



TRAVIS JEFFRIES, PA
CERTIFIED PUBLIC ACCOUNTANTS

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA
FINANCIAL STATEMENTS
December 31, 2009 and 2008**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	3
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to Financial Statements	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Young Men's Christian Association
of Boise, Idaho, Inc.
dba Treasure Valley Family YMCA
Boise, Idaho

We have audited the accompanying statements of financial position of Young Men's Christian Association of Boise, Idaho, Inc., dba Treasure Valley Family YMCA (an Idaho nonprofit corporation) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, 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 audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit provides 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 Men's Christian Association of Boise, Idaho, Inc., dba Treasure Valley Family YMCA, as of December 31, 2009 and 2008, 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.

Travis Jeffries, P.A.

Boise, Idaho
February 25, 2010

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,505,343	\$ 1,109,647
Accounts receivable	321,565	332,279
Unconditional promises to give, current portion	2,524,001	2,786,322
Prepaid expenses	72,070	91,043
	<hr/>	<hr/>
Total Current Assets	4,422,979	4,319,291
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, net of depreciation	41,330,450	37,987,506
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OTHER ASSETS		
Restricted cash	7,214,150	3,875,059
Long-term investments	87,000	87,000
Long-term unconditional promises to give, net of current portion	6,120,294	6,499,273
Beneficial Interest in agency endowment fund assets held by Idaho Community Foundation (ICF)	1,422,850	1,172,834
	<hr/>	<hr/>
Total Other Assets	14,844,294	11,634,166
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Total Assets	\$ 60,597,723	\$ 53,940,963
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,197,684	\$ 1,819,808
Custodial funds	44,398	40,683
Deferred revenue	367,715	343,676
Current portion of capital leases payable	158,852	221,164
Current portion of long-term debt	2,871,550	1,405,797
	<hr/>	<hr/>
Total Current Liabilities	5,640,199	3,831,128
	<hr/>	<hr/>
CAPITAL LEASES, net of current portion	294,834	453,706
	<hr/>	<hr/>
LONG-TERM DEBT, net of current portion	9,268,836	6,950,383
	<hr/>	<hr/>
DEFERRED LIABILITIES	84,000	78,000
	<hr/>	<hr/>
Total Liabilities	15,287,869	11,313,217
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NET ASSETS		
Unrestricted	39,651,535	34,921,750
Temporarily restricted	4,201,938	6,285,455
Permanently restricted	1,456,381	1,420,541
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Total Net Assets	45,309,854	42,627,746
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 60,597,723	\$ 53,940,963
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See notes to financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2009 and 2008

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS								
Support & Revenue	\$ 5,543,048	\$ -	\$ -	\$ 5,543,048	\$ 5,893,671	\$ -	\$ -	\$ 5,893,671
Program fees	8,402,405	-	-	8,402,405	8,727,431	-	-	8,727,431
Membership fees	1,811,676	2,651,398	35,840	4,498,914	3,245,414	2,082,905	45,367	5,373,686
Contributions	221,097	-	-	221,097	219,464	-	-	219,464
United Way	12,746	850	-	13,596	126,091	850	-	126,941
Investment income								
Unrealized gain (loss) on endowment investment	121,345	176,134	-	297,479	(50,155)	(1,326,409)	-	(1,376,564)
Loss on sale of assets	(110,992)	-	-	(110,992)	(55,979)	-	-	(55,979)
Other	680,816	-	-	680,816	654,122	-	-	654,122
Net assets released from restrictions satisfied by payments	4,829,519	(4,829,519)	-	-	3,841,733	(3,841,733)	-	-
Distribution of agency endowment assets to the Association by ICF	74,639	(74,639)	-	-	-	-	-	-
Total Support & Revenue	21,586,299	(2,075,776)	35,840	19,546,363	22,601,792	(3,084,387)	45,367	19,562,772
Expenses								
Program services:								
Child Development	2,853,691	-	-	2,853,691	3,067,023	-	-	3,067,023
Health & Fitness	6,406,861	-	-	6,406,861	6,532,805	-	-	6,532,805
Youth & Camping	1,234,481	-	-	1,234,481	1,400,740	-	-	1,400,740
Community Sports	1,030,654	-	-	1,030,654	914,236	-	-	914,236
Aquatics	3,082,231	-	-	3,082,231	2,945,299	-	-	2,945,299
Total Program Services	14,607,918	-	-	14,607,918	14,860,103	-	-	14,860,103
Supporting Services:								
Management & general Fundraising	1,519,579	7,741	-	1,527,320	1,704,288	17,675	-	1,721,963
	729,017	-	-	729,017	1,157,617	-	-	1,157,617
Total Supporting Services	2,248,596	7,741	-	2,256,337	2,861,905	17,675	-	2,879,580
Total Expenses	16,856,514	7,741	-	16,864,255	17,722,008	17,675	-	17,739,683
Increase (Decrease) in Net Assets	4,729,785	(2,083,517)	35,840	2,682,108	4,879,784	(3,102,062)	45,367	1,823,089
NET ASSETS, Beginning of Year	34,921,750	6,285,455	1,420,541	42,627,746	30,041,966	9,387,517	1,375,174	40,804,657
NET ASSETS, End of Year	\$ 39,651,535	\$ 4,201,938	\$ 1,456,381	\$ 45,309,854	\$ 34,921,750	\$ 6,285,455	\$ 1,420,541	\$ 42,627,746

