

**METROPOLITAN YMCA OF THE ORANGES**

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

WITH INDEPENDENT AUDITORS' REPORT

**R.A. FREDERICKS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT CONSULTANTS

# **METROPOLITAN YMCA OF THE ORANGES**

COMBINED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2008 AND 2007

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# **R.A. FREDERICKS & COMPANY, LLP**

*Certified Public Accountants*

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## **INDEPENDENT AUDITORS' REPORT**

To Board of Directors  
Metropolitan YMCA of the Oranges  
139 East McClellan Avenue  
Livingston, New Jersey 07039

We have audited the accompanying combined statements of financial position of the Metropolitan YMCA of the Oranges as of December 31, 2008 and 2007, and the related combined statements of cash flows for the years then ended and the combined statements of activities and functional expenses for the year ended December 31, 2008. These combined financial statements are the responsibility of the Metropolitan YMCA of the Oranges' management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan YMCA of the Oranges as of December 31, 2008 and 2007, and its cash flows for the years then ended and the changes in its net assets for the year ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.



**R.A. FREDERICKS & COMPANY, LLP**

Montville, New Jersey  
February 9, 2009

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# METROPOLITAN YMCA OF THE ORANGES

## COMBINED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 AND 2007

	<u>ASSETS</u>	
	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Notes 3 and 13)	\$ 5,688,313	\$ 4,357,547
Accounts and other receivables - net	170,234	158,938
Inventories	54,106	61,349
Prepaid expenses and other assets	191,207	274,755
Total current assets	<u>6,103,860</u>	<u>4,852,589</u>
<b>LONG-TERM ASSETS</b>		
Assets designated by Board for future projects	372,192	322,502
Investments (Note 8)	5,127,620	6,779,112
Deferred mortgage costs	45,402	48,211
Security deposits and other assets	2,700	2,700
Land, buildings, and equipment, net (Notes 4, 9, 10 and 11)	14,705,081	14,765,506
Total long-term assets	<u>20,252,995</u>	<u>21,918,031</u>
<b>TOTAL ASSETS</b>	<u>\$ 26,356,855</u>	<u>\$ 26,770,620</u>

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

# **METROPOLITAN YMCA OF THE ORANGES**

## **COMBINED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 AND 2007**

	<u>LIABILITIES AND NET ASSETS</u>	
	<u>2008</u>	<u>2007</u>
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Note 9)	\$ 294,640	\$ 283,074
Current portion of obligation payable HTMUA (Note 10)	23,287	22,092
Deferred program revenue	713,883	601,842
Accounts payable, accrued expenses and other liabilities	<u>1,385,211</u>	<u>1,233,678</u>
Total current liabilities	<u>2,417,021</u>	<u>2,140,686</u>
<b>LONG-TERM LIABILITIES</b>		
Obligation payable - HTMUA, net of short-term portion (Note 10)	24,374	47,661
Long-term debt - net of short-term portion (Note 9)	<u>5,267,813</u>	<u>5,562,453</u>
Total long term liabilities	<u>5,292,187</u>	<u>5,610,114</u>
<b>TOTAL LIABILITIES</b>	<u>7,709,208</u>	<u>7,750,800</u>
<b>NET ASSETS</b>		
Unrestricted (Note 5)	16,759,326	16,678,072
Temporarily restricted (Note 6)	162,585	229,945
Permanently restricted (Note 7)	<u>1,725,736</u>	<u>2,111,803</u>
<b>TOTAL NET ASSETS</b>	<u>18,647,647</u>	<u>19,019,820</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 26,356,855</u>	<u>\$ 26,770,620</u>

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

# METROPOLITAN YMCA OF THE ORANGES

## COMBINED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2008 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2007)

