

**Young Women's Christian
Association of Gettysburg and
Adams County**

Financial Statements and
Supplementary Information

June 30, 2011 and 2010



Young Women's Christian Association of Gettysburg and Adams County

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June 30, 2011 and 2010

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Independent Auditors' Report

Board of Directors
Young Women's Christian Association
of Gettysburg and Adams County

We have audited the accompanying statement of financial position of Young Women's Christian Association of Gettysburg and Adams County (Association) as of June 30, 2011 and 2010, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 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 Young Women's Christian Association of Gettysburg and Adams County as of June 30, 2011 and 2010, and the changes in its net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

ParenteBeard LLC

York, Pennsylvania
November 28, 2011

Young Women's Christian Association of Gettysburg and Adams County

Statement of Financial Position

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets		
Cash	\$ 98,340	\$ 93,362
Accounts receivable	83,855	71,226
Promises to give	15,793	17,818
Prepaid expenses	<u>16,958</u>	<u>15,535</u>
Total current assets	214,946	197,941
Property and Equipment, Net	2,941,184	3,122,834
Investments	171,274	121,659
Beneficial Interest in Perpetual Trusts	<u>1,580,021</u>	<u>546,987</u>
Total assets	<u>\$ 4,907,425</u>	<u>\$ 3,989,421</u>

See notes to financial statements

Young Women's Christian Association of Gettysburg and Adams County

Statement of Financial Position

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 248,400	\$ 249,600
Current maturities of note payable	43,490	51,124
Current portion of obligations under capital leases	19,505	21,270
Accounts payable	81,739	72,102
Accrued payroll and vacation	86,677	75,203
Payroll taxes withheld and accrued	949	5,841
Accrued expenses	75,767	58,316
Deferred revenue	174,862	169,245
Accrued interest payable	1,285	1,285
	<u>732,674</u>	<u>703,986</u>
Total current liabilities	732,674	703,986
Obligations under Capital Leases	11,898	27,192
Note Payable	<u>1,359,948</u>	<u>1,403,253</u>
	<u>2,104,520</u>	<u>2,134,431</u>
Total liabilities	2,104,520	2,134,431
Net Assets		
Unrestricted	<u>1,007,226</u>	<u>1,144,463</u>
Temporarily restricted	44,384	41,881
Permanently restricted	<u>1,751,295</u>	<u>668,646</u>
	<u>1,795,679</u>	<u>710,527</u>
Total restricted	1,795,679	710,527
Total net assets	<u>2,802,905</u>	<u>1,854,990</u>
Total liabilities and net assets	<u>\$ 4,907,425</u>	<u>\$ 3,989,421</u>

See notes to financial statements

Young Women's Christian Association of Gettysburg and Adams County

Statement of Activities

Years Ended June 30, 2011 and 2010

	2011			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support				
Contributions	\$ 40,746	\$ 42,684	\$ 941,460	\$ 1,024,890
Grants	69,608	-	-	69,608
Fundraising	46,065	-	-	46,065
Trust	43,523	-	-	43,523
In-kind contributions	25,522	-	-	25,522
United Way	5,457	-	-	5,457
Net assets released from restrictions	40,181	(40,181)	-	-
Total support	<u>271,102</u>	<u>2,503</u>	<u>941,460</u>	<u>1,215,065</u>
Revenue				
Child care	1,414,721	-	-	1,414,721
Rec passes	528,571	-	-	528,571
Road Scholar	252,046	-	-	252,046
Health promotion	159,559	-	-	159,559
Membership dues	96,245	-	-	96,245
Miscellaneous income	64,390	-	-	64,390
Aquatic programs	57,364	-	-	57,364
Community service	38,048	-	-	38,048
Rental income	30,858	-	-	30,858
Gettysburg swim and tennis	26,863	-	-	26,863
Interest and dividends	188	-	3,397	3,585
Gain on sale of investments	-	-	847	847
Loss on disposal of property and equipment	(27,357)	-	-	(27,357)
Total revenue	<u>2,641,496</u>	<u>-</u>	<u>4,244</u>	<u>2,645,740</u>
Total support and revenue	<u>2,912,598</u>	<u>2,503</u>	<u>945,704</u>	<u>3,860,805</u>
Expenses				
Program services	2,552,333	-	-	2,552,333
Supporting services:				
Management and general	444,531	-	-	444,531
Fundraising	52,971	-	-	52,971
Total expenses	<u>3,049,835</u>	<u>-</u>	<u>-</u>	<u>3,049,835</u>
Excess (deficiency) of support and revenue over expenses	(137,237)	2,503	945,704	810,970
Unrealized Holding Gains on Investments				
	-	-	13,633	13,633
Change in Value of Perpetual Trusts				
	-	-	123,312	123,312
Changes in net assets	<u>\$ (137,237)</u>	<u>\$ 2,503</u>	<u>\$ 1,082,649</u>	<u>\$ 947,915</u>