See notes to financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 2,682,108	\$ 1,823,089
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,599,891	1,611,459
Unrealized loss on endowment investments	-	821,249
Proceeds from disposed asset	32,000	-
Loss on sale of assets	110,992	55,980
Noncash contributions of assets and investments	(56,090)	(1,587,000)
Changes in operating assets and liabilities:		
Receivables	10,714	48,759
Unconditional promises to give, net	641,300	658,789
Prepaid expenses	18,973	212,419
Accounts payable and accrued liabilities	381,591	825,973
Deferred revenue	24,039	(52,618)
Deferred liabilities	6,000	6,000
Net Cash Provided by Operating Activities	<u>5,451,518</u>	<u>4,424,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(5,029,737)	(4,556,728)
(Increase) Decrease in Beneficial Interest	(250,016)	626,575
Temporarily restricted cash	<u>(3,339,091)</u>	<u>1,476,789</u>
Net Cash Used in Investing Activities	<u>(8,618,844)</u>	<u>(2,453,364)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	5,800,000	-
Principal payments on long-term debt	(2,015,794)	(2,010,329)
Proceeds from (payments to) capital leases	<u>(221,184)</u>	<u>325,113</u>
Net Cash Provided by (Used in) Financing Activities	<u>3,563,022</u>	<u>(1,685,216)</u>
Net Increase in Cash and Cash Equivalents	395,696	285,519
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,109,647</u>	<u>824,128</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 1,505,343</u>	<u>\$ 1,109,647</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	<u>\$ 329,481</u>	<u>\$ 374,254</u>
Noncash investing activities:		
Fair market value of property and equipment contributed	\$ 56,090	\$ 12,000
Fair market value of land contributed	-	1,575,000
	<u>\$ 56,090</u>	<u>\$ 1,587,000</u>

