

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

**Financial Statements**

**December 31, 2011 and 2010**

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

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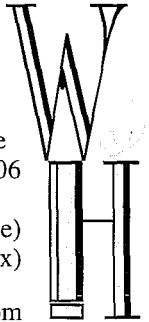
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Regional YMCA of Western Connecticut and Eastern Putnam County, Inc.

We have audited the accompanying statements of financial position of Regional YMCA of Western Connecticut and Eastern Putnam County, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from Regional YMCA of Western Connecticut and Eastern Putnam County, Inc.'s 2010 financial statements, and, in our report dated April 5, 2011, we expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Regional YMCA of Western Connecticut and Eastern Putnam County, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Whittlesey & Hadley P.C.*

April 20, 2012

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

Statements of Financial Position

December 31, 2011 and 2010

	2011	2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 40,740	\$ 225,294
Cash and cash equivalents - restricted	183,201	230,811
Marketable equity securities	715,071	658,832
Unconditional promises to give	55,823	114,489
Accounts receivable	81,720	74,823
Prepaid expenses	46,286	-
Total current assets	1,122,841	1,304,249
Other assets:		
Property, plant, and equipment, net	5,220,276	4,938,369
Assets held for sale	884,136	884,136
Total other assets	6,104,412	5,822,505
Total assets	\$ 7,227,253	\$ 7,126,754
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of capital lease obligations	\$ 34,144	\$ -
Current portion of mortgages	47,850	40,166
Demand notes payable - bank	403,606	380,379
Accounts payable	117,093	137,261
Accrued expenses and custodial accounts	460,144	361,975
Refundable advances	80,495	48,465
Deferred revenue - membership dues	64,100	86,703
Total current liabilities	1,207,432	1,054,949
Long-term liabilities:		
Capital lease obligations, net of current portion	95,145	-
Mortgages, net of current portion	3,354,579	2,964,292
Total long-term liabilities	3,449,724	2,964,292
Total liabilities	4,657,156	4,019,241
Net assets:		
Unrestricted		
Undesignated	1,671,825	2,217,870
Board designated	528,213	465,498
Temporarily restricted	270,059	324,145
Permanently restricted	100,000	100,000
Total net assets	2,570,097	3,107,513
Total liabilities and net assets	\$ 7,227,253	\$ 7,126,754

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

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

Statements of Activities

For the years ended December 31, 2011 and 2010

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUES AND OTHER SUPPORT</b>					
Program fees:					
Physical and cardiovascular	\$ 163,451	\$ -	\$ -	\$ 163,451	\$ 131,070
Aquatic	575,594	-	-	575,594	554,014
Nursery school	517,492	-	-	517,492	523,367
State and local grants	534,378	-	-	534,378	535,360
Camps	546,692	-	-	546,692	503,683
School age child care	915,074	-	-	915,074	886,411
Arts and humanities	106,753	-	-	106,753	108,829
Total program fees	3,359,434	-	-	3,359,434	3,242,734
Membership fees	2,713,973	-	-	2,713,973	2,582,805
Total	6,073,407	-	-	6,073,407	5,825,539
Pledges and contributions	469,463	109,420	-	578,883	512,650
United Way and other grants	103,492	-	-	103,492	129,431
Interest and dividend income	16,521	5,572	-	22,093	21,858
Rental and other income	66,811	-	-	66,811	102,620
Net assets released from restrictions	159,245	(159,245)	-	-	-
Total revenues and other support	6,888,939	(44,253)	-	6,844,686	6,592,098
<b>OPERATING EXPENSES</b>					
Program activities	5,134,565	-	-	5,134,565	4,802,768
General administration	1,428,354	-	-	1,428,354	1,422,535
Fundraising	216,253	-	-	216,253	189,208
Total operating expenses	6,779,172	-	-	6,779,172	6,414,511
Net operating income before discontinued operations	109,767	(44,253)	-	65,514	177,587
Gain/(loss) from discontinued operations	(75,436)	-	-	(75,436)	84,634
Net operating income	34,331	(44,253)	-	(9,922)	262,221
<b>OTHER ITEMS</b>					
Depreciation expense	(494,943)	-	-	(494,943)	(487,562)
Realized gain/(loss) on marketable securities	17,627	-	-	17,627	(2,510)
Unrealized gain/(loss) on marketable securities	(40,345)	(9,833)	-	(50,178)	41,864
CHANGE IN NET ASSETS	(483,330)	(54,086)	-	(537,416)	(185,987)
Net assets - beginning of year	2,683,368	324,145	100,000	3,107,513	3,293,500
Net assets - end of year	\$ 2,200,038	\$ 270,059	\$ 100,000	\$ 2,570,097	\$ 3,107,513