	Unrestricted		Total	Temporarily Restricted	Permanently Restricted	2008	2007
	General Operating	Designated					
<b>REVENUES, GAINS AND SUPPORT</b>							
Program Receipts:							
Community Groups	\$ 1,999,360	\$ -	\$ 1,999,360	\$ -	\$ -	\$ 1,999,360	1,853,901
Camp	3,084,012	-	3,084,012	-	-	3,084,012	2,940,898
Youth activity	1,448,267	-	1,448,267	-	-	1,448,267	1,336,304
Child Care	7,608,626	-	7,608,626	-	-	7,608,626	6,947,596
Administrative rentals and sales	142,375	-	142,375	-	-	142,375	169,645
Total program receipts	14,282,640	-	14,282,640	-	-	14,282,640	13,248,344
Contributions	1,023,256	-	1,023,256	321,820	51,762	1,396,838	1,318,460
Government grants, contracts and other grants	330,774	-	330,774	873,605	-	1,204,379	1,192,379
Membership dues	2,899,097	-	2,899,097	-	-	2,899,097	2,941,140
Special events and projects	276,151	-	276,151	-	-	276,151	298,546
Investment income (losses)	127,203	(195,336)	(68,133)	-	-	(68,133)	925,956
Other revenue	194,801	-	194,801	-	-	194,801	282,438
Net assets released from restrictions for program activities (Note 6)	1,095,305	167,480	1,262,785	(1,262,785)	-	-	-
Net unrealized gains (losses) on long-term investments (Note 6)	-	(1,021,601)	(1,021,601)	-	(437,829)	(1,459,430)	(276,290)
Loss on disposal of property and equipment	-	(27,628)	(27,628)	-	-	(27,628)	-
Total revenue, gains, (losses) and support	20,229,227	(1,077,065)	19,152,142	(67,360)	(386,067)	18,698,715	19,930,973
<b>EXPENSES</b>							
Program services	16,322,906	1,189,934	17,512,840	-	-	17,512,840	16,743,928
Supporting services	1,558,048	-	1,558,048	-	-	1,558,048	1,594,620
Total expenses	17,880,954	1,189,934	19,070,888	-	-	19,070,888	18,338,548
Change in net assets before transfers	2,348,273	(2,267,019)	81,254	(67,360)	(386,067)	(372,173)	1,592,426
Transfers	(1,247,610)	1,247,610	-	-	-	-	-
Change in net assets	1,100,663	(1,019,409)	81,254	(67,360)	(386,067)	(372,173)	1,592,426
Net assets beginning of year	7,262,180	9,415,892	16,678,072	229,945	2,111,803	19,019,820	17,427,394
Net assets end of year	\$ 8,362,843	\$ 8,396,483	\$ 16,759,326	\$ 162,585	\$ 1,725,736	\$ 18,647,647	\$ 19,019,820

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

# METROPOLITAN YMCA OF THE ORANGES

## COMBINED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (372,173)	\$ 1,592,426
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	873,972	869,146
Loss on disposal of property and equipment	27,628	-
Net unrealized losses on long-term investments	1,459,430	276,290
Net realized (gains) losses on sales of long-term investments	365,355	(577,439)
Changes in assets and liabilities:		
Accounts receivable	(11,296)	135,475
Contributions receivable	-	6,129
Prepaid expenses	83,548	28,334
Inventories	7,243	(9,693)
Deferred revenue	112,041	117,102
Accounts payable and accrued expenses	151,533	(40,057)
 Net cash provided by operating activities	 <u>2,697,281</u>	 <u>2,397,713</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	1,468,167	2,158,743
Assets designated by board for future projects	(49,690)	65,140
Purchase of investments	(1,641,460)	(2,383,206)
Acquisition of property and equipment	(838,366)	(632,887)
 Net cash used in investing activities	 <u>(1,061,349)</u>	 <u>(792,210)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Obligation payable - HTMUA	(22,092)	(21,137)
Payments on long-term debt	(283,074)	(268,741)
 Net cash used in financing activities	 <u>(305,166)</u>	 <u>(289,878)</u>
 <b>Net increase in cash and cash equivalents</b>	 <b>1,330,766</b>	 <b>1,315,625</b>
Cash and cash equivalents at beginning of year	<u>4,357,547</u>	<u>3,041,922</u>
 <b>Cash and cash equivalents at end of year</b>	 <b><u>\$ 5,688,313</u></b>	 <b><u>\$ 4,357,547</u></b>
 <b>Supplemental disclosure of cash flow information:</b>		
Cash paid for:		
Interest	<u>\$ 253,566</u>	<u>\$ 267,025</u>