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	Program Services					Supporting Services			Total Functional Expenses	
	Child Development	Health & Fitness	Youth & Camping	Aquatics	Community Sports	Program Services	Management & General	Fundraising		Total Supporting Services
Salaries & wages	\$ 1,588,215	\$ 2,568,693	\$ 801,075	\$ 1,733,982	\$ 343,064	\$ 7,035,029	\$ 718,189	\$ 418,600	\$ 1,136,789	\$ 8,171,818
Payroll taxes & employee benefits	405,138	562,014	144,432	251,563	86,891	1,450,038	211,876	93,105	304,981	1,755,019
Contract & professional services	39,518	366,267	12,410	100,510	3,818	522,523	143,559	24,210	167,769	690,292
Supplies	119,565	450,878	188,796	184,040	470,668	1,413,947	22,128	12,117	34,245	1,448,192
Occupancy	162,241	960,084	10,799	299,670	9,109	1,441,903	24,247	16,825	41,072	1,482,975
Office	39,288	111,967	12,876	7,037	12,236	183,404	8,403	18,070	26,473	209,877
Travel & employee expenses	144,832	48,390	15,522	26,759	6,126	241,629	26,882	39,200	66,082	307,711
National YMCA support	31,513	103,702	8,571	7,593	11,614	162,993	-	-	-	162,993
Promotion & public relations	27,083	56,613	10,567	5,465	10,422	110,150	4,540	15,618	20,158	130,308
Bank charges and operating interest	32,627	224,095	4,310	24,490	4,310	289,832	14,246	15	14,261	304,093
Interest on capital debt	-	-	-	-	-	-	219,477	-	219,477	219,477
ICF fees	-	-	-	-	-	-	7,741	-	7,741	7,741
Other expenses	183,677	26,221	9,124	9,152	8,400	236,574	46,037	91,257	137,294	373,868
Total Expenses Before Depreciation	2,773,697	5,478,924	1,218,482	2,650,261	966,658	13,088,022	1,447,325	729,017	2,176,342	15,264,364
Depreciation of buildings & equipment	79,994	927,937	15,999	431,970	63,996	1,519,896	79,995	-	79,995	1,599,891
Total Expenses	\$ 2,853,691	\$ 6,406,861	\$ 1,234,481	\$ 3,082,231	\$ 1,030,654	\$ 14,607,918	\$ 1,527,320	\$ 729,017	\$ 2,256,337	\$ 16,864,255

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008

	Program Services					Supporting Services			Total Functional Expenses	
	Child Development	Health & Fitness	Youth & Camping	Aquatics	Community Sports	Total Program Services	Management & General	Fundraising		Total Supporting Services
Salaries & wages	\$ 1,713,705	\$ 2,726,410	\$ 833,180	\$ 1,648,549	\$ 312,640	\$ 7,234,484	\$ 880,403	\$ 501,441	\$ 1,381,844	\$ 8,616,328
Payroll taxes & employee benefits	292,825	514,695	128,022	214,267	64,256	1,214,065	223,094	117,077	340,171	1,554,236
Contract & professional services	81,731	406,065	12,743	113,631	3,304	617,474	102,535	365,343	467,878	1,085,352
Supplies	250,658	468,567	332,213	173,030	410,773	1,635,241	54,033	18,532	72,565	1,707,806
Occupancy	174,320	915,154	13,333	284,509	11,485	1,398,801	24,414	15,988	40,402	1,439,203
Office	33,295	92,048	9,038	3,489	6,818	144,688	11,100	22,894	33,994	178,682
Travel & employee expenses	166,367	46,999	22,496	29,698	6,398	271,958	24,009	33,225	57,234	329,192
National YMCA support	34,374	105,210	9,767	6,607	10,415	166,373	-	-	-	166,373
Promotion & public relations	20,797	89,322	11,386	6,677	10,995	139,177	6,936	39,406	46,342	185,519
Bank charges and operating interest	36,134	213,529	4,283	21,121	4,283	279,350	7,558	-	7,558	286,908
Interest on capital debt	-	-	-	-	-	-	253,887	-	253,887	253,887
ICF fees	-	-	-	-	-	-	10,426	-	10,426	10,426
Other expenses	182,244	20,160	8,164	8,627	8,411	227,606	42,995	43,711	86,706	314,312
Total Expenses Before Depreciation	2,986,450	5,598,159	1,384,625	2,510,205	849,778	13,329,217	1,641,390	1,157,617	2,799,007	16,128,224
Depreciation of buildings & equipment	80,573	934,646	16,115	435,094	64,458	1,530,886	80,573	-	80,573	1,611,459
Total Expenses	\$ 3,067,023	\$ 6,532,805	\$ 1,400,740	\$ 2,945,299	\$ 914,236	\$ 14,860,103	\$ 1,721,963	\$ 1,157,617	\$ 2,879,580	\$ 17,739,683

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Business

Young Men's Christian Association of Boise, Idaho, Inc., dba Treasure Valley Family YMCA (the Association) is a not-for-profit organization providing wellness, childcare and youth programs throughout the Treasure Valley. The Association operates four facilities (West YMCA, Downtown YMCA, Caldwell YMCA and Homecourt) and over 15 childcare sites. In addition, the Association has a resident camp near Cascade, Idaho.