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

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

Statement of Functional Expenses

For the year ended December 31, 2011

	Program Activities	General Administration	Fundraising	Total
Operating Expenses:				
Wages	\$ 2,997,501	\$ 569,332	\$ 145,418	\$ 3,712,251
Payroll taxes and employee benefits	606,897	231,702	28,914	867,513
Outside services	19,646	90,704	27,379	137,729
Activity fees	72,042	1,450	6,827	80,319
Rent	54,720	35,250	-	89,970
Telephone	5,730	26,741	-	32,471
Program and office supplies	273,341	40,944	853	315,138
Printing, postage, advertising	30,193	49,024	123	79,340
Maintenance contracts	133,733	23,312	-	157,045
Meetings and conferences	4,518	22,982	2,777	30,277
Dues, subscriptions and licenses	3,856	4,116	-	7,972
Repairs and maintenance	139,813	2,945	-	142,758
Bank, charge card and draft fees	48,653	56,988	-	105,641
Insurance	68,426	-	-	68,426
Nutrition food/snacks	50,316	8,925	710	59,951
Merchandise resale	5,882	-	-	5,882
Utilities	451,594	22,009	-	473,603
Vehicle and travel	46,985	4,590	329	51,904
Interest	2,305	215,393	-	217,698
Bad debt	40,546	-	-	40,546
National YMCA dues	67,083	-	-	67,083
Special events	10,785	21,947	2,923	35,655
Total operating expenses	5,134,565	1,428,354	216,253	6,779,172
Depreciation	494,943	-	-	494,943
Total expenses	<u>\$ 5,629,508</u>	<u>\$ 1,428,354</u>	<u>\$ 216,253</u>	<u>\$ 7,274,115</u>

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

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

Statement of Functional Expenses

For the year ended December 31, 2010

	Program Activities	General Administration	Fundraising	Total
Operating Expenses:				
Wages	\$ 2,941,774	\$ 581,112	\$ 132,494	\$ 3,655,380
Payroll taxes and employee benefits	436,681	223,198	49,524	709,403
Outside services	8,914	81,679	-	90,593
Activity fees	58,483	7,830	5,566	71,879
Rent	55,051	34,560	-	89,611
Telephone	6,646	25,560	-	32,206
Program and office supplies	225,216	36,302	-	261,518
Printing, postage, advertising	41,247	50,492	-	91,739
Maintenance contracts	139,061	31,339	-	170,400
Meetings and conferences	3,252	25,463	35	28,750
Dues, subscriptions and licenses	3,943	4,814	140	8,897
Repairs and maintenance	125,020	6,169	-	131,189
Bank, charge card and draft fees	38,781	57,872	-	96,653
Insurance	63,818	300	-	64,118
Nutrition food/snacks	54,516	7,609	228	62,353
Merchandise resale	7,209	-	-	7,209
Utilities	448,452	12,843	-	461,295
Vehicle and travel	40,229	5,642	474	46,345
Interest	-	204,227	-	204,227
Bad debt	18,562	-	-	18,562
National YMCA dues	73,033	-	-	73,033
Special events	12,880	25,524	747	39,151
<b>Total operating expenses</b>	<b>4,802,768</b>	<b>1,422,535</b>	<b>189,208</b>	<b>6,414,511</b>
Depreciation	487,562	-	-	487,562
<b>Total expenses</b>	<b>\$ 5,290,330</b>	<b>\$ 1,422,535</b>	<b>\$ 189,208</b>	<b>\$ 6,902,073</b>