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

**METROPOLITAN YMCA OF THE ORANGES**

**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2008 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2007)**

	Program services							Supporting Services				Total
	Membership Activities	Community Groups	Camp	Youth Activities	Child Care	Property Management	program services	General Administration	Fundraising	Supporting Activities	2008	
Salaries and wages	\$ 890,821	\$ 621,573	\$ 1,236,491	\$ 1,213,447	\$ 4,829,992	\$ 610,934	\$ 9,403,258	\$ 559,999	\$ 114,857	\$ 674,856	\$ 10,078,114	\$ 9,631,491
Employee benefits	92,107	70,444	88,109	91,400	637,424	89,496	1,068,980	58,501	19,119	77,620	1,146,600	1,032,641
Payroll taxes	84,437	78,754	146,038	120,458	463,988	67,317	960,992	43,109	11,005	54,114	1,015,106	957,292
Contractual services	31,953	25,272	335,400	64,522	339,497	91,295	887,939	188,232	76,771	265,003	1,152,942	1,207,546
Supplies	36,432	10,642	466,940	115,694	237,389	117,544	984,641	93,351	14,899	108,250	1,092,891	1,042,447
Telephone	8,584	3,920	9,476	5,100	34,845	49,668	111,593	-	-	-	111,593	124,550
Postage and shipping	6,862	6,117	9,675	2,620	12,847	3,595	41,716	17,499	1,688	19,187	60,903	79,806
Occupancy/space costs	-	2,609	65,435	8,655	498,576	1,044,721	1,619,996	2,014	-	2,014	1,622,010	1,554,083
Equipment costs	17,881	2,755	9,120	4,937	25,181	24,493	84,367	-	-	-	84,367	84,457
Insurance	-	-	-	-	-	223,953	223,953	2,319	-	2,319	226,272	205,534
Printing/publications	201,112	12,497	96,227	13,616	95,217	9,826	428,495	70,808	22,412	93,220	521,715	541,184
Travel and employee expense	10,784	4,447	50,045	7,465	34,929	22,673	130,343	37,185	18,945	56,130	186,473	185,582
Conference, meetings and dues	31,928	20,574	49,357	23,507	113,206	22,551	261,123	76,866	36,200	113,066	374,189	319,785
Miscellaneous	27,723	11,817	55,275	15,975	49,390	271,292	431,472	91,760	509	92,269	523,741	503,004
Subtotal	1,440,624	871,421	2,617,588	1,687,396	7,372,481	2,649,358	16,638,868	1,241,643	316,405	1,558,048	18,196,916	17,469,402
Depreciation	-	-	-	-	-	873,972	873,972	-	-	-	873,972	869,146
<b>TOTAL EXPENSES</b>	<b>\$ 1,440,624</b>	<b>\$ 871,421</b>	<b>\$ 2,617,588</b>	<b>\$ 1,687,396</b>	<b>\$ 7,372,481</b>	<b>\$ 3,523,330</b>	<b>\$ 17,512,840</b>	<b>\$ 1,241,643</b>	<b>\$ 316,405</b>	<b>\$ 1,558,048</b>	<b>\$ 19,070,888</b>	<b>\$ 18,338,548</b>
<b>TOTAL EXPENSES FOR 2007</b>	<b>\$ 1,476,477</b>	<b>\$ 894,254</b>	<b>\$ 2,533,896</b>	<b>\$ 1,597,588</b>	<b>\$ 6,826,135</b>	<b>\$ 3,415,578</b>	<b>\$ 16,743,928</b>	<b>\$ 1,224,464</b>	<b>\$ 370,156</b>	<b>\$ 1,594,620</b>	<b>\$ 18,338,548</b>	

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

# **METROPOLITAN YMCA OF THE ORANGES**

## **NOTES TO COMBINED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007**

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### **NOTE 1. DESCRIPTION OF ORGANIZATION**

The Metropolitan YMCA of the Oranges (YMCA) is a New Jersey not-for-profit corporation. Revenue is generated in numerous ways, including program activities, memberships, and grants from governmental and private sources, fees and donations.

