FIN 48), on January 1, 2009. This FASB prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The YMCA records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. We continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The adoption of the FASB did not have a material impact on the YMCA's financial position, changes in its net assets, or cash flows.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities - Modified Cash Basis and in the Statement of Functional Expenses - Modified Cash Basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Subsequent Events - On June 15, 2009, the YMCA adopted Statement of Financial Accounting Standards (SFAS) No. 165, "Subsequent Events". FASB ASC 855-10 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, FASB ASC 855-10 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The adoption of FASB ASC 855-10 had no impact on the Financial Statements as management already followed a similar approach prior to the adoption of this standard (see Note 10).

Reclassification - Certain items in the prior year financial statements have been reclassified for consistency of presentation with the current year financial statements. Such reclassifications did not affect retained earnings.

NOTE 3 - INVESTMENTS

The YMCA adopted FSP FAS 157-3 as of January 1, 2008, which, among other things, requires enhanced disclosures about investments that are measured and reported at fair value. FSP FAS 157-3 establishes a fair value hierarchy which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace (including the existence and transparency of transactions between market participants). Investments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 3 - INVESTMENTS - Continued

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level I include listed equity securities and listed derivatives. As required by FSP FAS 157-3, the YMCA, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the YMCA holds a large position and a sale could reasonably impact the quoted price.

Level II - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition.

Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by management. The types of investments which would generally be included in this category include debt and equity securities issued by private entities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The YMCA assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table sets forth by level, within the fair value hierarchy, the YMCA's assets at fair value as of December 31, 2009 and 2008:

	Assets at Fair Value as of December 31, 2009			
	Level I	Level II	Level III	Total
Short-term investment funds	\$ 3,836,356	\$ -	\$ -	\$ 3,836,356
Total Assets at Fair Value	<u>\$ 3,836,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,836,356</u>

	Assets at Fair Value as of December 31, 2008			
	Level I	Level II	Level III	Total
Short-term investment funds	\$ 3,059,903	\$ -	\$ -	\$ 3,059,903
Total Assets at Fair Value	<u>\$ 3,059,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,059,903</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 4 - ENDOWMENTS

Donor-restricted Endowments - As of December 31, 2009 and 2008, there have been donor restricted contributions held in a general endowment fund to support the mission of the YMCA. This amount as well as the earnings, investment return, and expenses have been classified as permanently restricted net assets in the financial statements.

Board Designated Endowments - As of December 31, 2009 and 2008, the YMCA had board designated contributions held in general endowment funds to support the mission of the YMCA and are reflected as unrestricted net assets in the financial statements.

Spending Policy - The amount of disbursements from endowment funds are considered annually by the Board of Trustees to support the operations of the YMCA. The Board of Trustees approves disbursements to support new initiatives of the YMCA and to provide financial support during times of economic distress or other unexpected adverse financial events. Endowment assets are generally not used to fund capital campaigns although the Board of Trustees may approve such disbursements under special circumstances as determined by the Board of Trustees.

Investment return objectives, risk parameters and strategies - The YMCA has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to preserve and increase the real principal value of the fund, prudently invest in a high-quality, diversified manner, and achieve, the optimal return possible within specified risk parameters specified by the Board of Trustees. Endowment assets are invested in a well diversified asset mix, which includes equity and fixed income securities, that is intended to result in a consistent inflation-protected rate of return equal to or greater than the YMCA's internal benchmark rate of return established by the Board of Trustees. The Board of Trustees utilizes one or more financial managers to manage the level of investment risk. Financial manager performance is monitored on a regular basis and results are regularly compared to agreed-upon benchmarks.

Endowment net assets composition by fund type as of December 31, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowments</u>
Donor Restricted Endowment Funds:				
Hunter	\$ -	\$ -	\$ 655,003	\$ 655,003
Board Designated Endowment Funds:				
Harton Semple	648,843	-	-	648,843
Thorne McKillip	1,008,996	-	-	1,008,996
Regular	782,413	-	-	782,413
Land, Building and Equipment Fund	<u>741,101</u>	<u>-</u>	<u>-</u>	<u>741,101</u>
	<u>\$ 3,181,353</u>	<u>\$ -</u>	<u>\$ 655,003</u>	<u>\$ 3,836,356</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 4 - ENDOWMENTS - Continued

Changes in endowment net assets composition by fund type as of December 31, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowments</u>
Endowment assets -				
Beginning of Year	\$ 2,542,152	\$ -	\$ 517,751	\$ 3,059,903
Investment income	67,243	-	10,448	77,691
Realized/unrealized gains				
(losses)	720,058	-	131,669	851,727
Brokers fees	(22,486)	-	(4,865)	(27,351)
Miscellaneous	(5,614)	-	-	(5,614)
Transfers to current				
unrestricted fund	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>
Endowment assets -				
End of Year	<u>\$ 3,181,353</u>	<u>\$ -</u>	<u>\$ 655,003</u>	<u>\$ 3,836,356</u>