The Association's mission and purpose are as follows: Treasure Valley Family YMCA welcomes all people and provides an atmosphere to enrich spirit, mind and body. We are dedicated to the values of caring, honesty, respect and responsibility. Our programs enhance individual health and well being, strengthen personal and family relationships and develop leadership skills. We build strong kids, strong families and strong communities.

The Association is supported primarily through monthly membership fees, program fees, child care revenues and contributions.

Basis of Accounting

The Association's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Association with the National Counsel of YMCA

The Association is affiliated with the National Counsel of Young Men's Christian Association (the National YMCA) by an agreement, which states, the Association will abide by the National YMCA Constitution and accepts the National YMCA Statement of Purpose, which includes nondiscriminatory policies. The Association remits a "fair share support" to the National YMCA amounting to approximately 1% of program revenues less certain exemptions. The Association receives certain benefits such as training and legislative updates under this arrangement. The "fair share support" expense was \$162,993 and \$166,373 in 2009 and 2008, respectively.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958-205-05-06. In accordance with the standard, the Association 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.

Contributions

The Association follows the recommendations of the FASB ASC 958-225-45-6 for accounting for contributions received and contributions made.

In accordance with the standard, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities in net assets released from restrictions.

Cash and Cash Equivalents

The Association considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash restricted for expansion and long-term purposes are not considered cash and cash equivalents for the purposes of the statement of cash flows.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Association to significant concentrations of credit risk consist principally of cash investments. The Association places its temporary cash investments with high quality financial institutions. The Association believes no significant concentration of credit risk exists with respect to these cash investments.

Investments

The Association has adopted FASB ASC 958-325-50-2 in *accounting for investments in financial assets*. Under the standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. In accordance with FASB ASC 958-225-45-8, investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Property and Equipment

Purchases of land, buildings and equipment having a unit cost of \$1,000 or more are capitalized at cost. Donated assets are capitalized at the estimated fair market value at time of receipt. Maintenance and repairs that do not improve or extend the life of assets are currently expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from ten to sixty years for buildings and improvements, five to ten years for furniture and equipment, five years for vehicles and three years for computers. Depreciation totaled \$1,599,891 and \$1,611,459 for December 31, 2009 and 2008, respectively.

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

	<u>2009</u>	<u>2008</u>
Horsethief Camp project	\$ 12,714,290	\$ 8,179,328
Land	2,851,461	2,851,461
Buildings	33,146,859	33,084,850
Office furniture and equipment	3,903,334	3,586,572
Vehicles	638,368	630,738
	<hr/>	<hr/>
	53,254,312	48,332,949
Less accumulated depreciation	11,923,862	10,345,443
	<hr/>	<hr/>
	<u>\$ 41,330,450</u>	<u>\$ 37,987,506</u>

Deferred Revenue

The Association enters into paid-in-full and bank draft membership agreements. The entire amount of paid-in-full memberships is recorded as deferred revenues when received. Revenue is recognized in the period it is earned.

Promises to Give

Certain unconditional promises to give are pledged to be paid over a period of years. All pledges are recognized in the period the pledge is received except those pledges with donor imposed conditions. Pledges with donor-imposed conditions are recognized when the stipulated conditions have substantially been met.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Promises to Give (Continued)

Unconditional promises to give at December 31, 2009 are as follows:

Receivable in less than one year	\$ 2,524,001
Receivable in one to five years	<u>7,088,199</u>
Total unconditional promises to give	9,612,199
Less discount of net present value	887,811
Less allowance for uncollectible promises	<u>80,094</u>
Net unconditional promises to give	<u>\$ 8,644,295</u>

Long-term unconditional promises to give are reflected at the present value of estimated future cash flows by using a discount rate of 4%.

Allowance for Doubtful Accounts

The Association provides an allowance for doubtful accounts based on prior experience and management's assessment of the collectability of existing specific accounts.

