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January 10, 2018

Board of Directors
Decatur County Family YMCA, Inc.
1 YMCA Way
Greensburg, IN 47240

We have reviewed the report prepared by Decatur County Family YMCA, Inc. and opined upon by Smith, Bedel and Raver, PC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Decatur County Family YMCA, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Smith, Bedel and Raver, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

DECATUR COUNTY FAMILY YMCA, INC.

Financial Statements

December 31, 2015 and 2014

Decatur County Family YMCA, Inc.

Table of Contents

December 31, 2015 and 2014

	Page(s)
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flow	7
Notes to Financial Statements	8-17



Smith,
Bedel &
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INDEPENDENT AUDITOR'S REPORT

June 28, 2016

To The Board of Directors
Decatur County Family YMCA, Inc.
Greensburg, IN 47240

We have audited the accompanying financial statements of Decatur County Family YMCA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Decatur County Family YMCA, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Smith, Bedel & Raver, PC

Smith, Bedel & Raver, PC
Greensburg, Indiana

G. Daryl Smith, JD, CPA

Catherine R. Bedel, CPA

Jason M. Raver, CPA

DECATUR COUNTY FAMILY YMCA, INC.
Statement of Financial Position

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 55,559	\$ 8,654
Accounts receivable	18,796	24,808
Prepaid expenses	28,192	17,133
Grants receivable	19,487	26,212
Pledges receivable	2,775	2,875
Cash and other assets restricted for maintenance	247,728	263,231
Endowment funds	258,812	265,155
Property and equipment, net	3,963,681	4,072,521
Total Assets	<u>\$ 4,595,030</u>	<u>\$ 4,680,589</u>
 LIABILITIES		
Accounts payable	9,616	11,054
Deferred revenue	79,605	60,933
Payroll withholdings	2,035	1,804
Accrued expenses	20,620	9,690
Total Liabilities	<u>111,876</u>	<u>83,481</u>
 NET ASSETS		
Unrestricted	4,335,324	4,450,278
Temporarily restricted	600	600
Permanently restricted	147,230	146,230
Total Net Assets	<u>4,483,154</u>	<u>4,597,108</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,595,030</u>	<u>\$ 4,680,589</u>

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

DECATUR COUNTY FAMILY YMCA, INC.
Statement of Activities
For The Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and revenue:				
Public support:				
Contributions	\$ 127,352		\$ 1,000	\$ 128,352
United Fund contributions	42,051			42,051
Grants	327,746			327,746
	<u>497,149</u>	-	1,000	<u>498,149</u>
Revenue:				
Membership dues	570,028			570,028
Program fees	233,648			233,648
Facility rental	21,102			21,102
Merchandise sales	920			920
Miscellaneous income	2,048			2,048
Interest & dividends	3,360	4,694		8,054
Realized gain (loss) on securities	10,104	1,111		11,215
Unrealized gain (loss) on securities	(14,748)	(11,690)		(26,438)
Reclassification of underwater endowment	(11,284)	11,284		-
	<u>815,178</u>	<u>5,399</u>	-	<u>820,577</u>
Total Support and Revenue	<u>1,312,327</u>	<u>5,399</u>	<u>1,000</u>	<u>1,318,726</u>
Net assets released from restriction	<u>5,399</u>	<u>(5,399)</u>		<u>-</u>
Functional expenses:				
Program services:				
Healthy living	595,650			595,650
Youth development	558,134			558,134
Social responsibility	122,913			122,913
Total program services	<u>1,276,697</u>			<u>1,276,697</u>
Support services:				
Administrative	125,950			125,950
Fundraising	30,033			30,033
Total support services	<u>155,983</u>			<u>155,983</u>
Total functional expenses	<u>1,432,680</u>			<u>1,432,680</u>
NET CHANGE IN ASSETS	<u>(114,954)</u>	-	<u>1,000</u>	<u>(113,954)</u>
NET ASSETS - BEGINNING	<u>4,450,278</u>	<u>600</u>	<u>146,230</u>	<u>4,597,108</u>
NET ASSETS - ENDING	<u>\$ 4,335,324</u>	<u>\$ 600</u>	<u>\$ 147,230</u>	<u>\$ 4,483,154</u>

