Young Men's Christian Association
of Frankfort, Kentucky, Inc.

Financial Statements

Years Ended December 31, 2018 and 2017

Young Men's Christian Association of Frankfort, Kentucky, Inc.

Table of Contents
Years Ended December 31, 2018 and 2017

MCM CPAs & ADVISORS

Independent Auditor's Report

To the Board of Directors
Young Men's Christian Association of Frankfort, Kentucky, Inc.

We have audited the accompanying financial statements of the Young Men's Christian Association of Frankfort, Kentucky, Inc. (the Association), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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 Frankfort, Kentucky, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B, the Association has adopted Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

As discussed in Note A to the financial statements, subsequent to the date of the financial statements, the Association was purchased by the Young Men's Christian Association of Central Kentucky, Inc. All assets, liabilities and operations were assumed by the Young Men's Christian Association of Central Kentucky, Inc. on January 1, 2019. The Young Men's Christian Association of Frankfort, Kentucky, Inc. ceased operations as of this date. Our opinion is not modified with respect to this matter.

MCM CPAs & Advisors LLP

Lexington, Kentucky
April 30, 2019

Young Men's Christian Association of Frankfort, Kentucky, Inc.
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Assets		
Cash and cash equivalents	$ 204,494	$ 311,494
Accounts receivable, net	71,870	45,687
Prepaid expenses	27,679	27,718
Investments - endowment fund	-	1,232,413
Property and equipment, net	2,154,565	2,235,077
Total Assets	$ 2,458,608	$ 3,852,389
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 92,015	$ 54,124
Accrued liabilities	37,271	49,284
Deferred revenue	12,763	12,932
Bonds payable, net	-	1,298,250
Total Liabilities	142,049	1,414,590
Net Assets		
Net assets without donor restrictions		
Undesignated	2,203,103	1,091,930
Board-designated	113,456	113,456
Total Net Assets Without Donor Restrictions	2,316,559	1,205,386
Net assets with donor restrictions		
Restricted by purpose or time	-	128,023
Restricted in perpetuity	-	1,104,390
Total Net Assets	2,316,559	2,437,799
Total Liabilities and Net Assets	$ 2,458,608	$ 3,852,389

See accompanying notes.

Young Men's Christian Association of Frankfort, Kentucky, Inc.
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains, and Other Support			
Membership dues	$ 700,848	$ -	$ 700,848
Activity and daily fees	1,054,678	-	1,054,678
Government subsidy	226,426	-	226,426
Contributions	85,927	-	85,927
Interest and dividends, net of fees	12,584	-	12,584
In-kind contributions	24,000	-	24,000
United Way	20,000	-	20,000
Rental of facilities	11,563	-	11,563
Other	4,823	-	4,823
Assets released from restrictions	1,232,413	(1,232,413)	-
Total Revenues, Gains, and Other Support	3,373,262	(1,232,413)	2,140,849
Expenses			
Program services			
Youth development	936,342	-	936,342
Healthy living	712,019	-	712,019
Social response	20,530	-	20,530
Total Program Services	1,668,891	-	1,668,891
Support services			
Management and general	561,648	-	561,648
Fundraising	31,550	-	31,550
Total Support Services	593,198	-	593,198
Total Expenses	2,262,089	-	2,262,089
Changes in Net Assets	1,111,173	(1,232,413)	(121,240)
Net Assets at Beginning of Year	1,205,386	1,232,413	2,437,799
Net Assets at End of Year	$ 2,316,559	$ -	$ 2,316,559

See accompanying notes.

Young Men's Christian Association of Frankfort, Kentucky, Inc.
Statement of Activities
Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains, and Other Support			
Membership dues	$ 839,052	$ -	$ 839,052
Activity and daily fees	995,370	-	995,370
Government subsidy	272,519	-	272,519
Contributions	77,629	-	77,629
Net unrealized and realized gains on investments	-	75,896	75,896
Interest and dividends, net of fees	(635)	17,251	16,616
In-kind contributions	24,000	-	24,000
United Way	33,731	-	33,731
Rental of facilities	8,205	-	8,205
Other	4,466	-	4,466
Assets released from restrictions	24,524	(24,524)	-
Total Revenues, Gains, and Other Support	2,278,861	68,623	2,347,484
Expenses			
Program services			
Youth development	921,115	-	921,115
Healthy living	789,847	-	789,847
Social response	22,350	-	22,350
Total Program Services	1,733,312	-	1,733,312
Support services			
Management and general	574,316	-	574,316
Fundraising	30,615	-	30,615
Total Support Services	604,931	-	604,931
Total Expenses	2,338,243	-	2,338,243
Changes in Net Assets	(59,382)	68,623	9,241
Net Assets at Beginning of Year	1,264,768	1,163,790	2,428,558
Net Assets at End of Year	$ 1,205,386	$ 1,232,413	$ 2,437,799

See accompanying notes.