Donated Services and Goods

A substantial number of volunteers have donated significant hours to the Association's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Tax-Exempt Status

The Association is a nonprofit community organization and is exempt from income tax under the U.S. Internal Revenue Code Section 501(c)(3). The Association is not a private foundation.

In accordance with FASB ASC 740, the Association has evaluated their operations as of December 31, 2009 as compared to their original application for tax-exempt not-for-profit status. The evaluation also considered the possibility of transactions that may be subject to income tax on unrelated business income. Tax positions considered, but not limited to included: a) the Association's characterization of its activities as related or unrelated to its exempt purpose, and b) the Association's allocation of revenue and expenses between activities that relate to its exempt purpose and those that could be considered unrelated business income. Upon the evaluation, the Association does not believe they have any business activities in place that would cause their tax-exempt not-for-profit status to not be sustained upon audit, or activities that would be subject to unrelated business tax.

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense as benefits accrue to employees. In accordance with the provisions of FASB ASC 710-10-50-1, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Promotion

The Association uses advertising and promotion in the form of program handbooks, mailings and the annual report to promote its programs among the individuals and the community it serves. The production costs of advertising and promotion are expensed as incurred. During 2009 and 2008, these costs totaled \$117,863 and \$151,524, respectively.

Functional Allocation of Expenses

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

Joint Cost Allocations

The Association achieves some of its programmatic, management and general goals by direct mail campaigns and telephone campaigns that include requests for contributions. For December 31, 2009 and 2008 there were no joint costs requiring allocation.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE B - FAIR VALUE MEASUREMENTS

The Association adopted FASB ASC 820-10-50-2, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques 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 under the standard are described below:

- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments)
- Level 3 - significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets at fair value as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial Interest in Agency Endowment Fund (See Note K)	\$ 1,422,850	\$ -	\$ -
U.S. government obligations	12,000	-	-
10 acre lot and road- Eagle, Idaho	-	-	75,000
	<u>\$ 1,434,850</u>	<u>\$ -</u>	<u>\$ 75,000</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE C - PERMANENTLY RESTRICTED INVESTMENTS AND NET ASSETS

Permanently restricted investments and net assets are summarized as follows:

	<u>2009</u>	<u>2008</u>
10 acre lot and road - Eagle, Idaho	\$ 75,000	\$ 75,000
U.S. government obligations	12,000	12,000
Long-term investments	<u>87,000</u>	<u>87,000</u>
Beneficial Interest in Agency Endowment Fund (See Note K)	1,422,850	1,172,834
Difference due to FASB ASC 958-205 reclassification (See note L)	<u>(53,469)</u>	<u>160,707</u>
	<u>\$ 1,456,381</u>	<u>\$ 1,420,541</u>

NOTE D - RECEIVABLES

The Association has accounts receivable balances for members and other parties as part of normal business operations. The Association has deemed an allowance for doubtful accounts relating to accounts receivable unnecessary. No allowance for doubtful accounts has been included in the financial statements as of December 31, 2009 and 2008.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of contributions designated for future use. For the years ended December 31, 2009 and 2008 temporarily restricted net assets consisted of \$4,201,938 and \$6,285,455, respectively.

NOTE F - LONG-TERM DEBT

Downtown YMCA Project

On October 28, 2004 the Association refinanced its existing Nonprofit Facilities Revenue Bonds through Idaho Housing and Finance Association with new Nonprofit Facilities Revenue Bonds (Boise YMCA Project) Series 2004 in the amount of \$3,400,000. The bond trustee is U. S Bank National Association. Bond provisions include the following:

Tax Exempt Bonds

- The interest rate is 3.84%
- The bonds are secured by the Downtown facility
- Eighty four payments, due monthly, in the amount of \$46,326 including interest
- Bond interest expense at December 31, 2009 and 2008 was \$50,619 and \$68,482, respectively
- The loan balance at December 31, 2009 and 2008 was \$1,025,143 and \$1,530,438, respectively

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE F - LONG-TERM DEBT (Continued)

Caldwell YMCA Project

On December 23, 2004 the Association obtained \$6,600,000 in bond financing through Idaho Housing and Finance Association, Nonprofit Facilities Revenue Bonds (Caldwell YMCA Project) and a commercial loan in the amount of \$5,000,000. Although these transactions were conducted separately they share similar collateral, covenant and default provisions.