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

DECATUR COUNTY FAMILY YMCA, INC.
Statement of Activities
For The Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and revenue:				
Public support:				
Contributions	\$ 245,786		\$ 1,000	246,786
United Fund contributions	44,101			44,101
Grants	294,707			294,707
	<u>584,594</u>	-	1,000	<u>585,594</u>
Revenue:				
Membership dues	518,185			518,185
Program fees	245,926			245,926
Facility rental	21,256			21,256
Merchandise sales	865			865
Miscellaneous income	5,297			5,297
Interest & dividends	3,473	5,199		8,672
Realized gain (loss) on securities	953	579		1,532
Unrealized gain (loss) on securities	3,109	(966)		2,143
Reclassification of underwater endowment	(1,310)	1,310		-
	<u>797,754</u>	<u>6,122</u>	-	<u>803,876</u>
Total Support and Revenue	<u>1,382,348</u>	<u>6,122</u>	<u>1,000</u>	<u>1,389,470</u>
Net assets released from restriction	<u>62,948</u>	<u>(62,948)</u>		<u>-</u>
Functional expenses:				
Program services:				
Healthy living	587,400			587,400
Youth development	501,508			501,508
Social responsibility	114,799			114,799
Total program services	<u>1,203,707</u>			<u>1,203,707</u>
Support services:				
Administrative	118,474			118,474
Fundraising	26,397			26,397
Total support services	<u>144,871</u>			<u>144,871</u>
Total functional expenses	<u>1,348,578</u>			<u>1,348,578</u>
NET CHANGE IN ASSETS	<u>96,718</u>	<u>(56,826)</u>	<u>1,000</u>	<u>40,892</u>
NET ASSETS - BEGINNING	<u>4,353,560</u>	<u>57,426</u>	<u>145,230</u>	<u>4,556,216</u>
NET ASSETS - ENDING	<u>\$ 4,450,278</u>	<u>\$ 600</u>	<u>\$ 146,230</u>	<u>\$ 4,597,108</u>

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

DECATUR COUNTY FAMILY YMCA, INC.
Statement of Functional Expenses
For the year ended December 31, 2015

	PROGRAM SERVICES				SUPPORT SERVICES		Total Program & Supporting Services
	Healthy Living	Youth Development	Social Responsibility	Total Programs	Administrative	Fundraising	
Personnel:							
Professional salaries	\$ 65,475	\$ 90,544	\$ 2,769	\$ 158,788	\$ 177,218	\$ 2,985	\$ 338,991
Non-professional salaries	72,242	93,516	9,226	174,984	98,248	6,275	279,507
Contract services	5,014	40,207	-	45,221	26,790	3,261	75,272
Benefits	20,395	27,756	1,585	49,736	41,925	1,721	93,382
Payroll taxes	10,961	14,650	955	26,566	21,955	708	49,229
Total personnel costs	174,087	266,673	14,535	455,295	366,136	14,950	836,381
Advertising & promotion	243	101	425	769	1,074	182	2,025
Bank charges	-	-	-	-	7,313	-	7,313
Dues and subscriptions	397	70	-	467	1,885	599	2,951
Equipment - expendable	3,845	14,087	1,799	19,731	4,169	-	23,900
Insurance - general	16,591	3,277	1,377	21,245	1,703	-	22,948
Maintenance and repairs	2,871	7,370	-	10,241	55,499	-	65,740
Miscellaneous	77	-	-	77	1,137	1,780	2,994
National YMCA support	2,422	2,554	-	4,976	14,692	441	20,109
Office supplies and postage	461	927	291	1,679	4,405	103	6,187
Professional services	-	-	-	-	8,725	-	8,725
Program supplies	6,428	23,516	66,064	96,008	7,275	4,210	107,493
Telephone	477	238	954	1,669	3,012	88	4,769
Training and education	2,508	5,890	-	8,398	1,365	359	10,122
Travel, meals & lodging	600	4,017	975	5,592	377	-	5,969
Utilities	90,221	17,819	7,487	115,527	6,647	2,612	124,786
Administrative overhead allocation	159,264	185,428	24,271	368,963	(373,672)	4,709	-
Expenses before depreciation	460,492	531,967	118,178	1,110,637	111,742	30,033	1,252,412
Depreciation expense	135,158	26,167	4,735	166,060	14,208	-	180,268
Total expenses	\$ 595,650	\$ 558,134	\$ 122,913	\$ 1,276,697	\$ 125,950	\$ 30,033	\$ 1,432,680