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

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

Statements of Cash Flows

For the years ended December 31, 2011 and 2010

	2011	2010
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (537,416)	\$ (185,987)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	494,943	487,562
Realized and unrealized (gain)/loss on marketable securities	32,551	(39,354)
Changes in assets and liabilities:		
Accounts receivable	(6,897)	(13,998)
Prepaid expenses	(46,286)	-
Unconditional promises to give	58,666	67,296
Accounts payable	(20,168)	40,529
Accrued expenses and custodial accounts	98,169	(35,090)
Refundable advances	32,030	441
Deferred revenue - membership dues	(22,603)	(1,220)
Net change in cash from operating activities	82,989	320,179
<b>Cash flows from investing activities:</b>		
Capital expenditures, net of disposals	(630,357)	(133,894)
Proceeds from sale of investments	19,263	719,001
Purchases of investments	(108,053)	(801,106)
Net change in cash from investing activities	(719,147)	(215,999)
<b>Cash flows from financing activities:</b>		
Proceeds from mortgages, net	460,414	-
Principal payments	(79,647)	(95,782)
Proceeds from demand notes payable, net of repayments	23,227	43,952
Net change in cash from financing activities	403,994	(51,830)
<b>Net change in cash and cash equivalents</b>	(232,164)	52,350
Cash and cash equivalents, beginning of year	456,105	403,755
Cash and cash equivalents, end of year	\$ 223,941	\$ 456,105
<b>Supplemental disclosures of cash flows</b>		
Non cash investing activities:		
Purchases of fixed assets	\$ 776,850	\$ -
Less equipment purchased under capital leases	(146,493)	-
Cash paid for property, plant, and equipment	\$ 630,357	\$ -

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

**REGIONAL YMCA OF WESTERN CONNECTICUT  
AND EASTERN PUTNAM COUNTY, INC.**

Notes to the Financial Statements

December 31, 2011 and 2010

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business

The Regional YMCA of Western Connecticut and Eastern Putnam County, Inc. (the “Y”) is a diverse organization of men, women and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living and fostering a sense of social responsibility. The Y makes accessible the support and opportunities that empower people and communities to learn, grow and thrive. The Y operates comprehensive wellness programs, child care centers, camping programs and is involved in numerous community activities. Its main branch and administrative headquarters are located in Brookfield, Connecticut with a secondary-full-service branch located in Danbury, Connecticut. The Y serves the northern Fairfield and southern Litchfield County areas, as well as Eastern Putnam County, New York.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and include the accounts of the Y.

Financial Statement Presentation

The Y complies with the *Financial Statements of Not-for-profit Organizations* topic of the FASB Codification. Under this topic, the Y is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

A description of the Y’s net asset categories is as follows:

Unrestricted – Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Y, and include those expendable resources which have been designated for special use by the Board of Directors or an authorized committee of the Board of Trustees.

Temporarily Restricted – 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.

Permanently Restricted – 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.

## NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

### Revenues

In the absence of donor restrictions, contributions and bequests are considered to be available for unrestricted use. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is earned.

### Use of Estimates

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

### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months. The Y maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Y has not experienced any losses in such accounts. The Y believes it is not exposed to any significant credit risk on cash.

### Restricted Cash

Restricted cash is comprised of funds set aside in separate bank accounts for specific purposes.

### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Y considers all accounts receivable at December 31, 2011 and 2010, to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

### Unconditional Promises to Give

Unconditional promises to give are recorded as either unrestricted support or temporarily restricted support during the year in which the promise is made based on the donor's restrictions, if any. The allowance for uncollectible promises to give is based on the historical collection percentage of the Y. Under the *Accounting for Contributions received and Contributions Made* topic of the FASB Codification, long-term promises to give must be discounted to their net present value. The rate used for discounting is 5.00%.

### Property Plant and Equipment

Property, plant and equipment are recorded at cost less allowances for depreciation. Expenditures for normal repairs and maintenance are charged to operations as incurred. Costs in excess of \$1,000 that extend the useful lives of fixed assets are capitalized.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the useful lives of the various leases or their estimated useful lives, whichever is less.

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs expensed for the years ended December 31, 2011 and 2010, amounted to \$39,933 and \$44,101, respectively.

Vacation Pay

Vacation pay is recorded as an expense in the year in which the obligation to pay such expense is incurred.

Donated Assets

Donated assets are recognized at their estimated fair market value. The Y's policy is to recognize the expiration of donor restrictions for contributions of property and equipment or the use of contributions restricted for property and equipment in the year the property and equipment is placed in service. There were no donated assets during the years ended December 31, 2011 and 2010.

Marketable Equity Securities

Marketable equity securities are stated at their readily determinable market value.

Income Tax Policies and Procedures

The Y is currently exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Y's tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income tax for the years ended December 31, 2011 and 2010 was \$4,348 and \$4,217, respectively.

The Y has implemented the accounting guidance for uncertainty in income taxes using certain provisions of ASC 740, *Income Taxes*. Using this guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not that the position will be sustained upon examination by the tax authorities. As of December 31, 2011 and 2010, the Y has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and believes that it has appropriate support for income tax positions taken in its tax returns. Currently, the Y's federal informational returns for fiscal years 2008 - 2010 remain open to inspection by the IRS. The Y's 2011 federal information return is to be filed in 2012.

Subsequent Events Measurement Date

The Y monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements from the year end of December 31, 2011, through April 20, 2012, the date on which financial statements were available to be issued.

Reclassifications

Certain reclassifications were made to the December 31, 2010 financial statements to be consistent with the December 31, 2011 financial statement presentation.

## NOTE 2 – MARKETABLE EQUITY SECURITIES

The Y adopted *Fair Value Measurements* topic of the FASB Codification for all assets that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The *Fair Value Measurements* topic defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The *Fair Value Measurements* topic defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including the Y's own credit risk.

In addition to defining fair value, the *Fair Value Measurements* topic expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Investments, valued using Level 1 inputs, consisted of the following at December 31,:

	2011	2010
Mutual Funds:		
US equities	\$ 245,236	\$ 277,923
Non-US equities	102,411	135,367
Fixed income	197,720	173,543
Real estate & tangibles	26,264	-
Other	26,958	-
Total mutual funds	598,589	586,833
Short term investments	116,482	71,999
Total investments	<u>\$ 715,071</u>	<u>\$ 658,832</u>

### NOTE 3 – ENDOWMENT FUNDS

The Y complies with *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* topic of the FASB Codification. This topic provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that is subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as enacted by the State of Connecticut. This topic also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

The change in the Y's endowment funds for the years ended December 31, 2011 and 2010, are as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, January 1, 2010	\$ 338,520	\$ 284,922	\$ 100,000	\$ 723,442
Investment return:				
Investment income	8,615	4,633	-	13,248
Net appreciation (realized and unrealized)	35,349	5,555	-	40,904
Total investment return	43,964	10,188	-	54,152
Contributions	2,499	82,230	-	84,729
Transfers	128,066	2,484	-	130,550
Appropriation of endowment assets for expenditures	(47,551)	(55,679)	-	(103,230)
Endowment assets, December 31, 2010	465,498	324,145	100,000	889,643
Investment return:				
Investment income	14,745	5,572	-	20,317
Net appreciation (realized and unrealized)	(22,718)	(9,833)	-	(32,551)
Total investment return	(7,973)	(4,261)	-	(12,234)
Contributions	74,890	109,420	-	184,310
Transfers	149,695	-	-	149,695
Appropriation of endowment assets for expenditures	(153,897)	(159,245)	-	(313,142)
Endowment assets, December 31, 2011	<u>\$ 528,213</u>	<u>\$ 270,059</u>	<u>\$ 100,000</u>	<u>\$ 898,272</u>