See notes to financial statements

Young Women's Christian Association of Gettysburg and Adams County

Statement of Activities

Years Ended June 30, 2011 and 2010

	2010			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support				
Contributions	\$ 50,265	\$ 37,620	\$ 4,472	\$ 92,357
Grants	65,978	-	-	65,978
Fundraising	44,495	-	-	44,495
Trust	28,403	-	-	28,403
In-kind contributions	17,732	-	-	17,732
United Way	400	-	-	400
Net assets released from restrictions	90,747	(90,747)	-	-
Total support	<u>298,020</u>	<u>(53,127)</u>	<u>4,472</u>	<u>249,365</u>
Revenue				
Child care	1,423,246	-	-	1,423,246
Rec passes	487,339	-	-	487,339
Road Scholar	254,973	-	-	254,973
Health promotion	175,597	-	-	175,597
Membership dues	108,925	-	-	108,925
Miscellaneous income	23,531	-	-	23,531
Aquatic programs	57,913	-	-	57,913
Community service	35,336	-	-	35,336
Rental income	35,698	-	-	35,698
Gettysburg swim and tennis	5,431	-	-	5,431
Interest and dividends	349	-	2,956	3,305
Gain on sale of investments	-	-	7,228	7,228
Loss on disposal of property and equipment	(20,483)	-	-	(20,483)
Total revenue	<u>2,587,855</u>	<u>-</u>	<u>10,184</u>	<u>2,598,039</u>
Total support and revenue	<u>2,885,875</u>	<u>(53,127)</u>	<u>14,656</u>	<u>2,847,404</u>
Expenses				
Program services	2,467,697	-	-	2,467,697
Supporting services:				
Management and general	446,085	-	-	446,085
Fundraising	56,269	-	-	56,269
Total expenses	<u>2,970,051</u>	<u>-</u>	<u>-</u>	<u>2,970,051</u>
Excess (deficiency) of support and revenue over expenses	(84,176)	(53,127)	14,656	(122,647)
Unrealized Holding Gains on Investments				
	-	-	4,825	4,825
Change in Value of Perpetual Trusts				
	-	-	31,358	31,358
Changes in net assets	<u>\$ (84,176)</u>	<u>\$ (53,127)</u>	<u>\$ 50,839</u>	<u>\$ (86,464)</u>

See notes to financial statements

Young Women's Christian Association of Gettysburg and Adams County

Statement of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net Assets, June 30, 2009	\$ 1,228,639	\$ 95,008	\$ 617,807	\$ 1,941,454
Changes in net assets	<u>(84,176)</u>	<u>(53,127)</u>	<u>50,839</u>	<u>(86,464)</u>
Net Assets, June 30, 2010	1,144,463	41,881	668,646	1,854,990
Changes in net assets	<u>(137,237)</u>	<u>2,503</u>	<u>1,082,649</u>	<u>947,915</u>
Net Assets, June 30, 2011	<u>\$ 1,007,226</u>	<u>\$ 44,384</u>	<u>\$ 1,751,295</u>	<u>\$ 2,802,905</u>

See notes to financial statements

Young Women's Christian Association of Gettysburg and Adams County

Statement of Cash Flows

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 947,915	\$ (86,464)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	221,768	215,865
Loss on disposal of property and equipment	27,357	20,483
Gain on sale of investments	(847)	(7,228)
Unrealized holding gains on investments	(13,633)	(4,825)
Change in value of perpetual trusts	(123,312)	(31,358)
Restricted contributions - endowment	(941,460)	(4,472)
Restricted contributions - capital	(4,000)	-
Contributed property and equipment	(3,000)	-
(Increase) decrease in assets:		
Accounts receivable	(12,629)	(5,232)
Promises to give	4,025	18,818
Prepaid expenses	(1,423)	5,376
Increase (decrease) in liabilities:		
Accounts payable	9,637	(9,109)
Accrued payroll and vacation	11,474	3,921
Payroll taxes withheld and accrued	(4,892)	3,837
Accrued expenses	17,451	25,999
Deferred revenue	5,617	(18,153)
	<u>140,048</u>	<u>127,458</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Capital expenditures	(59,461)	(50,991)
Purchase of investments	(37,474)	(37,916)
Proceeds from sale of investments	2,339	30,488
	<u>(94,596)</u>	<u>(58,419)</u>
Net cash used in investing activities		