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

DECATUR COUNTY FAMILY YMCA, INC.
Statement of Functional Expenses
For the year ended December 31, 2014

	PROGRAM EXPENSES				SUPPORT EXPENSES		Total Program & Supporting Services
	Healthy Living	Youth Development	Social Responsibility	Total Programs	Administrative	Fundraising	
Personnel:							
Professional salaries	\$ 66,663	\$ 88,372	\$ -	\$ 155,035	\$ 146,045	\$ 2,761	\$ 303,841
Non-professional salaries	72,499	78,667	8,447	159,613	104,353	5,904	269,870
Contract services	6,580	38,349	2,798	47,727	26,816	2,150	76,693
Benefits	23,001	24,349	704	48,054	22,394	776	71,224
Payroll taxes	11,087	13,309	673	25,069	19,977	663	45,709
Total personnel costs	179,830	243,046	12,622	435,498	319,585	12,254	767,337
Advertising & promotion	644	268	1,126	2,038	2,996	329	5,363
Bank charges	-	-	-	-	6,804	-	6,804
Dues and subscriptions	264	157	-	421	3,003	312	3,736
Equipment - expendable	5,080	485	-	5,565	59	-	5,624
Insurance - general	16,512	3,261	1,370	21,143	1,695	-	22,838
Interest expense	-	-	-	-	2,969	-	2,969
Maintenance and repairs	6,827	790	-	7,617	49,095	-	56,712
Miscellaneous	939	-	-	939	1,867	669	3,475
National YMCA support	2,616	2,723	-	5,339	14,451	163	19,953
Office supplies and postage	409	66	29	504	9,281	90	9,875
Professional services	-	-	-	-	7,875	-	7,875
Program supplies	4,311	25,748	63,197	93,256	26,471	6,190	125,917
Telephone	462	231	925	1,618	2,943	62	4,623
Training and education	3,183	4,644	51	7,878	1,343	-	9,221
Travel, meals & lodging	602	4,041	804	5,447	53	-	5,500
Utilities	85,612	16,909	7,105	109,626	6,895	1,891	118,412
Administrative overhead allocation	150,068	174,721	22,869	347,658	(352,095)	4,437	-
Expenses before depreciation	457,359	477,090	110,098	1,044,547	105,290	26,397	1,176,234
Depreciation expense	130,041	24,418	4,701	159,160	13,184	-	172,344
Total expenses	\$ 587,400	\$ 501,508	\$ 114,799	\$ 1,203,707	\$ 118,474	\$ 26,397	\$ 1,348,578

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

DECATUR COUNTY FAMILY YMCA, INC.
Statement of Cash Flows

	<u>For the Years ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (113,954)	\$ 40,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	180,268	172,344
(Gain) loss on disposal of fixed assets	-	(2,030)
Net realized and unrealized (gain)/loss on investments	26,438	(2,143)
Other changes that provided (used) cash:		
Accounts receivable	6,012	(4,228)
Prepaid expenses	(11,059)	(7,476)
Grants receivable	6,725	(11,345)
Pledges receivable	100	57,749
Accounts payable	(1,438)	5,469
Deferred revenue	18,672	5,507
Payroll withholdings and accrued expenses	11,161	(21,086)
	<u>122,926</u>	<u>233,654</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(71,428)	(66,017)
Proceeds from sale of property and equipment	-	3,275
Purchase of investments	(35,776)	(14,007)
Proceeds from sale of investments	15,680	11,114
Change in cash and other assets restricted for maintenance	15,503	(51,594)
	<u>(76,021)</u>	<u>(117,229)</u>
Cash Flows from Financing Activities:		
Payments on mortgage notes	-	(182,283)
	<u>-</u>	<u>(182,283)</u>
Net Increase in Cash and Cash Equivalents	46,905	(65,858)
Cash and Cash Equivalents at Beginning of Year	<u>8,654</u>	<u>74,512</u>
Cash and Cash Equivalents at End of Year	<u>\$ 55,559</u>	<u>\$ 8,654</u>
Supplemental Disclosures:		
<i>Interest paid</i>	\$ -	\$ 2,969

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

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Decatur County Family YMCA, Inc. (YMCA) is an Indiana non-profit organization incorporated on July 27, 1914. The mission of the YMCA is to put Christian principles into practice through programs that build healthy spirit, mind and body for all.