Expenditures from the above Board designated endowment account are to be recommended and approved by the Board of Directors. The intention is to use these funds for non-budgeted capital expenditures and, in unusual circumstances, to finance an operating deficit.

Temporarily restricted assets are for branch expansion and major capital purchases for existing programs.

The investment policy on the Board designated endowment account is to reinvest earnings unless specifically voted on by the Board of Directors.

Endowment assets consist of restricted cash and cash equivalents and mutual funds.

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following at December 31,:

	<u>2011</u>	<u>2010</u>
Unconditional promises to give, current	\$ 75,673	\$ 136,873
Less: discounts to net present value	-	(2,534)
Less: allowance for uncollectible promises	<u>(19,850)</u>	<u>(19,850)</u>
Net unconditional promises to give	<u>\$ 55,823</u>	<u>\$ 114,489</u>

**NOTE 5 – PROPERTY, PLANT AND EQUIPMENT**

Net property, plant and equipment used in operations are a component of unrestricted net assets and consist of the following at December 31,:

	<u>2011</u>	<u>2010</u>	<u>Estimated Useful Lives</u>
Land	\$ 1,579,187	\$ 1,579,187	
Buildings and improvements	11,809,243	11,211,699	5-40 Years
Equipment, furniture and fixtures	290,215	611,585	5-10 Years
Transportation equipment	158,356	158,356	3 Years
Leasehold improvements	<u>132,890</u>	<u>113,146</u>	10 Years
Total fixed assets used in operations	13,969,891	13,673,973	
Less: accumulated depreciation	<u>(8,749,615)</u>	<u>(8,735,604)</u>	
Total fixed assets used in operations, net	<u>\$ 5,220,276</u>	<u>\$ 4,938,369</u>	

**NOTE 6 – DISCONTINUED OPERATIONS/ASSETS HELD FOR SALE**

During 2010, the board of directors of the Y approved a plan to sell the Great Hollow Wilderness property located in New Fairfield, Connecticut. Management of the Y has discontinued operations of the Great Hollow Wilderness property as of the end of the 2011 camp season. The property is being marketed by a real estate professional at a price that is reasonable in relation to its current fair value. Purchasers must comply with the stipulations made by the original donor that the land remains undeveloped. The Y intends to sell the property within a year in its present condition subject only to terms that are usual and customary for sales of such assets.

Revenues and expenses relating to discontinued operations are as follows for the years ended December 31,:

	<u>2011</u>	<u>2010</u>
Program revenues from Great Hollow	\$ 315,721	\$ 480,486
Other revenues from Great Hollow	-	117,600
Program expenses for Great Hollow	(339,088)	(466,292)
Administrative expenses for Great Hollow	<u>(52,069)</u>	<u>(47,160)</u>
Gain/(loss) from discontinued operations	<u>\$ (75,436)</u>	<u>\$ 84,634</u>

**NOTE 6 – DISCONTINUED OPERATIONS/ASSETS HELD FOR SALE- (CONTINUED)**

The Great Hollow Wilderness assets held for sale are as follows for the years ended December 31,:

	2011	2010
Land	\$ 789,855	\$ 789,855
Buildings and improvements	675,973	675,973
Total fixed assets held for sale	1,465,828	1,465,828
Less: accumulated depreciation	(581,692)	(581,692)
Total fixed assets held for sale, net	<u>\$ 884,136</u>	<u>\$ 884,136</u>

**NOTE 7 – LEASE COMMITMENTS**

Capital Lease Obligations - The Y leases certain equipment under capital leases. The obligations under the capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, at a discounted rate of 5%. The lease terms are through 2016. The leased property under capital leases as of December 31, 2011 and 2010, respectively, has a cost of \$148,048 and \$-0-, accumulated depreciation of \$9,870 and \$-0-, and a net book value of \$138,178 and \$-0-. Depreciation of the leased property is included in depreciation expense.