See notes to financial statements

Young Women's Christian Association of Gettysburg and Adams County

Statement of Cash Flows

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Financing Activities		
Net change in line of credit	\$ (1,200)	\$ (400)
Restricted contributions - endowment	31,738	4,472
Restricted contributions - capital	2,000	31,000
Principal repayments of notes payable	(50,939)	(48,919)
Principal repayments of obligations under capital leases	<u>(22,073)</u>	<u>(23,113)</u>
Net cash used in financing activities	<u>(40,474)</u>	<u>(36,960)</u>
Net increase in cash	4,978	32,079
Cash, Beginning	<u>93,362</u>	<u>61,283</u>
Cash, Ending	<u><u>\$ 98,340</u></u>	<u><u>\$ 93,362</u></u>
Supplementary Cash Flows Information		
Interest paid	<u><u>\$ 85,446</u></u>	<u><u>\$ 87,923</u></u>

Supplementary Schedule of Noncash Investing and Financing Activities

In 2011:

The Association acquired \$5,014 of capital expenditures under capital lease.

In 2010:

The Association acquired \$40,555 of capital expenditures under capital lease.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

1. Nature of Operations

The Young Women's Christian Association of Gettysburg and Adams County (a Pennsylvania non-profit corporation) (Association) is a community membership organization founded by women. The Association's mission is to serve people of all ages, races, religions, and economic levels, and to provide opportunities for physical, spiritual, and emotional well-being, to address changing needs and improve quality of life, and to foster understanding among all peoples.

The Young Women's Christian Association of the United States of America is a women's membership movement nourished by its roots in the Christian faith and sustained by the richness of many beliefs and values. Strengthened by diversity, the Association draws together members who strive to create opportunities for growth, leadership, and power in order to attain a common vision: peace, justice, freedom, and dignity for all people. One Imperative - To thrust its collective power toward the elimination of racism wherever it exists and by any means necessary.

The Association's primary sources of support and revenue are program fees, grants, and contributions.

2. Estimates and Summary of Significant Accounting Policies

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, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Accounts Receivable

Accounts receivable are stated at outstanding balances. The Association considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to expense when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Promises to Give

Promises to give are stated at outstanding balances. Promises to give are recognized when the Association is notified of the promises. The Association considers promises to give to be fully collectible. If collections become doubtful, an allowance for uncollectible promises to give will be established, or the accounts will be charged to expense when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received. Promises to give that are receivable in more than one year from the statement of financial position date are recorded at present value, if the related discount is considered significant.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

Property and Equipment

Property and equipment are stated at cost if purchased, and at the estimated fair market value when contributed. Property and equipment is depreciated using the straight-line method over the estimated average useful lives of the assets as follows: buildings and improvements, pool renovations, and fitness center, fifteen to forty years; and furniture and equipment, three to ten years.

Maintenance, repairs, and minor renewals which do not significantly improve or extend the lives of the respective assets are charged against revenue when incurred. Additions, improvements, and major renewals are capitalized.

The Association's policy is to capitalize property and equipment expenditures of \$1,000 or more.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value. Unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or by law.

Beneficial Interest in Perpetual Trusts

Beneficial interest in perpetual trusts is reported at fair value, as determined by the Association's beneficiary interest percentage in the trusts. The change in the fair value is reported as increases or decreases in permanently restricted net assets.

Net Assets

Net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Association.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Association reports the support as unrestricted.

Grant revenue deemed to be a contribution is classified as temporarily restricted when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions, since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

The Association also receives grant revenue which is deemed to be in respect of exchange transactions and is classified as unrestricted revenue or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Functional Expense Classification

The cost of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of management and general expenses and fundraising expenses.

Advertising Costs

The Association expenses advertising costs as incurred. Advertising expense amounted to \$5,234 and \$3,900 for the years ended June 30, 2011 and 2010, respectively.

Subsequent Events

The Association has evaluated subsequent events through November 28, 2011, which is the date the financial statements were available to be issued.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

3. Tax-Exempt Status

The Association is a not-for-profit entity described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. In addition, they were organized under the Pennsylvania Nonprofit Corporation Law and are exempt from state income taxes.

The Association follows the provisions of the accounting standard on accounting for uncertainty in income taxes, and evaluated its tax positions. The standard has no effect on the Association's financial statements.

The Association's federal exempt organization business income tax returns for the years ended June 30, 2010, 2009, and 2008 remain subject to examination by the Internal Revenue Service.

4. Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following valuation techniques were used to measure fair value of assets in the table below on a recurring basis:

Investments in cash and cash equivalents, equity securities, and debt securities - The carrying amounts of cash and cash equivalents approximate fair value because of the short-term nature of those investments. Fair value of equity and debt securities was based on quoted market prices for the identical security.

Beneficial interest in perpetual trusts - The beneficial interest in perpetual trusts are valued at fair value based on the Association's interest in the fair values of the underlying assets, which approximate the present value of estimated cash flows to be received from the trusts. The present value measure is utilized as the underlying assets of each individual trust are not in control of the Association.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements
June 30, 2011 and 2010

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used as of June 30, 2011 are as follows:

Description	2011			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 12,080	\$ 12,080	\$ -	\$ -
Mutual funds:				
Fixed income	53,181	53,181	-	-
Domestic equities	34,821	34,821	-	-
International equities	24,293	24,293	-	-
Corporate bonds	40,000	40,000	-	-
Stocks:				
Financial	6,899	6,899	-	-
Total investments	<u>\$ 171,274</u>	<u>\$ 171,274</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in perpetual trusts	<u>\$ 1,580,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,580,021</u>

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used as of June 30, 2010 are as follows:

Description	2010			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 9,097	\$ 9,097	\$ -	\$ -
Mutual funds:				
Fixed income	52,386	52,386	-	-
Domestic equities	25,115	25,115	-	-
International equities	18,969	18,969	-	-
Corporate bonds	9,932	9,932	-	-
Stocks:				
Financial	6,160	6,160	-	-
Total investments	<u>\$ 121,659</u>	<u>\$ 121,659</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in perpetual trusts	<u>\$ 546,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 546,987</u>

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements
June 30, 2011 and 2010

For assets falling within level 3 in the fair value hierarchy, the activity recognized during the years ended June 30, 2011 and 2010 is as follows:

	Beneficial Interest in Perpetual Trusts
Balance, June 30, 2009	\$ 515,629
Unrealized gain	<u>31,358</u>
Balance, June 30, 2010	546,987
Contributions	909,722
Unrealized gain	<u>123,312</u>
Balance, June 30, 2011	<u>\$ 1,580,021</u>

The unrealized gain for beneficial interest in perpetual trusts, classified as Level 3, is included as change in value of perpetual trusts in the statement of activities.

5. In-Kind Contributions

Contributed assets, including contributed equipment and materials, are reported in the accompanying financial statements at their fair market value as of the date the assets were received.

A substantial number of individual volunteers and businesses have donated significant amounts of time to the Association's program services and fund-raising campaigns. No amounts have been reflected in the accompanying financial statements for donated services since these services do not meet the criteria for recognition as contributed services.

During the years ended June 30, 2011 and 2010, the Association received in-kind contributions of \$25,522 and \$17,732, respectively.

6. Cash

Cash consists of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Checking accounts	<u>\$ 98,340</u>	<u>\$ 93,362</u>

At times during the years ended June 30, 2011 and 2010, the Association's cash balances may have exceeded the federally insured limit of \$250,000. As of June 30, 2011 and 2010, the Association had no balances in excess of the federally insured limits.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

7. Promises to Give

Promises to give consist of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Sponsorships	\$ 9,533	\$ 8,958
Miscellaneous	4,260	3,860
Equipment	2,000	-
Scholarships	-	5,000
	<u>\$ 15,793</u>	<u>\$ 17,818</u>

The balance of promises to give as of June 30, 2011 and 2010 is considered current.

8. Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Buildings and improvements	\$ 4,815,969	\$ 4,869,129
Furniture and equipment	533,321	530,604
Pool renovations	473,435	461,659
	5,822,725	5,861,392
Accumulated depreciation and amortization	<u>(2,881,541)</u>	<u>(2,738,558)</u>
	<u>\$ 2,941,184</u>	<u>\$ 3,122,834</u>

Depreciation and amortization expense amounted to \$221,768 and \$215,865 for the years ended June 30, 2011 and 2010, respectively.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

Investments held as of June 30, 2011 and 2010, are comprised of investments in cash and cash equivalents and debt and equity securities. The Association has recorded total unrealized holding losses on one and three of these securities as of June 30, 2011 and 2010, respectively. Management believes that holding losses recorded on these investments are not a permanent impairment, but rather a temporary market decline. The following table shows the investments gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of June 30:

	2011					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual funds, temporarily impaired Fixed income	\$ 7,425	\$ (48)	\$ -	\$ -	\$ 7,425	\$ (48)
	2010					
Mutual funds, temporarily impaired International equity	\$ 6,341	\$ (1,159)	\$ -	\$ -	\$ 6,341	\$ (1,159)
Stocks, temporarily impaired Financial	-	-	6,160	(228)	6,160	(228)
Corporate bonds, temporarily impaired	4,932	(68)	-	-	4,932	(68)
	<u>\$ 11,273</u>	<u>\$ (1,227)</u>	<u>\$ 6,160</u>	<u>\$ (228)</u>	<u>17,433</u>	<u>\$ (1,455)</u>

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

10. Endowment

The Association's endowments consist of several funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. 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.

Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts 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 the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted or temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, the Association considers the following factors in making a determination to accumulate or appropriate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

The following schedule represents the endowment net asset composition by type of endowment fund as of June 30:

	<u>2011</u>	<u>2010</u>
Permanently restricted - donor restricted endowment funds:		
General purpose	\$ 167,262	\$ 117,647
Scholarship program	<u>4,012</u>	<u>4,012</u>
	<u>\$ 171,274</u>	<u>\$ 121,659</u>

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

The following schedule represents the changes in endowment net assets for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Endowment net assets, beginning of year	\$ 121,659	\$ 102,178
Investment return:		
Interest and dividends	3,397	2,956
Net gains - realized and unrealized	14,480	12,053
Contributions	33,230	5,758
Fees	<u>(1,492)</u>	<u>(1,286)</u>
Endowment net assets, end of year	<u>\$ 171,274</u>	<u>\$ 121,659</u>

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results and allow the Association to fund the appropriate programs while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

The Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The general spending policy of the Endowment Funds is based on a total return policy in which capital gains, interest and dividends are reinvested in the Endowment. The Spending Rate shall be based upon the moving average of the fair market values reported for previous years. A not-to-exceed spending rate of 5% is recommended and approved by the Board of Directors. Each year, the Finance Committee will recommend to the Board of Directors the spending rate considering the size, growth, and performance (past and projected) of the Endowment Funds and the needs of the operating budget. For the years ended June 30, 2011 and 2010, the Board of Directors accepted the recommendation of the Finance Committee for a 0% spending policy for the Endowment funds.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

11. Beneficial Interest in Perpetual Trusts

The Association is named as a beneficiary under several perpetual trusts. The Association's beneficiary interest allocation ranges from 12.50% to 16.67% as of both June 30, 2011 and 2010.

The cost, gross unrealized gains and losses, and fair value of investments consist of the following as of June 30:

	2011			Fair Value
	Cost	Gross Unrealized		
		Gains	Losses	
Beneficial interest in perpetual trusts	<u>\$ 1,382,901</u>	<u>\$ 197,120</u>	<u>\$ -</u>	<u>\$ 1,580,021</u>
	2010			
Beneficial interest in perpetual trusts	<u>\$ 551,820</u>	<u>\$ 8,458</u>	<u>\$ (13,291)</u>	<u>\$ 546,987</u>

During the year ended June 30, 2011, one of the perpetual trusts in which the Association has a beneficial interest, increased significantly due to contributions of approximately \$5.5 million made on behalf of the grantor's estate. The Association's beneficiary interest in that trust is 16.67%, which amounted to an additional contribution to the Association of \$909,722.

12. Line of Credit

The Association has a \$250,000 line of credit from PNC Bank (refer to Note 20). Interest is payable monthly at the bank's prime rate, plus 1%, which was 4.25% for each of the years ended June 30, 2011 and 2010. The outstanding balance on the line of credit is due on demand and is collateralized by a second mortgage.

As of June 30, 2011 and 2010, the outstanding balance on this line of credit amounted to \$248,400 and \$249,600, respectively.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements
June 30, 2011 and 2010

13. Note Payable

Note payable consists of the following as of June 30:

	<u>2011</u>	<u>2010</u>
PNC Bank; \$1,550,000 commercial mortgage dated February 5, 2007; interest fixed at 5% for the first sixty months, thereafter, interest at a published prime rate; interest only payments for first twelve months, then paid in two hundred forty consecutive monthly payments of principal and interest; original maturity date of June 28, 2028; refinanced through issuance of Revenue Bond after June 30, 2011 (Refer to Note 20)	\$ 1,403,438	\$ 1,454,377
Current maturities	<u>(43,490)</u>	<u>(51,124)</u>
	<u>\$ 1,359,948</u>	<u>\$ 1,403,253</u>