Presently, the YMCA has approximately 3,600 members and serves over 8,500 people in Southeastern Indiana.

The YMCA offers a wide variety of classes, special events, and other programs announced periodically through a newsletter.

The YMCA's programs focus on Youth Development – nurturing the potential of every child and teen; Healthy Living – improving the nation's health and well-being; and Social Responsibility – giving back and providing support to our neighbors.

Association with National Council of YMCA

The YMCA is affiliated with the National Council of Young Men's Christian Association (National YMCA) by an agreement, which states, the YMCA will abide by the National YMCA Constitution and accepts the National YMCA Statement of Purpose, which includes nondiscriminatory policies. The YMCA remits a "fair share support" to the National YMCA amounting to approximately 2% of program revenues less certain exemptions. The YMCA receives certain benefits such as training and legislative updates under this arrangement. The "fair share support" expense was \$20,109 and \$19,953 in 2015 and 2014, respectively.

Basis of Presentation

The YMCA's financial statements are presented on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the YMCA and changes therein are classified and reported as follows:

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of grantor-imposed restrictions. Accordingly, net assets of the YMCA and changes therein are classified and reported as follows:

Unrestricted net assets – Includes all net assets on which there are no donor-imposed restrictions for use, or on which donor-imposed restrictions were temporary and have expired. This category of net assets also includes certain net assets designated by the Board of Directors to support its activities as general and undesignated reserves.

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Temporarily restricted net assets – Includes all net assets that are subject to donor-imposed restrictions that will be met by actions of the YMCA in future time periods. Donor-restricted contributions whose restrictions are met in the same reporting period are classified as unrestricted.

Permanently restricted net assets – Includes all net assets subject to donor-imposed stipulations that they be maintained permanently by the YMCA. Generally, the donors of these assets permit the YMCA to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

The YMCA considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Restricted cash consists of those monies restricted for facility maintenance, capital purchases, and facility improvements. Cash restricted for maintenance reserves is not considered cash and cash equivalents for the purposes of the statements of cash flows.

Accounts and Grants Receivable

Accounts receivable consists of amounts due from members for membership and program fees. The YMCA's customer base and collection history are such that any projected uncollectible accounts would be immaterial. Therefore, management has chosen not to present a corresponding allowance for bad debts for the years ended December 31, 2015 and 2014.

Fee for service grant revenue is recognized under the terms of each grant, typically when expenditures are made or service is provided.

Investments

Investments in marketable debt and equity securities are reported at fair value. Investment return is reported in the statement of activities as an increase in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in temporarily restricted net assets.

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Property and Equipment

Purchases of property and equipment having a unit cost of \$1,000 or more are capitalized at cost. Donated property is capitalized at the estimated fair value at time of receipt. Maintenance and repairs that do not improve or extend the life of assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows: 15 to 40 years for buildings and improvements, five to seven years for furniture and equipment, and five years for vehicles. Depreciation expense totaled \$180,268 and \$172,344 for December 31, 2015 and 2014, respectively.

At December 31 the carrying value of such assets was as follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 230,000	\$ 230,000
Buildings & Improvements	5,955,284	5,949,785
Furniture & Equipment	566,536	512,568
Vehicles	10,000	10,000
Construction in Progress	11,961	-
Total Property and Equipment, at Cost	<u>6,773,781</u>	<u>6,702,353</u>
Less accumulated depreciation	<u>(2,810,100)</u>	<u>(2,629,832)</u>
Property and Equipment, net	<u><u>\$ 3,963,681</u></u>	<u><u>\$ 4,072,521</u></u>

Deferred Revenue

The YMCA record unearned revenues from membership and programs as deferred revenue. These revenues are recognized on a straight-line basis over the life of the membership or program. The YMCA also records unearned revenues for funds received from grant agreements prior to the expenditure of grant funds. Revenue is recognized as funds are expended.

Pledges Receivable

Unconditional promises to give are recognized as an asset and contribution revenue in the period the promise is received. Pledges to be received after one year are discounted at rates that approximate US Treasury rates in effect at the time the pledge revenues are recognized. Amortization of the pledge discount is recorded as additional contribution revenue. New pledges are discounted to fair value when the pledge is made, and are not revalued during the life of the pledge.