Tax Exempt Bonds

- The bonds were purchased by Key Bank National Association
- The bonds are secured by land, Caldwell and West YMCA facilities, and the pledged contributions for the Caldwell YMCA Project
- The bonds carry a variable interest rate. The Association entered into a swap agreement with Key Bank National Association to secure a fixed rate of 4.77%
- The term for the bonds is nine years and one month. Payments ranging from \$654,818 to \$831,488 are due each February 1st
- At December 31, 2009 and 2008 the balance on this loan totaled \$3,393,293 and \$4,075,618, respectively. The funds that have yet to be used on the Caldwell project are reflected in the Association's restricted cash balance
- Interest expense for 2009 and 2008 was \$175,389 and \$220,856, respectively
- Accrued interest at December 31, 2009 and 2008 was \$150,669 and \$177,896, respectively

Commercial Loan

- Key Community Development New Markets, LLC is the lender of the commercial loan. This loan is for a term of seven years with interest at 1.88%
- The loan is secured by land, Caldwell and West YMCA facilities, and the pledged contributions for the Caldwell YMCA Project
- Payments, in the amount of \$218,670 including interest, are due quarterly
- The loan balance at December 31, 2009 and 2008 was \$1,921,950 and \$2,750,124, respectively
- Interest expense for 2009 and 2008 was \$43,333 and \$59,759, respectively
- Accrued interest at December 31, 2009 and 2008 was \$6,156 and \$8,641, respectively

Horsethief Camp Project

On October 26, 2009 the Association obtained \$5,800,000 in bond financing through Idaho Housing and Finance Association, Nonprofit Facilities Revenue Bonds (YMCA Camp Project), Series 2009.

Revenue Bonds

- The bonds were purchased by U.S. Bancorp

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE F - LONG-TERM DEBT (Continued)

Horsethief Camp Project (Continued)

- The bonds are secured by the Horsethief camp project, the Downtown YMCA, and related improvements
- The bonds carry a fixed interest rate of 3.53% per annum
- The term for the bonds is five years. Interest is due monthly, as well as one principal payment per quarter as determined by an amortization schedule agreed to upon the closing on the bonds. Payments are due on the last day of each month
- At December 31, 2009 the balance on this loan totaled \$5,800,000. The funds that have yet to be used on the Camp project are reflected in the Association's restricted cash balance
- Capitalized interest for 2009 totaled \$32,770
- Accrued interest at December 31, 2009 was \$19,137

NOTE G - LINE OF CREDIT

In July 2009, the Association renewed the revolving line of credit held with a local financial institution. The line has a borrowing capacity of \$3,000,000, which bears an interest rate of 2.15% plus the one month LIBOR rate, or a minimum of 3%. At December 31, 2009 and 2008 there was no amount owed on the line of credit.

NOTE H - LEASES

The Association has certain equipment under capital leases. The gross amount of assets recorded under capitalized leases totaled \$453,686 and \$674,870 for the years ended December 31, 2009 and 2008 and is included in property, plant and equipment. The assets are amortized over the lower of their related lease terms or their estimated useful lives. Amortization expense is included in depreciation expense. Future minimum lease payments under capital leases at December 31, 2009 are as follows:

2010	\$ 158,872
2011	250,615
2012	44,199
	<u>\$ 453,686</u>

The Association has various operating leases with initial or remaining terms of more than one year. Rental expenses for those leases consisted of \$147,323 and \$147,323 for the years ending December 31, 2009 and 2008, respectively. The Association's obligations for future payments under noncancelable operating leases are as follows:

2010	\$ 123,323
2011	117,837
2012	90,408
2013	90,408
Thereafter	150,680
	<u>\$ 572,656</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE I - AGREEMENT BETWEEN THE ASSOCIATION AND THE CITY OF BOISE