#### **Mission Statement**

The YMCA's mission is to enrich the lives of the children, families and communities we serve, through programs that build spirit, mind and body, welcoming all people, in an environment nurturing positive values.

#### **Program Activities**

The major program activities are described as follows:

##### **a. Membership Activities**

Members use the YMCA facilities and the many programs for personal activities.

##### **b. Community and Youth Development**

Extensive programs are sponsored daily for children between ages of 3 through 17 throughout our community to engage youth in healthy, safe, recreational and enrichment activities.

##### **c. Camp**

Children between the ages of 8 and 15 spend up to 8 weeks at Fairview Lake Camps and Conference Center, enjoying sponsored outdoor activities. Children between the ages of 3 and 17 spend up to 10 weeks at our various day camps.

##### **d. Child Care**

Child care centers have been established for infants, toddlers and pre-schoolers during the normal working day to assist single parents and families. School age child care is provided before and after school.

##### **e. Property Management**

Operating and maintaining all facilities, including but not limited to, pools, gymnasiums, cabins, buildings, dining halls and kitchens.

# **METROPOLITAN YMCA OF THE ORANGES**

## **NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007**

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### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a. Basis of Presentation**

The accompanying combined financial statements have been prepared on the accrual basis of accounting and include accounts representing all Branches as follows: Association Services, East Orange, Fairview Lake Camps and Conference Center, South Mountain, Sussex County and West Essex. All significant inter-branch and inter-association transactions and balances have been eliminated in combination.

#### **b. Financial Statement Presentation**

The YMCA's financial statements are prepared in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations," (Statement No. 117). Statement No. 117 establishes standards for general purpose, external financial statements of financial position, activities, cash flows and functional expenses. It also requires that an organization's net assets and its revenues, expenses, gains and losses be classified based on the existence or absence of donor imposed restrictions.

The financial statements include certain prior year summarized comparative information in total not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the YMCA's financial statements for the year ended December 31, 2007.

#### **c. Net Assets**

All financial transactions have been recorded as, unrestricted, temporarily restricted or permanently restricted net assets:

- Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the YMCA, and include those expendable resources which have been designated for special use by the Board.
- Temporarily restricted net assets represent those amounts which are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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.

# **METROPOLITAN YMCA OF THE ORANGES**

## **NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007**

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### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Permanently restricted net assets result from contributions from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity. This original principal is reported as a permanently restricted net asset, the income from which may be either temporarily restricted or unrestricted, depending on the donor's specifications.

#### **d. Revenue**

In the absence of donor restrictions, contributions and bequests are considered to be available for unrestricted use and are recorded as unrestricted contributions at their fair market value. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is received. Legacies or bequests are not recorded in the accompanying financial statements until such time as the YMCA has an unconditional right to receive benefits under the agreement.

#### **e. Investments**

The YMCA follows Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations," (Statement No. 124). In accordance with Statement No. 124, investments in stocks and bonds are recorded on the basis of closing market prices or bid quotations.

#### **f. Inventories**

Inventories consisting of merchandise, supplies and food are carried at the lower of cost or market on a first in first out basis.

#### **g. Land, buildings and equipment**

Land, buildings and equipment are recorded at cost. Depreciation is provided to distribute the cost of capital assets over the estimated useful lives of the related assets as follows: buildings and improvements - 10 to 30 years; machinery and equipment, furniture and fixtures and transportation equipment - 5 years. The costs of minor improvements and equipment purchases under \$ 5,000, and the cost of all routine recurring computer equipment are directly expensed.

#### **h. Tax status**

The YMCA is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. No provision has been made for income taxes as the YMCA has no significant unrelated business taxable income.