Pledges receivable at December 31, 2015 and 2014 totaled \$2,775 and \$2,875, respectively. These pledges are all due in less than one year. The YMCA does not provide an allowance for uncollectible pledges, as any such amount would be immaterial based on the receivable balance and/or prior experience.

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Donated Services and Goods

A substantial number of volunteers have donated significant hours to the YMCA's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not meet the criteria for recognition of contributed services as defined in U.S. GAAP.

Income Taxes

The YMCA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The YMCA recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The YMCA recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2015 and 2014, the YMCA is not aware of any uncertain tax positions requiring accrual.

Advertising & Promotion

The YMCA uses advertising and promotion in the form of program handbooks, mailings, and the annual report to promote its programs among the individuals and community it serves. The costs of advertising and promotion are expensed as incurred.

Functional Allocation of Expenses

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

Reclassification

Certain information from the prior year financial statements has been reclassified to conform to the current year presentation format. Such reclassifications have no net effect on the reported change in net assets.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Subsequent Events

The YMCA monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements from the year end of December 31, 2015, through June 28, 2016, the date on which the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price 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. The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Level 2 – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date. Valuation techniques are based on pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

Level 3 – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Fair value of assets measured on a recurring basis at December 31, 2015 were as follows:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 120,260	\$ -	\$ -	\$ 120,260
Mutual Funds	219,638	-	-	219,638
Government Bonds	-	9,493	-	9,493
Total	\$ 339,898	\$ 9,493	\$ -	\$ 349,391

Fair value of assets measured on a recurring basis at December 31, 2014 were as follows:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 145,601	\$ -	\$ -	\$ 145,601
Mutual Funds	234,159	-	-	234,159
Government Bonds	-	-	-	-
Total	\$ 379,760	\$ -	\$ -	\$ 379,760

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

3. RETIREMENT PLANS

The YMCA participates in the YMCA Retirement Fund Plan (the Retirement Plan) which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code, and the YMCA Retirement Fund Tax-Deferred Savings Plan (the Savings Plan) which is a retirement income account plan as defined in Section 403(b)(9) of the Internal Revenue 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, organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States.

The plans are operated as church pension plans. Participation is available to all duly organized and recognized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations. Employees are eligible to participate in the Retirement Plan, upon attaining the age of 21, and upon completion of 1,000 hours of service during each of any two 12-month periods, beginning with their date of hire. Employees are eligible to participate in the Savings Plan upon their date of hire.

In accordance with the agreement with the Fun, the YMCA contributions are 12% of the participating employees' eligible salaries, and are remitted to the Fund monthly. Total YMCA retirement contributions charged to employee benefit expenses for 2015 and 2014 were \$36,526 and \$29,561 respectively.

4. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are contributions and unconditional promises to give designated for future use.

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the Organization's general activities.

The detail of the YMCA's net asset categories at December 31 is as follows:

	<u>2015</u>	<u>2014</u>
Temporarily restricted:		
Pledges receivable	<u>\$ 600</u>	<u>\$ 600</u>
Permanently restricted:		
Donor-restricted endowment funds	<u>\$ 147,230</u>	<u>\$ 146,230</u>

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

5. RELATED PARTY TRANSACTIONS

The YMCA occasionally purchases food for their Year Round and Summer Feeding Program from the Decatur County Memorial Hospital (DCMH), and a member of the Board of Directors of the YMCA is also a member of management of DCMH. The decision to use DCMH as a food vendor was made through a competitive process, and in the opinion of management, was the most favorable to the YMCA. For the years ended December 31, 2015 and 2014, the YMCA paid food expenses to DCMH of \$1,072 and \$4,543, respectively.

As of December 31, 2015 and 2014, there were no amounts due the related parties.

6. FUNDS AT THE DECATUR COUNTY COMMUNITY FOUNDATION

The Decatur County Community Foundation holds, for the benefit of the YMCA, two designated funds described below:

	<u>2015</u>	<u>2014</u>
YMCA Endowment - established in 1996 to make annual distributions without restrictions		
Balance	\$ 114,045	\$ 119,021
Annual Distributions	5,034	4,613
YMCA Youth Development Fund - established in 2000 to provide memberships to the disadvantaged youth of Decatur County		
Balance	\$ 59,587	\$ 63,943
Annual Distributions	2,767	2,541

Distributions received by the YMCA are recorded as contributions in the year received.

