



**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF BOISE, IDAHO, INC.  
dba TREASURE VALLEY FAMILY YMCA  
FINANCIAL STATEMENTS  
December 31, 2010 and 2009**

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**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, 2010 and 2009, 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, 2010 and 2009, 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  
March 22, 2011

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

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2010 and 2009**

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,769,098	\$ 1,505,343
Accounts receivable	377,246	321,565
Unconditional promises to give, current portion	2,476,553	2,524,001
Prepaid expenses	<u>30,334</u>	<u>72,070</u>
Total Current Assets	4,653,231	4,422,979
PROPERTY AND EQUIPMENT, net of depreciation	44,287,223	41,330,450
<b>OTHER ASSETS</b>		
Restricted cash	2,329,373	7,214,150
Long-term investments	87,000	87,000
Long-term unconditional promises to give, net of current portion	4,035,155	6,120,294
Beneficial Interest in agency endowment fund assets held by Idaho Community Foundation (ICF)	<u>1,579,650</u>	<u>1,422,850</u>
Total Other Assets	<u>8,031,178</u>	<u>14,844,294</u>
Total Assets	<u><u>\$ 56,971,632</u></u>	<u><u>\$ 60,597,723</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 826,144	\$ 2,197,684
Custodial funds	67,862	44,398
Deferred revenue	386,758	367,715
Line of credit	300,000	-
Current portion of capital leases payable	303,577	158,852
Current portion of long-term debt	<u>2,469,972</u>	<u>2,871,550</u>
Total Current Liabilities	4,354,313	5,640,199
CAPITAL LEASES, net of current portion	220,205	294,834
LONG-TERM DEBT, net of current portion	5,944,058	9,268,836
DEFERRED LIABILITIES	<u>90,000</u>	<u>84,000</u>
Total Liabilities	10,608,576	15,287,869
<b>NET ASSETS</b>		
Unrestricted	42,709,973	39,651,535
Temporarily restricted	2,178,747	4,201,938
Permanently restricted	<u>1,474,336</u>	<u>1,456,381</u>
Total Net Assets	<u>46,363,056</u>	<u>45,309,854</u>
Total Liabilities and Net Assets	<u><u>\$ 56,971,632</u></u>	<u><u>\$ 60,597,723</u></u>

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, 2010 and 2009

	2010				2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
NET ASSETS								
Support & Revenue								
Program fees	\$ 5,543,618	\$ -	\$ -	\$ 5,543,618	\$ 5,083,918	\$ -	\$ -	\$ 5,083,918
Membership fees	9,131,845	-	-	9,131,845	8,854,905	-	-	8,854,905
Contributions	1,367,821	1,294,372	17,955	2,680,148	1,830,334	2,651,398	35,840	4,517,572
United Way	204,591	-	-	204,591	221,097	-	-	221,097
Investment income	19,211	850	-	20,061	12,746	850	-	13,596
Unrealized gain on endowment investment	-	230,842	-	230,842	121,345	176,134	-	297,479
Loss on sale of assets	(81,778)	-	-	(81,778)	(110,992)	-	-	(110,992)
Other	789,432	-	-	789,432	668,788	-	-	668,788
Net assets released from restrictions satisfied by payments	3,470,372	(3,470,372)	-	-	4,829,519	(4,829,519)	-	-
Distribution of agency endowment assets to the Association by ICF	69,824	(69,824)	-	-	74,639	(74,639)	-	-
<b>Total Support &amp; Revenue</b>	<b>20,514,936</b>	<b>(2,014,132)</b>	<b>17,955</b>	<b>18,518,759</b>	<b>21,586,299</b>	<b>(2,075,776)</b>	<b>35,840</b>	<b>19,546,363</b>
Expenses								
Program services:								
Child Development	2,753,299	-	-	2,753,299	3,030,144	-	-	3,030,144
Health & Fitness	6,522,055	-	-	6,522,055	6,397,009	-	-	6,397,009
Youth & Camping	2,300,095	-	-	2,300,095	1,673,852	-	-	1,673,852
Aquatics	3,741,103	-	-	3,741,103	3,601,830	-	-	3,601,830
<b>Total Program Services</b>	<b>15,316,552</b>	<b>-</b>	<b>-</b>	<b>15,316,552</b>	<b>14,702,835</b>	<b>-</b>	<b>-</b>	<b>14,702,835</b>
Supporting Services:								
Management & general	1,476,446	9,059	-	1,485,505	1,415,366	7,741	-	1,423,107
Fundraising	663,500	-	-	663,500	738,313	-	-	738,313
<b>Total Supporting Services</b>	<b>2,139,946</b>	<b>9,059</b>	<b>-</b>	<b>2,149,005</b>	<b>2,153,679</b>	<b>7,741</b>	<b>-</b>	<b>2,161,420</b>
<b>Total Expenses</b>	<b>17,456,498</b>	<b>9,059</b>	<b>-</b>	<b>17,465,557</b>	<b>16,856,514</b>	<b>7,741</b>	<b>-</b>	<b>16,864,255</b>
Increase (Decrease) in Net Assets	3,058,438	(2,023,191)	17,955	1,053,202	4,729,785	(2,083,517)	35,840	2,682,108
NET ASSETS, Beginning 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
NET ASSETS, End of Year	<u>\$ 42,709,973</u>	<u>\$ 2,178,747</u>	<u>\$ 1,474,336</u>	<u>\$ 46,363,056</u>	<u>\$ 39,651,535</u>	<u>\$ 4,201,938</u>	<u>\$ 1,456,381</u>	<u>\$ 45,309,854</u>