Young Men's Christian Association of Frankfort, Kentucky, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services				Support Services			
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	$ 545,950	$ 296,769	$ 1,907	$ 844,626	$ 51,150	$ 12,000	$ 63,150	$ 907,776
Depreciation and amortization	-	-	-	-	137,321	-	137,321	137,321
Utilities	19,636	130,683	-	150,319	-	-	-	150,319
Program supplies	81,429	98,472	16,905	196,806	773	3,499	4,272	201,078
Interest	-	-	-	-	48,657	-	48,657	48,657
Employee benefits	65,106	6,088	-	71,194	39,312		39,312	110,506
Professional services	48,922	9,731	258	58,911	153,390	15,330	168,720	227,631
Payroll taxes	39,914	20,680	-	60,594	11,274	-	11,274	71,868
Repairs and maintenance	12,778	50,064	-	62,842	18,490	-	18,490	81,332
Insurance	-	38,494	-	38,494	1,762	-	1,762	40,256
Food	62,918	-	-	62,918	5,491	-	5,491	68,409
National support	-	-	-	-	23,715	-	23,715	23,715
Rent	19,315	24,000	-	43,315	-	-	-	43,315
Bad debt expense	-	-	-	-	46,877	-	46,877	46,877
Media and public relations	-	-	-	-	4,170	-	4,170	4,170
Telephone	6,144	383	-	6,527	9,466	-	9,466	15,993
Administrative supplies	777	1,083	-	1,860	1,571	-	1,571	3,431
Special events	4,631	-	1,460	6,091	324	57	381	6,472
Travel	22,822	336	-	23,158	404	-	404	23,562
Seminars and conferences	1,584	1,076	-	2,660	-	-	-	2,660
Printing	958	5,418	-	6,376	971	664	1,635	8,011
Equipment purchases	2,131	395	-	2,526	4,595	-	4,595	7,121
Miscellaneous	-	107	-	107	972	-	972	1,079
Postage	125	50	-	175	936	-	936	1,111
Vehicle	-	2,001	-	2,001	-	-	-	2,001
Equipment rental	-	25,348	-	25,348	-	-	-	25,348
Background checks	1,202	841	-	2,043	27	-	27	2,070
Total Expenses	$ 936,342	$ 712,019	$ 20,530	$ 1,668,891	$ 561,648	$ 31,550	$ 593,198	$ 2,262,089

See accompanying notes.

Young Men's Christian Association of Frankfort, Kentucky, Inc.
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services				Support Services			
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	$ 527,309	$ 337,645	$ 1,905	$ 866,859	$ 62,372	$ 12,000	$ 74,372	$ 941,231
Depreciation and amortization	-	-	-	-	142,841	-	142,841	142,841
Utilities	15,767	133,393	-	149,160	-	-	-	149,160
Program supplies	75,202	122,569	17,536	215,307	851	1,405	2,256	217,563
Interest	-	-	-	-	62,161	-	62,161	62,161
Employee benefits	65,309	6,110	138	71,557	34,431	1,440	35,871	107,428
Professional services	50,545	13,848	265	64,658	164,232	14,570	178,802	243,460
Payroll taxes	36,931	23,105	122	60,158	11,444	1,200	12,644	72,802
Repairs and maintenance	13,076	44,584	-	57,660	18,892	-	18,892	76,552
Insurance	-	42,328	-	42,328	11,690	-	11,690	54,018
Food	67,559	846	-	68,405	3,659	-	3,659	72,064
National support	-	-	-	-	40,957	-	40,957	40,957
Rent	30,225	24,600	-	54,825	-	-	-	54,825
Bad debt expense	-	-	-	-	623	-	623	623
Media and public relations	-	-	-	-	3,186	-	3,186	3,186
Telephone	5,480	615	-	6,095	9,511	-	9,511	15,606
Administrative supplies	1,167	492	-	1,659	1,661	-	1,661	3,320
Special events	4,676	-	2,384	7,060	(734)	-	(734)	6,326
Travel	23,472	413	-	23,885	249	-	249	24,134
Seminars and conferences	2,090	593	-	2,683	50	-	50	2,733
Printing	-	5,791	-	5,791	615	-	615	6,406
Equipment purchases	-	1,579	-	1,579	134	-	134	1,713
Miscellaneous	-	(1,132)	-	(1,132)	4,266	-	4,266	3,134
Postage	98	191	-	289	1,203	-	1,203	1,492
Vehicle	-	1,389	-	1,389	-	-	-	1,389
Equipment rental	-	29,914	-	29,914	-	-	-	29,914
Awards and prizes	-	44	-	44	-	-	-	44
Background checks	2,209	930	-	3,139	22	-	22	3,161
Total Expenses	$ 921,115	$ 789,847	$ 22,350	$ 1,733,312	$ 574,316	$ 30,615	$ 604,931	$ 2,338,243

See accompanying notes.