On December 29, 1995, the Aquatic Center portion of the West YMCA facility was sold to the City of Boise for \$4,950,000. The City and the Association entered into an Operating Agreement (the Agreement), which requires the Association to operate, manage and maintain the Aquatic Center. The Agreement contains the following covenants:

- The terms of the Agreement are 12 years, with renewal terms of seven and six years. It is the intent of both parties to renew for additional periods
- The Association shall work with the City in setting rates for day use of the Aquatic Center, as well as for planned events such as swim meets and facility closures
- The Association will maintain a fidelity bond in the amount of \$100,000 for key employees and \$25,000 for all other employees
- The Association shall maintain an Operating Reserve Fund in the amount of \$25,000 during the first three years of the Agreement and \$50,000 thereafter. This Fund can take the form of a surety bond, certificate of deposit or letter of credit
- The Association shall carry appropriate insurance and maintain all permits, licenses and property taxes
- The Association is responsible for daily maintenance, cleanliness, and any necessary capital repairs. The Agreement also obligates the Association to maintain a repair and replacement fund of up to \$130,000 during the life of the contract in the following amounts:

<u>End of Year</u>	<u>Required Minimum Balance</u>
5	\$ 0
10	\$ 60,000
15	\$ 60,000
17	\$ 90,000
20	\$ 80,000
21	\$ 130,000
24	\$ 50,000

At December 31, 2009, the Association was in compliance with the above agreement. Deferred liabilities of \$84,000 and \$78,000 represent the Association's obligations for December 31, 2009 and 2008, respectively.

NOTE J - RETIREMENT PLAN

Substantially all of the Association's qualified hourly and salaried employees are participants in the Young Men's Christian Association Retirement Plan (the Plan), a defined contribution plan, sponsored by the YMCA. The Association is required to make contributions to the Plan equal to 8% of each employee's earnings. Contributions made by the Association were \$421,640 and \$293,841 for the years ended December 31, 2009 and 2008, respectively. The Association has no obligation beyond making the required contributions to the Plan.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE K - BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND ASSETS HELD AT IDAHO COMMUNITY FOUNDATION

In 1993, the Association entered into an agreement with Idaho Community Foundation (the Foundation), an Idaho not-for-profit corporation, to establish the Treasure Valley Family YMCA Endowment Fund, and in 2002, the YMCA Cooper Wilcomb Fund. The Association follows the recommendations of the FASB ASC 958-605. In accordance with FASB ASC 958-605, the Association recognizes transfers to the Foundation as an increase in the Beneficial Interest in assets held at Idaho Community Foundation.

The assets of these funds may be commingled with other Foundation property for investment purposes and are held as component funds of the Foundation's permanent endowment. The Foundation has sole investment and management discretion over the ICF Funds. The agreement permits the Foundation to redirect distributions from the funds for such purposes as will most effectively or closely accomplish the original intent of the agreement if the Association ceases to exist, or is no longer a qualified charitable organization.

It is the Foundation's policy to invest in low risk short-term money market instruments, negotiable certificates of deposit, government or agency repurchase agreement pools, U.S. Government and Federal Agency issues, corporate bonds, equity securities funds or pooled accounts. The Foundation credits the funds with their proportionate share of returns due to investment activity. Under the agreement all distributions as determined by the Foundation must occur at least annually and be paid to the Association. The Foundation has adopted a 5% distribution level for the succeeding year based on the market value of the ICF funds averaged over the previous three years.

The Association also receives contributions intended for use in the Treasure Valley Family YMCA Civic Engagement Fund. This is a scholarship fund held and managed at the ICF. This fund is not an agency fund as defined by FASB ASC 958-605 and is not incorporated in the Association's net assets.