# **METROPOLITAN YMCA OF THE ORANGES**

## **NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007**

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### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **h. Tax status (continued)**

In addition, the YMCA has been determined by the Internal Revenue Service not to be a private foundation within the meaning of section 509(a) (1) of the Code.

#### **i. Contributions**

The YMCA follows Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made," (Statement No. 116). In accordance with Statement No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

#### **j. Cash and cash equivalents**

For purposes of the statement of cash flows, the YMCA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **k. Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **l. Allowance for doubtful accounts**

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Customer account balances with invoices dated over 60 days old are considered delinquent. Management provides for uncollectible accounts through a provision for bad debt expense based on all customer account balances over 60 days old. In accordance with the YMCA's policies, the carrying amount of accounts receivable is reduced by a valuation allowance that reflects these delinquent accounts. The allowance for uncollectible accounts was \$39,937 and \$36,304 at December 31, 2008 and 2007, respectively.

# METROPOLITAN YMCA OF THE ORANGES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007

### NOTE 3. CASH AND CASH EQUIVALENTS

	<u>2008</u>	<u>2007</u>
Cash	\$ 263,231	\$ 295,957
Certificates of deposit and money markets	5,425,082	4,061,590
	<u>\$5,688,313</u>	<u>\$4,357,547</u>

### NOTE 4. LAND, BUILDINGS AND EQUIPMENT

A summary of the cost of such assets is as follows:

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Furniture and Fixtures</u>	<u>2008</u>	<u>2007</u>
Association Services	\$ 247,851	\$ 725,594	\$ 65,289	\$ 43,850	\$ 1,103,264	\$ 1,170,710
East Orange	122,373	1,575,344	22,309	-	1,732,781	1,596,433
Camp	259,488	2,048,445	155,455	8,251	2,494,594	2,366,666
Sussex County	562,310	7,553,251	380,596	56,882	8,560,083	8,427,817
West Essex	40,000	3,148,643	184,863	-	3,386,512	3,314,567
South Mountain	401,579	2,404,025	11,170	29,780	2,854,474	2,812,745
	<u>1,633,601</u>	<u>17,455,302</u>	<u>819,682</u>	<u>138,763</u>	<u>20,131,708</u>	<u>19,688,938</u>
Less: Accumulated Depreciation	<u>-</u>	<u>4,920,760</u>	<u>430,848</u>	<u>75,019</u>	<u>5,426,627</u>	<u>4,923,433</u>
	<u>\$ 1,633,601</u>	<u>\$ 12,534,542</u>	<u>\$ 388,834</u>	<u>\$ 63,744</u>	<u>\$ 14,705,081</u>	<u>\$ 14,765,505</u>

### NOTE 5. UNRESTRICTED NET ASSETS

Unrestricted net assets are comprised of the following:

	<u>2008</u>	<u>2007</u>
General Operating Net Assets	<u>\$8,362,843</u>	<u>\$7,262,180</u>
<u>Net Assets Designated by Board:</u>		
Future Projects	4,681,804	5,890,041
Property	3,714,679	3,525,851
	<u>8,396,483</u>	<u>9,415,892</u>
	<u>\$16,759,326</u>	<u>\$16,678,072</u>

# METROPOLITAN YMCA OF THE ORANGES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007

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### NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

	<u>2008</u>	<u>2007</u>
<u>Restricted for Future Projects and programs:</u>		
Camp building improvements	\$ 136,739	\$ 136,739
Conference center	20,100	20,100
Other projects and programs	5,746	73,106
	<u>\$162,585</u>	<u>\$229,945</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, as follows:

	<u>2008</u>	<u>2007</u>
<u>Purpose Restrictions Accomplished:</u>		
Childcare	\$1,033,562	\$ 971,765
Food programs	26,993	23,083
Program support and scholarships	34,750	52,416
Purchase of property and equipment	167,480	3,000
	<u>\$1,262,785</u>	<u>\$1,050,264</u>

### NOTE 7. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are as follows:

	<u>2008</u>	<u>2007</u>
Endowments	\$1,667,168	\$2,053,235
Collins Endowment	24,046	24,046
Crawford Endowment	34,522	34,522
	<u>\$1,725,736</u>	<u>\$2,111,803</u>