Aggregate maturities of the note payable, based on the revised terms of the subsequent transactions (Refer to Note 20), and assuming no change in these terms, consist of the following for each of the five years ending June 30, 2016, and thereafter:

2012	\$ 43,490
2013	48,107
2014	49,943
2015	51,848
2016	53,826
Thereafter	<u>1,156,224</u>
	<u>\$ 1,403,438</u>

Total interest expense consists of the following for the years ended June 30:

	<u>2011</u>	<u>2010</u>
Notes payable	\$ 72,920	\$ 74,396
Line of credit (refer to Note 12)	10,583	11,488
Obligations under capital lease (refer to Note 14)	<u>1,943</u>	<u>2,039</u>
	<u>\$ 85,446</u>	<u>\$ 87,923</u>

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements

June 30, 2011 and 2010

14. Obligations under Capital Leases

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments consist of the following for the remaining three years ending June 30:

2012	\$ 20,539
2013	11,229
2014	<u>881</u>
	32,649
Amount representing interest	<u>(1,246)</u>
	<u>\$ 31,403</u>
Current portion	\$ 19,505
Noncurrent portion	<u>11,898</u>
	<u>\$ 31,403</u>

The items under lease are computer software and equipment. Interest rates on capital lease obligations range from 3.25% to 7.50%.

The net book value of equipment under capital lease obligations consists of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Equipment under capital lease, at cost	\$ 64,032	\$ 82,172
Accumulated amortization	<u>(17,189)</u>	<u>(12,395)</u>
	<u>\$ 46,843</u>	<u>\$ 69,777</u>
Amortization expense	<u>\$ 12,858</u>	<u>\$ 10,556</u>

Amortization expense above is included in the depreciation and amortization expense listed in Note 8.

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements
June 30, 2011 and 2010

15. Deferred Revenue

Deferred revenue consists of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Recreation passes	\$ 128,808	\$ 141,144
Special programs	37,082	18,968
Program income	8,972	9,133
	<u>\$ 174,862</u>	<u>\$ 169,245</u>

The above items of deferred income will be recognized as income when the expenditures for such designated purposes are incurred and/or are allocated over the respective terms of service, all of which are expected to occur during the next fiscal year.

16. Commitments

The Association currently holds a multi-year lease for the rental of facilities for a child daycare. The lease payments began in July, 2007 and will continue through July, 2022 with varying rent per year.

The Association currently holds operating leases for office equipment. The Association also holds a year to year lease for use of classroom space. Rent expense related to the leases amounted to \$157,223 and \$157,643 for the years ended June 30, 2011 and 2010, respectively. As of June 30, 2011 and 2010, accrued expenses on the statement of financial position includes \$71,490 and \$53,237, respectively, of accrued rent expense related to the straight-line recognition of the multi-year lease commitments.

Assuming no change in current terms, future minimum lease payments under operating leases, consist of the following for the five years ending June 30, 2016, and thereafter:

2012	\$ 132,727
2013	150,143
2014	149,708
2015	148,699
2016	148,699
Thereafter	<u>988,384</u>
	<u>\$ 1,718,360</u>

Young Women's Christian Association of Gettysburg and Adams County

Notes to Financial Statements
June 30, 2011 and 2010

17. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Pre K Program	\$ 12,047	\$ 13,748
Other	10,724	6,761
Scholarship program	10,080	12,414
Corporate sponsorships	9,533	8,958
Equipment	2,000	-
	<u>\$ 44,384</u>	<u>\$ 41,881</u>

18. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following as of June 30:

	<u>2011</u>	<u>2010</u>
Beneficial interest in perpetual trusts	\$ 1,580,021	\$ 546,987
General purpose endowment	167,262	117,647
Scholarship program endowment	4,012	4,012
	<u>\$ 1,751,295</u>	<u>\$ 668,646</u>

19. Retirement Plan

The Association sponsors a defined contribution retirement plan for qualified employees. The pension plan expense charged against operations amounted to \$47,537 and \$44,168 for the years ended June 30, 2011 and 2010, respectively. Contributions to the retirement plan are based on compensation.

20. Subsequent Event

On August 31, 2011, the Association entered into an agreement with Susquehanna Bank to refinance outstanding note payable of \$1,550,000 (refer to Note 13) and outstanding line of credit balance of \$248,400 (refer to Note 12) through the issuance of \$1,900,000 of a variable rate tax-exempt Revenue Bond. The bond requires monthly principal and interest payments based on a floating rate of interest equal to the Prime Rate, with a floor rate of 4.00%. The maturity date of the bond is September 1, 2021.