The Association makes endowment transfers to the ICF Funds on a periodic basis. Endowment activity of the ICF agency Funds for the year ended December 31, 2009 was as follows:

	YMCA Endowment Fund	YMCA Cooper Wilcomb Fund
Beginning balance Beneficial Interest in ICF Fund	\$ 1,107,267	\$ 65,568
Current year contributions	39,552	13
Net realized and unrealized gain	279,668	17,811
Management fees	(7,293)	(448)
Distribution to the Association's unrestricted net assets	<u>(74,639)</u>	<u>(4,649)</u>
Total Beneficial Interest in ICF Fund	<u>\$ 1,344,555</u>	<u>\$ 78,295</u>
Total Agency Funds Held by ICF	<u>\$ 1,422,850</u>	

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE L - ENDOWMENT FUNDS

Implementation of FASB ASC 958-205

In August 2008, the Financial Accounting Standards Board issued FASB ASC 958-205. FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also required additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Idaho enacted UPMIFA effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Organization follows FASB ASC 958-205 for the year ending June 30, 2009. It has been determined that the majority of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

Donor--designated Endowments - after implementation of FASB ASC 958-205

The Donor-designated endowments consist of land held for investment, bonds, and funds held at Idaho Community Foundation that are held for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Association has interpreted the State of Idaho's Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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 classified 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 donor-restricted endowment funds is classified as 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 SPMIFA.

As of December 31, 2009 and 2008 a net amount of \$215,949 and \$121,345, respectively, was reclassified as temporarily restricted and unrestricted net assets.

In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: duration and preservation of the fund, purposes of the Association general economic conditions, and investment policies of the Association.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE L - ENDOWMENT FUNDS (Continued)

Investment Policy

Endowment assets include those assets of donor-restricted endowment funds the Association must hold in perpetuity or for donor-specified periods. Under the Association's investment policy, endowment assets are invested in a manner that is intended to:

- preserve capital
- generate income for distribution to the Association, as well as for growth
- generate capital appreciation

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

Spending Allocation

To assure future growth of the Donor Restricted Endowments the Board's current goal is to distribute 5% of the prior two - thirteen quarters average market value of the fund, including unrealized gains.

Endowment Net Asset Composition by Type of Fund as of December 31, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Donor-restricted endowment funds	\$ -	\$ 94,604	\$ 1,456,381	\$ 1,550,985

Change in endowment net assets as of December 31, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Endowment net assets, beginning of year	\$ (121,345)	\$ -	\$ 1,420,541	\$ 1,299,196
Contributions	-	-	35,840	35,840
Investment income	-	850	-	850
Net appreciation	121,345	168,393	-	289,738
Amounts appropriated for expenditure	-	(74,639)	-	(74,639)
Endowment net assets, end of year	\$ -	\$ 94,604	\$ 1,456,381	\$ 1,550,985

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.
dba TREASURE VALLEY FAMILY YMCA**

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2009 and 2008

NOTE L - ENDOWMENT FUNDS (Continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Donor-restricted endowment funds	\$ (121,345)	\$ -	\$ 1,420,541	\$ 1,299,196

Changes in endowment net assets as of December 31, 2008 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Endowment net assets, beginning of year	\$ -	\$ 1,343,234	\$ 1,375,174	\$ 2,718,408
Contributions	-	-	45,367	45,367
Investment income	-	850	-	850
Net depreciation	(50,155)	(1,344,084)	-	(1,394,239)
Amounts appropriated for expenditure	(71,190)	-	-	(71,190)
Endowment net assets, end of year	<u>\$ (121,345)</u>	<u>\$ -</u>	<u>\$ 1,420,541</u>	<u>\$ 1,299,196</u>

NOTE M - CALDWELL YMCA CAPITAL CAMPAIGN

The Caldwell YMCA opened in October 2005. Pledges receivable as of December 31, 2009 and 2008 were \$3,921,315 and \$5,097,563, respectively.

NOTE N - HORSETHIEF CAMP CAPITAL CAMPAIGN

In 2004 the Association began a campaign to raise funds for a new camp. The Association received contributions of land at Horsethief Reservoir, near Warm Lake, Idaho.

Pledges receivable as of December 31, 2009 and 2008 were \$4,088,792 and \$4,084,634, respectively.

NOTE O - RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassifications have no net effect on the reported change in net assets.

NOTE P - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 25, 2010, which coincides with the date of issuance of these financial statements. No subsequent events of significance have been brought to the attention of management that would require disclosure as of February 25, 2010.