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, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,053,202	\$ 2,682,108
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,914,920	1,599,891
Proceeds from disposed asset	-	32,000
Loss on disposal of assets	81,778	110,992
Noncash contributions of assets and investments	(52,140)	(56,090)
Changes in operating assets and liabilities:		
Receivables	(55,681)	10,714
Unconditional promises to give, net	2,132,587	641,300
Prepaid expenses	41,736	18,973
Accounts payable and accrued liabilities	(1,348,076)	381,591
Deferred revenue	19,043	24,039
Deferred liabilities	6,000	6,000
Net Cash Provided by Operating Activities	3,793,369	5,451,518
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(3,972,383)	(5,029,737)
Increase in Beneficial Interest	(156,800)	(250,016)
Temporarily restricted cash	4,884,777	(3,339,091)
Net Cash Provided by (Used in) Investing Activities	755,594	(8,618,844)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	-	5,800,000
Proceeds from line of credit	300,000	-
Principal payments on long-term debt	(4,426,356)	(2,015,794)
Payments on capital leases	(158,852)	(221,184)
Net Cash Provided by (Used in) Financing Activities	(4,285,208)	3,563,022
Net Increase in Cash and Cash Equivalents	263,755	395,696
CASH AND CASH EQUIVALENTS, Beginning of Year	1,505,343	1,109,647
CASH AND CASH EQUIVALENTS, End of Year	\$ 1,769,098	\$ 1,505,343
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 403,030	\$ 329,481
Noncash investing and financing activities:		
Fair market value of property and equipment contributed	\$ 52,140	\$ 56,090
Seller financed mortgage		
Buildings	\$ 700,000	
Note Payable	(700,000)	
Capital lease for equipment		
Equipment	\$ 228,948	
Capital lease payable	(228,948)	