On August 31, 2011, the Association also entered into a \$50,000 line of credit agreement with Susquehanna Bank. Interest is payable monthly at the bank's prime rate plus 0.50%, with a floor rate of 4.50%.

Independent Auditors' Report on Supplementary Information

Board of Directors
Young Women's Christian Association
of Gettysburg and Adams County

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary information accompanying the financial statements is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion on such information.

ParenteBeard LLC

York, Pennsylvania
November 28, 2011

Young Women's Christian Association of Gettysburg and Adams County

Statement of Functional Expenses - by Natural Classification

Years Ended June 30, 2011 and 2010

(See Independent Auditors' Report on Supplementary Information)

	2011			
	Program and Related Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries and wages	\$ 1,186,742	\$ 272,381	\$ 4,015	\$ 1,463,138
Program expense	232,048	941	258	233,247
Employee benefits	158,352	25,533	-	183,885
Utilities	160,570	20,090	-	180,660
Rent	157,223	-	-	157,223
Payroll taxes	87,559	19,732	294	107,585
Interest	74,927	10,519	-	85,446
Food and consumables	84,842	-	-	84,842
Repairs and maintenance	56,541	10,762	-	67,303
Fundraising events	5,985	175	46,208	52,368
Insurance	38,178	7,182	-	45,360
Professional fees and services	13,438	18,031	-	31,469
Fees and licenses	22,349	6,915	100	29,364
Printing	25,984	(773)	823	26,034
Dues and subscriptions	17,515	3,877	-	21,392
Supplies	17,194	1,274	46	18,514
Postage	11,268	1,059	618	12,945
Telephone	7,771	2,054	-	9,825
Miscellaneous	5,064	1,928	-	6,992
Advertising	3,708	1,526	-	5,234
Education	4,361	128	-	4,489
Travel	840	(142)	-	698
Board expense	-	54	-	54
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	2,372,459	403,246	52,362	2,828,067
Depreciation and amortization	179,874	41,285	609	221,768
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,552,333	\$ 444,531	\$ 52,971	\$ 3,049,835

Young Women's Christian Association of Gettysburg and Adams County

Statement of Functional Expenses - by Natural Classification

Years Ended June 30, 2011 and 2010

(See Independent Auditors' Report on Supplementary Information)

	2010			
	Program and Related Services	Supporting Services		Totals
		Management and General	Fundraising	
Salaries and wages	\$ 1,117,335	\$ 248,361	\$ 6,370	\$ 1,372,066
Program expense	240,409	231	-	240,640
Employee benefits	135,527	23,441	-	158,968
Utilities	133,680	40,521	97	174,298
Rent	157,643	-	-	157,643
Payroll taxes	83,793	17,312	460	101,565
Interest	77,232	10,691	-	87,923
Food and consumables	122,692	-	-	122,692
Repairs and maintenance	45,434	9,489	-	54,923
Fundraising events	8,803	11	46,161	54,975
Insurance	36,705	8,681	-	45,386
Professional fees and services	19,144	19,379	-	38,523
Fees and licenses	20,013	5,643	105	25,761
Printing	25,397	1,276	42	26,715
Dues and subscriptions	17,766	4,018	-	21,784
Supplies	14,425	883	191	15,499
Postage	11,503	967	1,051	13,521
Telephone	8,514	2,036	-	10,550
Miscellaneous	9,662	12,294	720	22,676
Advertising	3,582	248	70	3,900
Education	517	900	-	1,417
Travel	2,132	161	-	2,293
Board expense	-	(32)	-	(32)
Bad debts	-	500	-	500
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation and amortization	2,291,908	407,011	55,267	2,754,186
Depreciation and amortization	175,789	39,074	1,002	215,865
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 2,467,697</u>	<u>\$ 446,085</u>	<u>\$ 56,269</u>	<u>\$ 2,970,051</u>

Young Women's Christian Association of Gettysburg and Adams County

Statement of Program Services Expenses - by Natural Classification - by Program

Years Ended June 30, 2011 and 2010

(See Independent Auditors' Report on Supplementary Information)