# METROPOLITAN YMCA OF THE ORANGES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007

### NOTE 8. INVESTMENTS

	2008			2007		
	Cost	Fair Value	Excess of Fair Value Over Cost	Cost	Fair Value	Excess of Fair Value Over Cost
Balance at end of year	<u>\$ 5,450,192</u>	<u>\$ 5,127,620</u>	\$ (322,572)	<u>\$ 5,642,254</u>	<u>\$ 6,779,112</u>	\$ 1,136,858
Balance at beginning of year	<u>\$ 5,642,254</u>	<u>\$ 6,779,112</u>	1,136,858	<u>\$ 4,840,352</u>	<u>\$ 6,253,500</u>	1,413,148
Net increase (decrease) in unrealized appreciation (depreciation)			(1,459,430)			(276,290)
Realized net gain (loss) for the year			<u>(365,355)</u>			<u>577,439</u>
Total net gain (loss) for the year			<u>\$ (1,824,785)</u>			<u>\$ 301,149</u>

Merrill Lynch custodial fees incurred during 2008 and 2007 amounted to \$5,484 and \$7,609 respectively. Bristol & Company, Inc. investment fees incurred during 2008 and 2007 amounted to \$32,086 and \$34,518, respectively

### NOTE 9. LONG-TERM DEBT

Borrowing agreement is comprised as follows:

	2008	2007
Mortgage payable to Bank of America in monthly principal payments of \$5,360 plus interest at 5.55% (a)	\$ 796,198	\$877,093
Mortgage payable to Lakeland Bank in monthly payments of \$33,788, including interest at 4.10% (b)	<u>4,766,255</u>	<u>4,968,434</u>
	5,562,453	5,845,527
Less: Current maturities	<u>(294,640)</u>	<u>(283,074)</u>
Net long-term debt	<u>\$5,267,813</u>	<u>\$5,562,453</u>

# METROPOLITAN YMCA OF THE ORANGES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007

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### NOTE 9. LONG-TERM DEBT (CONTINUED)

- (a) The mortgage payable to Bank of America is collateralized by a first lien on related land and building located at the South Mountain Branch, all property, furniture and fixtures attached to property and all leases or other agreements related to the use or occupancy of the property. The loan was received based on an EDA Bond Financing Agreement which specifies the purpose for the expenditure of the loan proceeds. The significant provisions of the YMCA's borrowing agreement, as included in the EDA Bond Financing Agreement and the lending institution mortgage documents, are as follows: The YMCA will not sell, transfer, dispose of, pledge, mortgage or otherwise encumber any or all of the property. The YMCA shall not do anything which would cause the bonds to lose their tax free status or become arbitrage bonds. The YMCA shall not become contingently liable for debts of others. The YMCA shall meet certain ratios as required by the agreement. The YMCA was in compliance with all debt covenants as of December 31, 2008.
- (b) The YMCA obtained permanent financing from Lakeland Bank in 2005 for \$5,500,000 to replace the outstanding construction loan of \$3,196,247 and to purchase fixtures and equipment up to \$700,000 with the remaining balance to reimburse funds already expended on the project. The mortgage is collateralized by a first lien on the Sussex County property and all fixtures and tangible personal property therein and all leases or other agreements related to the use or occupancy of the property. The loan was received based on an EDA Bond Financing Agreement which specifies the purpose for the expenditure of the loan proceeds. The significant provisions of the YMCA's borrowing agreement, as included in the EDA Bond Financing Agreement and the lending institution mortgage documents, are as follows: The YMCA will not sell, transfer, dispose of, pledge, mortgage or otherwise encumber any or all of the property. The YMCA shall not do anything which would cause the bonds to lose their tax free status or become arbitrage bonds. The YMCA shall not become contingently liable for debts of others. The YMCA shall meet certain financial covenants as required by the agreement. The YMCA was in compliance with all debt covenants as of December 31, 2008.