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, 2010**

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses
	Child Development	Health & Fitness	Youth & Camping	Aquatics		Management & General	Fundraising		
Salaries & wages	\$ 1,499,253	\$ 2,747,061	\$ 642,839	\$ 2,177,049	\$ 7,066,202	\$ 684,059	\$ 371,676	\$ 1,055,735	\$ 8,121,937
Payroll taxes & employee benefits	315,302	594,854	136,457	369,743	1,416,356	210,236	78,333	288,569	1,704,925
Contract & professional services	65,695	381,947	8,156	142,962	598,760	157,578	47,669	205,247	804,007
Supplies	192,220	463,467	802,190	196,245	1,654,122	74,459	9,760	84,219	1,738,341
Occupancy	315,264	933,881	69,626	285,998	1,604,769	68,962	17,200	86,162	1,690,931
Office	46,046	116,858	25,926	41,724	230,554	19,729	18,009	37,738	268,292
Travel & employee expenses	89,444	56,278	22,163	48,860	216,745	37,138	36,758	73,896	290,641
National YMCA support	36,470	95,941	16,444	30,768	179,623	1,632	1,022	2,654	182,277
Promotion & public relations	26,382	34,205	21,869	9,772	92,228	-	30,563	30,563	122,791
Bank charges and operating interest	-	192,387	9,525	53,543	255,455	5,070	-	5,070	260,525
Interest on capital debt	-	-	-	-	-	202,670	-	202,670	202,670
ICF fees	-	-	-	-	-	9,059	-	9,059	9,059
Other expenses	38,102	29,590	4,768	18,238	90,698	11,033	52,510	63,543	154,241
<b>Total Expenses Before Depreciation</b>	<b>2,624,178</b>	<b>5,646,469</b>	<b>1,759,963</b>	<b>3,374,902</b>	<b>13,405,512</b>	<b>1,481,625</b>	<b>663,500</b>	<b>2,145,125</b>	<b>15,550,637</b>
Depreciation of buildings & equipment	129,121	875,586	540,132	366,201	1,911,040	3,880	-	3,880	1,914,920
<b>Total Expenses</b>	<b>\$ 2,753,299</b>	<b>\$ 6,522,055</b>	<b>\$ 2,300,095</b>	<b>\$ 3,741,103</b>	<b>\$ 15,316,552</b>	<b>\$ 1,485,505</b>	<b>\$ 663,500</b>	<b>\$ 2,149,005</b>	<b>\$ 17,465,557</b>

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				Total Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses
	Child Development	Health & Fitness	Youth & Camping	Aquatics		Management & General	Fundraising		
Salaries & wages	\$ 1,610,585	\$ 2,784,476	\$ 545,470	\$ 2,109,695	\$ 7,050,226	\$ 700,678	\$ 420,915	\$ 1,121,593	\$ 8,171,819
Payroll taxes & employee benefits	405,138	569,877	142,892	332,133	1,450,040	210,502	94,479	304,981	1,755,021
Contract & professional services	39,518	363,271	7,637	112,095	522,521	140,844	26,926	167,770	690,291
Supplies	216,191	436,369	628,864	208,650	1,490,074	23,554	15,647	39,201	1,529,275
Occupancy	318,394	958,847	34,164	299,257	1,610,662	56,838	16,826	73,664	1,684,326
Office	39,288	91,791	20,789	31,534	183,402	6,073	20,401	26,474	209,876
Travel & employee expenses	168,962	54,791	17,255	37,627	278,635	31,422	39,394	70,816	349,451
National YMCA support	34,392	81,680	14,896	28,418	159,386	1,938	1,669	3,607	162,993
Promotion & public relations	27,083	39,448	20,844	11,362	98,737	-	15,424	15,424	114,161
Bank charges and operating interest	-	96,665	8,619	54,098	159,382	14,260	-	14,260	173,642
Interest on capital debt	-	-	-	-	-	219,477	-	219,477	219,477
ICF fees	-	-	-	-	-	7,741	-	7,741	7,741
Other expenses	36,020	50,606	1,670	13,958	102,254	7,405	86,632	94,037	196,291
<b>Total Expenses Before Depreciation</b>	<b>2,895,571</b>	<b>5,527,821</b>	<b>1,443,100</b>	<b>3,238,827</b>	<b>13,105,319</b>	<b>1,420,732</b>	<b>738,313</b>	<b>2,159,045</b>	<b>15,264,364</b>
Depreciation of buildings & equipment	134,573	869,188	230,752	363,003	1,597,516	2,375	-	2,375	1,599,891
<b>Total Expenses</b>	<b>\$ 3,030,144</b>	<b>\$ 6,397,009</b>	<b>\$ 1,673,852</b>	<b>\$ 3,601,830</b>	<b>\$ 14,702,835</b>	<b>\$ 1,423,107</b>	<b>\$ 738,313</b>	<b>\$ 2,161,420</b>	<b>\$ 16,864,255</b>

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, 2010 and 2009**

**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 YMCA) is a not-for-profit organization providing wellness, childcare and youth programs throughout the Treasure Valley. The YMCA operates four facilities (West YMCA and Boise City Aquatic Center, Downtown YMCA, Caldwell YMCA and Homecourt YMCA) and over 15 childcare sites. In addition, the YMCA has a resident camp near Cascade, Idaho.