A summary of the future minimum lease payments for equipment required by the lease agreements, together with the present value of the net minimum lease payments is as follows:

2012	\$ 39,924
2013	39,924
2014	41,339
2015	13,848
2016	6,924
	<u>141,959</u>
Future minimum lease payments	141,959
Less amount representing interest	(12,670)
	<u>\$ 129,289</u>

Operating Leases - The Y leases various facilities, equipment and vehicles under non-cancelable operating leases expiring on various dates through 2027. The Y is committed to future minimum rent payments in the aggregate amounts as follows for the years ending December 31,:

2012	\$ 154,142
2013	103,776
2014	72,546
2015	58,128
2016	35,594
Thereafter	393,066
	<u>\$ 817,252</u>

Total operating lease expense under all lease arrangements was \$195,870 and \$197,144 for the years ended December 31, 2011 and 2010, respectively.

**NOTE 8 – MORTGAGES**

Mortgages consists of the following at December 31,:

	<u>2011</u>	<u>2010</u>
Union Savings Bank - Mortgage note, secured by first mortgage on 2 and 10 Huckleberry Hill Road. Monthly payments of \$8,149, includes principal and interest. Interest is fixed at 6.10%. Matures October, 2036.	\$ 1,249,236	\$ 1,270,119
Syndicate of Co-Lenders lead by Union Savings Bank - Second mortgage on 2 and 10 Huckleberry Hill Road secured by all assets of the Y. Total amount available is \$2,056,000. Interest rate is 6.10%. Monthly payments of principal and interest in the amount of \$9,584. The United States Department of Agriculture – Rural Development has guaranteed 90% of this loan. Matures June, 2046.	1,554,469	1,593,285
Union Savings Bank - Mortgage note, secured by third mortgage on 2 and 10 Huckleberry Hill Road. Monthly payments of \$894, includes principal and interest. Interest is fixed at 6.95%. Matures June, 2027.	-	141,054
Union Savings Bank - Mortgage note, secured by the third mortgage on 2 and 10 Huckleberry Hill Road, subordinate only to the Bank's existing first and second mortgage. Monthly payments of principal and interest in the amount of \$1,881. The interest rate is 5.00%. The United States Department of Agriculture has guaranteed 90% of this loan. The loan matures June 20, 2051.	388,674	-
Union Savings Bank - Mortgage note, secured by the fourth mortgage on 2 and 10 Huckleberry Hill Road, subordinate to all other noted mortgages. Monthly payments of principal and interest in the amount of \$1,016. The interest rate is 5.00%. The United States Department of Agriculture has guaranteed 90% of this loan. The loan matures June 20, 2051.	<u>210,050</u>	<u>-</u>
Total	3,402,429	3,004,458
Less: Current portion of mortgages	<u>(47,850)</u>	<u>(40,166)</u>
Mortgages, net of current portion	<u>\$ 3,354,579</u>	<u>\$ 2,964,292</u>

**NOTE 8 – MORTGAGES - (CONTINUED)**

Maturity of mortgages is as follows at December 31,:

2012	\$	47,850
2013		50,795
2014		53,922
2015		57,243
2016		60,768
Thereafter		3,131,851
Total	\$	<u>3,402,429</u>

**NOTE 9 – DEMAND NOTES PAYABLE - BANK**

Lines of credit consist of the following at December 31,:

	Interest Rate	2011	2010
Union Savings Bank	3.75%	\$ 237,606	\$ 208,379
Webster Bank	3.25%	166,000	172,000
Total		<u>\$ 403,606</u>	<u>\$ 380,379</u>

Payments of interest are made monthly; principal payments are made at the discretion of management.