Aggregate principal amounts of all long-term debt scheduled for repayment during the next five years:

2009	\$294,639
2010	310,849
2011	322,898
2012	340,295
2013	363,472
	<hr/>
	\$1,632,153

Interest expense for all obligations amounted to \$253,566 in 2008 and \$267,025 in 2007.

# METROPOLITAN YMCA OF THE ORANGES

## NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007

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### NOTE 10. OBLIGATION PAYABLE-HTMUA

The YMCA entered into an agreement with the Hardyston Township Municipal Utilities Authority (HTMUA) for the reservation of sewer capacity allocation into the Sussex County Municipal Utilities Authority's Upper Walkkill System for the YMCA's use. In addition to quarterly user fees applicable to wastewater discharge and its proportionate share of all operating, maintenance and administration costs, the YMCA shall pay 28 quarterly payments of approximately \$6,300 each for a total of \$176,601, without interest for the use of this easement.

These payments shall cease upon the final quarterly payment being made on or before October 15, 2010. The obligation payable has been recorded using a discount rate of 5% for a present value of the obligation of \$150,000. Aggregate principal payments under this obligation payable remain as follows: 2009 \$23,287 and 2010 \$24,374.

### NOTE 11. COMMITMENTS

#### (a) Leases

The YMCA entered into various non-cancelable operating lease agreements for program and child care facilities. Certain operating leases contain escalation clauses for the prorate share of operating costs, property taxes, repairs (inclusive of structural repairs) and insurance. Future minimum lease commitments under these operating leases are presented for future years as follows:

2009	\$171,574
2010	181,889
2011	192,326
2012	<u>170,551</u>
	<u>\$716,340</u>

Rent expense amounted to \$397,263 and \$381,666 for 2008 and 2007, respectively. Rental income amounted to \$17,093 and \$43,800 for 2008 and 2007, respectively.

#### (b) Letter of Credit

The YMCA has an irrevocable letter of credit dated October 16, 1992, for a security deposit in the amount of \$8,456, secured by the unrestricted net assets.

# **METROPOLITAN YMCA OF THE ORANGES**

## **NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2008 AND 2007**

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### **NOTE 12. RETIREMENT PLAN**

The YMCA participates in the YMCA Retirement Fund which is a national contributory defined contribution plan for the benefit of all eligible professional and support staff employees who qualify under applicable participation requirements. The YMCA contributes 12% of compensation for eligible employees. Employees may choose to contribute an additional 13% up to a maximum established by the IRS. Under the plan all contributions are remitted monthly to a trustee based upon a percentage of the participants' annual salaries. Upon retirement, participants' vested benefit will generally be used to purchase a retirement annuity contract. Forfeitures are used to offset future contributions. Contributions made by the YMCA to the plan amounted to \$697,332 in 2008 and \$624,410 in 2007.

### **NOTE 13. CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the YMCA to significant concentrations of credit risk consist principally of cash and money market funds.

The YMCA maintains its cash and money market balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 through December 31, 2009. Uninsured balances remaining in money market accounts approximated \$4,165,000 at December 31, 2008. Under the Transaction Account Guarantee Program (TAGP) all non-interest bearing transaction accounts held in participating financial institutions are insured for 100% of the account balances.

### **NOTE 14. CONTRIBUTED SERVICES**

The Organization receives donated services from a variety of unpaid volunteers. Contributed services from unpaid volunteers in the amount of \$171,180 have been recognized in the accompanying 2008 combined statement of activities because the criteria for recognition of such volunteer efforts under Statement No. 116 have been satisfied. During 2008, in addition the Sussex County Branch received donated services together with property and equipment for the installation of a playground in the amount of \$89,120. The YMCA recognized donated services in 2007 in the amount of \$159,410.

### **NOTE 15. SCHOLARSHIPS AND FINANCIAL ASSISTANCE PROGRAMS**

The YMCA's financial assistance programs during 2008 were made possible through the YMCA's Strong Kids Campaign and awarded or supported more than 2,700 children and families who received more than \$710,000 in financial assistance and program subsidies. During 2007, \$620,000 was awarded to over 2,500 children and families.