	2011								
	Child Care	Membership	Road Scholar	Aquatics	Health Promotion	Hallmark and Mission	Sponsorship	Gettysburg Swim and Tennis	Totals
Salaries and wages	\$ 763,743	\$ 95,146	\$ 28,289	\$ 96,166	\$ 167,751	\$ 12,233	\$ 8,167	\$ 15,247	\$ 1,186,742
Program expense	32,615	114	175,300	5,387	6,471	6,990	5,128	43	232,048
Employee benefits	134,641	9,733	1,512	5,261	6,514	121	570	-	158,352
Utilities	42,269	9,776	1,447	45,655	57,125	808	3,490	-	160,570
Rent	157,223	-	-	-	-	-	-	-	157,223
Payroll taxes	56,178	6,987	2,174	6,860	12,702	921	574	1,163	87,559
Interest	42,371	3,162	1,062	12,337	15,240	504	251	-	74,927
Food and consumables	84,767	-	-	-	-	75	-	-	84,842
Repairs and maintenance	19,311	2,917	936	16,603	15,308	466	949	51	56,541
Fundraising events	-	-	-	219	-	4,427	1,339	-	5,985
Insurance	24,991	2,674	920	3,350	5,688	370	185	-	38,178
Professional fees and services	8,750	924	475	1,159	1,911	146	73	-	13,438
Fees and licenses	14,634	1,514	505	1,971	3,214	391	120	-	22,349
Printing	1,278	24,464	52	49	63	64	14	-	25,984
Dues and subscriptions	11,406	1,205	402	1,732	2,483	192	95	-	17,515
Supplies	4,876	2,016	169	2,427	5,935	1,747	24	-	17,194
Postage	1,190	9,556	39	160	282	32	9	-	11,268
Telephone	4,980	531	361	669	1,101	86	43	-	7,771
Miscellaneous	1,297	7	49	3,401	316	(63)	57	-	5,064
Advertising	2,392	342	35	132	347	371	89	-	3,708
Education	4,252	48	-	-	30	-	31	-	4,361
Travel	156	-	-	598	7	79	-	-	840
	<u>\$ 1,413,320</u>	<u>\$ 171,116</u>	<u>\$ 213,727</u>	<u>\$ 204,136</u>	<u>\$ 302,488</u>	<u>\$ 29,960</u>	<u>\$ 21,208</u>	<u>\$ 16,504</u>	<u>\$ 2,372,459</u>

Young Women's Christian Association of Gettysburg and Adams County

Statement of Program Services Expenses - by Natural Classification - by Program

Years Ended June 30, 2011 and 2010

(See Independent Auditors' Report on Supplementary Information)

	2010								
	Child Care	Membership	Road Scholar	Aquatics	Health Promotion	Hallmark and Mission	Sponsorship	Gettysburg Swim and Tennis	Totals
Salaries and wages	\$ 713,789	\$ 82,362	\$ 28,600	\$ 91,894	\$ 175,633	\$ 16,519	\$ 5,003	\$ 3,535	\$ 1,117,335
Program expense	45,725	82	161,744	4,520	10,471	2,955	14,809	103	240,409
Employee benefits	106,988	8,821	868	10,460	8,172	-	218	-	135,527
Utilities	66,905	12,736	5,227	15,648	33,164	-	-	-	133,680
Rent	157,643	-	-	-	-	-	-	-	157,643
Payroll taxes	53,431	6,120	2,149	6,769	13,463	1,261	333	267	83,793
Interest	41,620	3,358	1,379	13,212	17,663	-	-	-	77,232
Food and consumables	122,570	-	37	51	-	34	-	-	122,692
Repairs and maintenance	13,171	2,184	1,059	14,839	14,016	-	-	165	45,434
Fundraising events	100	704	-	525	251	5,309	1,914	-	8,803
Insurance	23,287	2,618	1,114	3,221	6,465	-	-	-	36,705
Professional fees and services	11,345	1,301	537	2,628	3,333	-	-	-	19,144
Fees and licenses	12,461	1,417	582	1,852	3,651	50	-	-	20,013
Printing	1,462	23,477	114	113	193	25	13	-	25,397
Dues and subscriptions	10,803	1,250	519	1,939	3,255	-	-	-	17,766
Supplies	5,941	2,724	166	4,608	710	276	-	-	14,425
Postage	1,304	9,078	74	279	423	270	75	-	11,503
Telephone	4,930	584	762	733	1,505	-	-	-	8,514
Miscellaneous	1,809	148	648	1,866	520	4,671	-	-	9,662
Advertising	794	1,059	21	65	554	694	395	-	3,582
Education	67	50	-	-	25	350	25	-	517
Travel	151	-	10	1,971	-	-	-	-	2,132
	<u>\$ 1,396,296</u>	<u>\$ 160,073</u>	<u>\$ 205,610</u>	<u>\$ 177,193</u>	<u>\$ 293,467</u>	<u>\$ 32,414</u>	<u>\$ 22,785</u>	<u>\$ 4,070</u>	<u>\$ 2,291,908</u>