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

*Basis of Accounting*

The YMCA'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 YMCA is affiliated with the National Counsel of Young Men's Christian Association (the National YMCA) by an agreement, which states, the YMCA will abide by the National YMCA Constitution and accepts the National YMCA Statement of Purpose, which includes nondiscriminatory policies. The YMCA remits a "fair share support" to the National YMCA amounting to approximately 1% of program revenues less certain exemptions. The YMCA receives certain benefits such as training and legislative updates under this arrangement. The "fair share support" expense was \$182,277 and \$162,993 in 2010 and 2009, respectively.

*Financial Statement Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958. In accordance with the standard, the YMCA 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 YMCA follows the recommendations of the FASB ASC 958 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 YMCA 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, 2010 and 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

*Concentration of Credit Risk*

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

*Investments*

The YMCA has adopted FASB ASC 958 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, 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 \$1,914,920 and \$1,599,891 for December 31, 2010 and 2009, respectively.

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

	<u><b>2010</b></u>	<u><b>2009</b></u>
Horsethief Camp construction in progress	\$ -	\$ 12,714,290
Land	4,875,444	2,851,461
Buildings	47,777,435	33,146,859
Office furniture and equipment	4,376,481	3,903,334
Vehicles	686,343	638,368
	57,715,703	53,254,312
Less accumulated depreciation	13,428,480	11,923,862
	<u><b>\$ 44,287,223</b></u>	<u><b>\$ 41,330,450</b></u>

*Deferred Revenue*

The YMCA 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, 2010 and 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

*Promises to Give (Continued)*

Unconditional promises to give at December 31, 2010 are as follows:

Receivable in less than one year	\$ 2,476,553
Receivable in one to five years	<u>4,620,395</u>
Total unconditional promises to give	7,096,948
Less discount of net present value	490,746
Less allowance for uncollectible promises	<u>94,494</u>
Net unconditional promises to give	<u>\$ 6,511,708</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 YMCA 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 YMCA's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

*Tax-Exempt Status*

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

In accordance with FASB ASC 740, the YMCA has evaluated their operations as of December 31, 2010 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 YMCA's characterization of its activities as related or unrelated to its exempt purpose, and b) the YMCA'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 YMCA 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, 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, 2010 and 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

*Promotion*

The YMCA uses advertising and promotion in the form of program handbooks, mailings and the annual report to promote its programs among the individuals and the community it serves. The production costs of advertising and promotion are expensed as incurred. During 2010 and 2009, these costs totaled \$127,541 and \$117,863, 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 YMCA achieves some of its programmatic, management and general goals by direct mail campaigns and telephone campaigns that include requests for contributions. For December 31, 2010 and 2009 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 YMCA adopted FASB ASC 820, 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, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial Interest in Agency Endowment Fund (See Note K)	\$ 1,579,650	\$ -	\$ -
U.S. government obligations	12,000	-	-
10 acre lot and road- Eagle, Idaho	-	-	75,000
	<u>\$ 1,591,650</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, 2010 and 2009**

**NOTE C - PERMANENTLY RESTRICTED INVESTMENTS AND NET ASSETS**

Permanently restricted investments and net assets are summarized as follows:

	<u><b>2010</b></u>	<u><b>2009</b></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)	1,579,650	1,422,850
Due from YMCA to Agency Endowment	8,791	
Difference due to FASB ASC 958-205 reclassification (See note L)	(247,413)	(94,604)
Difference due to FASB ASC 958-205 accumulation of prior year differences	<u>46,308</u>	<u>41,135</u>
	<u><u>\$ 1,474,336</u></u>	<u><u>\$ 1,456,381</u></u>

**NOTE D - RECEIVABLES**

The YMCA has accounts receivable balances for members and other parties as part of normal business operations. The YMCA 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, 2010 and 2009.

**NOTE E - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are comprised of contributions designated for future use. For the years ended December 31, 2010 and 2009 temporarily restricted net assets consisted of \$2,178,747 and \$4,201,938, respectively.