Endowment net assets composition by fund type as of December 31, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowments</u>
Donor Restricted				
Endowment Funds:				
Hunter	\$ -	\$ -	\$ 517,751	\$ 517,751
Board Designated				
Endowment Funds:				
Harton Semple	590,024	-	-	590,024
Thorne McKillip	774,320	-	-	774,320
Regular	600,437	-	-	600,437
Land, Building and				
Equipment Fund	<u>577,371</u>	<u>-</u>	<u>-</u>	<u>577,371</u>
	<u>\$ 2,542,152</u>	<u>\$ -</u>	<u>\$ 517,751</u>	<u>\$ 3,059,903</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 4 - ENDOWMENTS - Continued

Changes in endowment net assets composition by fund type as of December 31, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowments</u>
Endowment assets -				
Beginning of Year	\$ 4,236,391	\$ -	\$ 841,734	\$ 5,078,125
Investment income	127,381	-	15,389	142,770
Realized/unrealized gains				
(losses)	(1,648,954)	-	(339,372)	(1,988,326)
Brokers fees	(42,666)	-	-	(42,666)
Miscellaneous	-	-	-	-
Transfers to current				
unrestricted fund	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>
Endowment assets -				
End of Year	<u>\$ 2,542,152</u>	<u>\$ -</u>	<u>\$ 517,751</u>	<u>\$ 3,059,903</u>

NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment is summarized as follows:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 411,136	\$ 411,136
Building and building improvements	11,815,451	10,102,315
Furniture, fixtures and equipment	840,698	780,675
Construction in progress	<u>-</u>	<u>348,157</u>
	13,067,285	11,642,283
Less: Accumulated depreciation	<u>(5,091,848)</u>	<u>(4,617,599)</u>
	<u>\$ 7,975,437</u>	<u>\$ 7,024,684</u>

Depreciation expense was \$501,912 and \$422,126 for the years ended December 31, 2009 and 2008, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 6 - PENSION AND SAVINGS PLAN

The YMCA participates in a defined contribution, money purchase pension plan that provides retirement, disability and death benefits to eligible employees. All employees aged twenty-one and older who work at least one thousand hours for two years are eligible to participate. The YMCA elected to participate in the Special Agreement Plan (Plan) through which the YMCA will make a contribution to the Plan, on behalf of the employees. The YMCA contributed 12% of eligible payroll during 2009 and 2008. The contribution expense was \$149,484 and \$160,669 for the years ended December 31, 2009 and 2008, respectively.

NOTE 7 - CAPITAL CAMPAIGN

The YMCA is in the second year of a three year capital campaign to raise money to renovate and expand the current facility. The total costs incurred to date were approximately \$1,529,773 at December 31, 2009. The costs associated with the renovations and expansions are largely financed by capital campaign contributions of approximately \$1,751,000 and a draw term note (see Note 9). The YMCA has entered into a number of contract commitments for the completion of these projects.

NOTE 8 - PLEDGES RECEIVABLE

Pledges receivable related to the capital campaign are as follows:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 315,011	\$ 392,017
Receivable in one to five years	<u>654,050</u>	<u>961,150</u>
Total Pledges Receivable	969,061	1,353,167
Less:		
Discounts to net present value	(12,104)	(20,104)
Allowance for uncollectible pledges	<u>(40,595)</u>	<u>(40,595)</u>
Net pledges receivable	<u>\$ 916,362</u>	<u>\$ 1,292,468</u>

Pledges receivable in more than one year are discounted at 1%.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SEWICKLEY VALLEY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2009 AND 2008

NOTE 9 - FINANCING ARRANGEMENTS

The YMCA entered into a \$1,500,000 draw term loan on January 29, 2009 to finance renovation and expansion of the current facility. Under the terms of the note, the YMCA may draw up to \$1,500,000 with a variable interest rate of prime (3.25% at December 31, 2009) minus 0.30%. Additionally, the terms of the note include a minimum deposit requirement whereby the YMCA must maintain \$140,000 in a noninterest bearing deposit account with the financial institution. The collateral for the loan will be a first priority assignment of the YMCA's three investment accounts and the outstanding amount of the loan shall not exceed 70% of combined market value of the three investment accounts. There were no amounts drawn on the loan during 2009. The draw term loan is set to expire on January 29, 2013, at which time; the outstanding principal balance will be due in full.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent Events - Management evaluated all activity of the YMCA through April 27, 2010 (the date the financial statements were available for issuance) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.