7. CASH AND OTHER ASSETS RESTRICTED FOR MAINTENANCE

Cash and other assets restricted for maintenance were as follows as of December 31:

	<u>2015</u>	<u>2014</u>
Cash	\$ 32,103	\$ 24,103
Money market funds	101,086	134,605
Certificates of deposit	105,046	104,523
Bonds	9,493	-
Total	<u>\$ 247,728</u>	<u>\$ 263,231</u>

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

8. ENDOWMENT FUNDS

The YMCA's Donor-designated endowment consists of investments established for its maintenance and operation since the YMCA's inception in 1914. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The YMCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time that the accumulation is added to the fund. Disbursements from the endowment are approved by the YMCA's Board of Trustees and classified as temporarily restricted net assets until those amounts are expended by the YMCA consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund.
- The purposes of the YMCA and the donor-designated 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 YMCA.
- The investment policies of the YMCA and its trustees.

Investment Policy

Under the YMCA's investment policy, endowment assets are invested in a manner that is intended to:

- maintain liquidity – all investments shall be marketable
- maintain leverage – keeping maximum available funds invested
- manage interest rate risk - no unusual risks will be taken to maximize earnings
- maintain credit quality – diversified investment portfolio of high quality assets

The managed portfolios are to be well diversified in low-risk short-term money market instruments, US Government and Federal Agency Issues, corporate bonds, equity security funds, or pooled accounts. Investments may consist of cash and cash equivalents, fixed income, and equities. All Investment Managers are expected to conform to all State and Federal laws governing the practice of investment management. Additionally, Investment Managers are expected to use prudence in their decision-making for the YMCA funds and adhere to the investment mandate as agreed to.

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 Trustees or UPMIFA required the YMCA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were approximately \$ 19,420 and \$ 8,136 as of December 31, 2015 and 2014.

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Endowment funds consisted of the following classes as of December 31:

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 19,174	\$ 10,996
Certificates of deposit	20,000	20,000
Mutual funds	<u>219,638</u>	<u>234,159</u>
Total long-term investments	<u>\$ 258,812</u>	<u>\$ 265,155</u>

As of December 31, 2015, endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (19,420)	\$ -	\$ 147,230	\$ 127,810
Board designated endowment fund	<u>131,002</u>	<u>-</u>	<u>-</u>	<u>131,002</u>
Total	<u>\$ 111,582</u>	<u>\$ -</u>	<u>\$ 147,230</u>	<u>\$ 258,812</u>

As of December 31, 2014, endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (8,136)	\$ -	\$ 146,230	\$ 138,094
Board designated endowment fund	<u>127,061</u>	<u>-</u>	<u>-</u>	<u>127,061</u>
Total	<u>\$ 118,925</u>	<u>\$ -</u>	<u>\$ 146,230</u>	<u>\$ 265,155</u>

Changes to endowment net assets for the year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2014	\$ 118,925	\$ -	\$ 146,230	\$ 265,155
Endowment investment return				
Interest and dividends	2,306	4,694	-	7,000
Realized and unrealized losses	(4,093)	(10,579)	-	(14,672)
Total endowment investment return	<u>(1,787)</u>	<u>(5,885)</u>	<u>-</u>	<u>(7,672)</u>
Contributions	9,500	-	1,000	10,500
Reclassification of underwater endowment	(11,284)	11,284	-	-
Appropriation of endowment for expenditure	<u>(3,772)</u>	<u>(5,399)</u>	<u>-</u>	<u>(9,171)</u>
Endowment net assets, December 31, 2015	<u>\$ 111,582</u>	<u>\$ -</u>	<u>\$ 147,230</u>	<u>\$ 258,812</u>

Decatur County Family YMCA, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Changes to endowment net assets for the year ended December 31, 2014 are as follows:

Endowment net assets, December 31, 2013	\$ 114,891	\$ -	\$ 145,230	\$ 260,121
Endowment investment return				
Interest and dividends	2,326	5,199	-	7,525
Realized and unrealized losses	4,125	(235)	-	3,890
Total endowment investment return	6,451	4,964	-	11,415
Contributions	-	-	1,000	1,000
Reclassification of underwater endowment	1,310	(1,310)	-	-
Appropriation of endowment for expenditure	(3,700)	(3,654)	-	(7,354)
Endowment net assets, December 31, 2014	\$ 118,952	\$ -	\$ 146,230	\$ 265,182