**NOTE F - LONG-TERM DEBT**

Corporate Office Building

On July 7, 2010, the YMCA obtained financing for the purchase of a building for their corporate offices. The mortgage is held by the former owners of the building in the amount of \$700,000. The provisions of the mortgage include the following:

*Seller Financed Mortgage*

- The interest rate is 0.3% until December 31, 2011, thereafter 5.3%
- The loan is secured by the building at 1177 W. State Street, Boise, Idaho
- Interest only payments due monthly through December 31, 2011. One hundred eighty monthly payments in the amount of \$5,646 including interest beginning on January 31, 2012
- Interest expense at December 31, 2010 was \$875
- The loan balance at December 31, 2010 was \$700,000

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE F - LONG-TERM DEBT (Continued)**

**Downtown YMCA Project**

On October 28, 2004 the YMCA 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, 2010 and 2009 was \$30,421 and \$50,619, respectively
- The loan balance at December 31, 2010 and 2009 was \$159,649 and \$1,025,143, respectively
- Accrued interest at December 31, 2010 and 2009 was \$376 and \$3,390, respectively

**Caldwell YMCA Project**

On December 23, 2004 the YMCA 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, the Caldwell facility, and the pledged contributions for the Caldwell YMCA Project
- The bonds carry a variable interest rate. As of December 31, 2010 the interest rate was 1.76%
- 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, 2010 and 2009 the balance on this loan totaled \$2,678,273 and \$3,393,293, respectively. The funds that have yet to be used on the Caldwell project are reflected in the YMCA's restricted cash balance
- Interest expense for 2010 and 2009 was \$62,316 and \$175,389, respectively
- Accrued interest at December 31, 2010 and 2009 was \$43,897 and \$150,669, respectively

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE F - LONG-TERM DEBT (Continued)**

*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, 2010 and 2009 was \$1,077,878 and \$1,921,950, respectively
- Interest expense for 2010 and 2009 was \$30,608 and \$43,333, respectively
- Accrued interest at December 31, 2010 and 2009 was \$3,377 and \$6,156, respectively

*Horsethief Camp Project*

On October 26, 2009 the YMCA 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
- 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, 2010 and 2009 the balance on this loan totaled \$3,798,230 and \$5,800,000, respectively. The funds that have yet to be used on the Camp project are reflected in the YMCA's restricted cash balance
- Capitalized interest totaled \$49,731 and \$32,770 at December 31, 2010 and 2009, respectively
- Interest expense totaled \$115,197 at December 31, 2010
- Accrued interest at December 31, 2010 and 2009 was \$12,573 and \$19,137, respectively

**NOTE G - LINE OF CREDIT**

In October 2010, the YMCA renewed the revolving line of credit held with a local financial institution for a three year term. 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%. As of December 31, 2010, the balance owed on the line totaled \$300,000. There was no outstanding balance as of December 31, 2009.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE H - LEASES**

The YMCA has certain equipment under capital leases. The gross amount of assets recorded under capitalized leases totaled \$523,782 and \$453,686 for the years ended December 31, 2010 and 2009 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, 2010 are as follows:

2011	\$ 303,577
2012	99,934
2013	58,612
2014	61,659
	<u>\$ 523,782</u>

The YMCA has various operating leases with initial or remaining terms of more than one year. Rental expenses for those leases consisted of \$123,323 and \$147,323 for the years ending December 31, 2010 and 2009, respectively. The YMCA's obligations for future payments under noncancelable operating leases are as follows:

2011	\$ 117,837
2012	90,408
2013	90,408
Thereafter	150,680
	<u>\$ 449,333</u>

**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 YMCA entered into an Operating Agreement (the Agreement), which requires the YMCA to operate, manage and maintain the Aquatic Center. The Agreement contains the following covenants:

- The terms of the Agreement are twelve years, with renewal terms of seven and six years. The line was renewed in 2007 for an additional seven years ending December 29, 2014.
- The YMCA 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 YMCA will maintain a fidelity bond in the amount of \$100,000 for key employees and \$25,000 for all other employees
- The YMCA 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 YMCA shall carry appropriate insurance and maintain all permits, licenses and property taxes

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE I - AGREEMENT BETWEEN THE ASSOCIATION AND THE CITY OF BOISE (Continued)**

- The YMCA is responsible for daily maintenance, cleanliness, and any necessary capital repairs. The Agreement also obligates the YMCA 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, 2010, the YMCA was in compliance with the above agreement. Deferred liabilities of \$90,000 and \$84,000 represent the YMCA's obligations for December 31, 2010 and 2009, respectively.