The Union Savings Bank and Webster Bank lines of credit are both payable upon demand, and are both secured by all assets of the Y and have maximum available credit of \$240,000 and \$240,000, respectively.

**NOTE 10 – PROGRAM FEE INCOME**

Government grant income is funded to the Y in connection with the nursery school program. Nursery school program fee income is as follows for the years ended December 31,:

	2011	2010
Total nursery school income	\$ 1,051,870	\$ 1,058,727
State and local grants	<u>(534,378)</u>	<u>(535,360)</u>
Nursery school program fee income	<u>\$ 517,492</u>	<u>\$ 523,367</u>

**NOTE 11 – RETIREMENT PLAN**

The Y participates in a defined contribution 403(b) retirement plan which is administered by the Young Men's Christian Association Retirement Fund ("Retirement Fund"). This plan is for the benefit of all eligible professional and support staff of the Y who qualify under applicable participation requirements.

In accordance with the agreement of the Retirement Fund, contributions by employees and employer Y's are a percentage of the participating employee's salary and are to be remitted to the Retirement Fund biweekly. Total Y contributions charged to retirement costs in the years ended December 31, 2011 and 2010, aggregated \$100,706 and \$97,372 respectively.

## NOTE 12 – CONTINGENCIES

The Y has elected to self-insure against state unemployment claims. If any employee becomes entitled to unemployment compensation, the Y is obligated to pay for any benefits paid to such employees. Unemployment compensation costs paid for the years ended December 31, 2011 and 2010, were \$43,281 and \$71,439, respectively. As of December 31, 2011 and 2010, the Y estimates the contingent liability for unemployment compensation to be \$87,626 and \$17,221, respectively. This amount is included as part of accrued expenses on the accompanying Statements of Financial Position.

The Y is involved in claims related to its operations. In the opinion of management, liabilities, if any, arising from any claim will not have a material adverse effect on the Y's financial position, activities or cash flows after consideration of available insurance.

## NOTE 13 – RENTAL AND OTHER INCOME

The Y owns certain real property located at 283-289 Main Street, Danbury, CT, where it operates its "Escape to the Arts" program. A portion of the building is rented to unrelated parties. Rental income from unrelated parties was \$21,310 and \$25,320, for the years ended December 31, 2011 and 2010.

The YMCA additionally owns certain real property located at 2 and 10 Huckleberry Hill Road, Brookfield, CT, where it leases a portion of the properties for a cell phone tower to an unrelated party. Rental income for the years ended December 31, 2011 and 2010, from the unrelated parties was, \$29,986 and \$29,113, respectively. Income from cell phone towers is subject to unrelated business income tax.

Future minimum rental income by year and in the aggregate amounts are as follows for the years ending December 31,:

2012	\$	43,453
2013		<u>21,208</u>
Total	\$	<u>64,661</u>

Other income derived from logging for the years ended December 31, 2011 and 2010 totaled \$0- and \$117,600, respectively, and was included in discontinued operations.

## NOTE 14 – RELATED PARTIES

The Y engages in transactions with entities that have members on the Board of Directors. Amounts charged to expense were comparable to the fair market value of the goods received and services performed. Related party transactions for the years ended December 31, were as follows:

	<u>2011</u>	<u>2010</u>
Advertising services	\$ 19,505	\$ 27,460
Architectural services	-	15,085
Food vendor	<u>1,143</u>	<u>2,425</u>
Total related party transactions	<u>\$ 20,648</u>	<u>\$ 44,970</u>

As of December 31, 2011 and 2010, no amounts were owed to related parties for these transactions.