**NOTE J - RETIREMENT PLAN**

Substantially all of the YMCA'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 YMCA is required to make contributions to the Plan equal to 8% of each employee's earnings. Contributions made by the YMCA were \$418,868 and \$421,640 for the years ended December 31, 2010 and 2009, respectively. The YMCA has no obligation beyond making the required contributions to the Plan.

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

In 1993, the YMCA 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 YMCA follows the recommendations of the FASB ASC 958-605. In accordance with FASB ASC 958-605, the YMCA 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 YMCA ceases to exist, or is no longer a qualified charitable organization.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE K - BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND ASSETS HELD AT IDAHO COMMUNITY FOUNDATION (Continued)**

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 YMCA. 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 YMCA 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 YMCA's net assets.

The YMCA makes endowment transfers to the ICF Funds on a periodic basis. Endowment activity of the ICF agency Funds for the year ended December 31, 2010 was as follows:

	<u>YMCA</u> <u>Endowment Fund</u>	<u>YMCA Cooper</u> <u>Wilcomb Fund</u>
Beginning balance Beneficial Interest in ICF Fund	\$ 1,344,555	\$ 78,295
Current year contributions	9,164	-
Net realized and unrealized gain	218,233	12,609
Management fees	(8,563)	(496)
Distribution to the YMCA's unrestricted net assets	<u>(69,824)</u>	<u>(4,323)</u>
Total Beneficial Interest in ICF Fund	<u>\$ 1,493,565</u>	<u>\$ 86,085</u>
Total Agency Funds Held by ICF	<u>\$ 1,579,650</u>	

**NOTE L - ENDOWMENT FUNDS**

Implementation of FASB ASC 958-205

In August 2009, 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 December 31, 2010. It has been determined that the majority of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE L - ENDOWMENT FUNDS (Continued)**

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 YMCA has interpreted the UPMIFA 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 YMCA 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 YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

As of December 31, 2010 and 2009 a net amount of \$247,413 and \$94,604, respectively, was reclassified as temporarily restricted and unrestricted net assets.

In accordance with UPMIFA, the YMCA 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 YMCA general economic conditions, and investment policies of the YMCA.

**Investment Policy**

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

- preserve capital
- generate income for distribution to the YMCA, 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 YMCA funds and adhere to the investment mandate as agreed to.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE L - ENDOWMENT FUNDS (Continued)**

**Spending Allocation**

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

Endowment Net Asset Composition by Type of Fund as of December 31, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment</u>
Donor-restricted endowment funds	\$ -	\$ 247,413	\$ 1,474,336	\$ 1,721,749

Change in endowment net assets as of December 31, 2010 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	\$ -	\$ 94,604	\$ 1,456,381	\$ 1,550,985
Contributions	-	-	17,955	17,955
Investment income	-	850	-	850
Net appreciation	-	221,783	-	221,783
Amounts appropriated for expenditure	-	(69,824)	-	(69,824)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 247,413</u>	<u>\$ 1,474,336</u>	<u>\$ 1,721,749</u>

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

Changes 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 depreciation	121,345	168,393	-	289,738
Amounts appropriated for expenditure	-	(74,639)	-	(74,639)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 94,604</u>	<u>\$ 1,456,381</u>	<u>\$ 1,550,985</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF BOISE, IDAHO, INC.  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2010 and 2009**

**NOTE M - CALDWELL YMCA CAPITAL CAMPAIGN**

The Caldwell YMCA opened in October 2005. Unconditional promises to give as of December 31, 2010 and 2009 were \$2,843,575 and \$3,921,315, respectively.

**NOTE N - HORSETHIEF CAMP CAPITAL CAMPAIGN**

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

Pledges receivable as of December 31, 2010 and 2009 were \$2,602,144 and \$4,088,792, 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**

In January 2011, the YMCA was gifted the building in Meridian, Idaho in which the YMCA's Homecourt branch operates. Subsequent events have been evaluated through March 22, 2011, which coincides with the date of issuance of these financial statements. No other subsequent events of significance have been brought to the attention of management that would require disclosure as of March 22, 2011.