Young Men's Christian Association of Frankfort, Kentucky, Inc.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Changes in net assets	$ (121,240)	$ 9,241
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	137,321	142,841
Net unrealized and realized gains on investments	-	(75,896)
Bad debt expense	46,877	623
Increase (decrease) in cash from changes in		
Accounts receivable	(73,060)	(1,178)
Prepaid expenses	39	(3,809)
Accounts payable	37,891	16,945
Accrued liabilities	(12,013)	(4,094)
Deferred revenue	(169)	3,061
Net Cash Provided by Operating Activities	15,646	87,734
Cash Flows From Investing Activities		
Purchases of property and equipment	(43,358)	(36,891)
Proceeds from sales or maturities of investments	1,232,413	24,524
Purchase of investments	-	(17,251)
Net Cash Provided by (Used for) Investing Activities	1,189,055	(29,618)
Cash Flows From Financing Activities		
Payments on bonds payable	(1,311,701)	(84,000)
Payments on note payable	-	(6,024)
Net Cash Used for Financing Activities	(1,311,701)	(90,024)
Net Decrease in Cash	(107,000)	(31,908)
Cash and Cash Equivalents, Beginning of Year	311,494	343,402
Cash and Cash Equivalents, End of Year	$ 204,494	$ 311,494
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	$ 54,662	$ 62,161

See accompanying notes.

Note A - Nature of Organization and Operations

The Young Men's Christian Association of Frankfort, Kentucky, Inc. (the Association) is a nonprofit organization whose goals are to nurture the healthy development of children, encourage positive behavior in teens, and strengthen families by putting Christian principles into practice through programs that build healthy spirit, mind, and body. Various programs assisting in meeting those goals include the following:

> ***Adult Swim Lessons***: *A program to orient and instruct adults in a water environment.*
>
> ***Child Swim Lessons***: *A program to teach water skills and safety to children ages 3 - 14.*
>
> ***Health and Fitness Programs***: *Programs to help people grow mentally, physically and spiritually. Programs include fitness assessments, exercise classes, water aerobics, teen lifting and strength training.*
>
> ***After School Program***: *An enrichment program for children ages 5 - 13 after regular school hours.*
>
> ***Summer Day Camp Program***: *A program which provides a camping experience for children ages 5 - 13.*
>
> ***Fall and Spring Soccer***: *An instructional program which provides recreational soccer activities for children between ages 4 - 14.*
>
> ***Winter Basketball***: *A program which teaches children between ages 6 - 10 the fundamentals of basketball, good sportsmanship, and Christian values.*
>
> ***Flag Football***: *An instructional youth football league for children between ages 6 - 12.*
>
> ***Summer Tee-Ball***: *A program which teaches the fundamentals of tee-ball for children ages 4 - 7.*
>
> ***Summer Sports Camp***: *A program which teaches basic fundamentals for all sports and introduces sports which are not yet mainstream.*
>
> ***Racquetball***: *A program which offers youth racquetball instruction for children ages 7 - 16.*
>
> ***Silver Sneakers***: *A fitness program for seniors provided at no cost by their health care plan. A fitness membership with free access to all basic YMCA amenities and classes is included.*
>
> ***YMCA Diabetes Prevention Program***: *A program designed to help people reduce their risk for developing type 2 diabetes. This small-group program helps people with prediabetes eat healthier, increase their physical activity, and lose weight, which can delay or even prevent the onset of type 2 diabetes.*
>
> ***Crayon Club Child Development Center***: *A center that provides full service daycare for children ages 6 weeks through 5 years old. The children will be involved in learning activities, arts and crafts, games, motor skill development, and environmental education.*

On January 1, 2019, the Young Men's Christian Association (YMCA) of Central Kentucky signed an agreement to purchase the Association for $1, take ownership of all assets, and assume responsibility for all remaining liabilities. The Association's activities and programs will continue to be operated by the YMCA in future years.

Note B - Summary of Significant Accounting Policies

1. Donor-imposed Restrictions: The Association records and reports its assets, liabilities, net assets, revenues, gains and losses, and other support based on the existence or absence of donor-imposed restrictions. The Association reports information regarding its financial position and activities according to the following net asset classifications:

   Net assets without donor restrictions*:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the Association's management and the board of directors. From time to time the Board designates a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.

   Net assets with donor restrictions*:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

2. Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Subsequent Events: Subsequent events for the Association have been considered through the date of the Independent Auditor's Report, which represents the date the financial statements were available to be issued.

4. Cash and Cash Equivalents: The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

5. Accounts Receivable: Management estimates an allowance for doubtful accounts based on the age of receivables and historical trends. As of December 31, 2018 and 2017, management recorded an allowance of $51,342 and $5,979, respectively.

6. Unconditional Promises: Unconditional promises to give are due within one year. Management estimates an allowance on uncollectible pledges based on information from donors. As of December 31, 2018 and 2017, management recorded an allowance of $28,590 and $27,075, respectively.

7. Property and Equipment: The Association reports gifts of land, buildings and equipment as unrestricted support unless the donor specifies how the donated assets must be used. Gifts of long-lived assets with stipulations on use are reported as restricted support. Absent donor stipulations about the length of time such assets must be maintained, the Association reports expirations of donor restrictions when the assets are placed in service.

   Property and equipment is stated at cost or fair-market value at date of receipt, if donated. The Association capitalizes property and equipment having a cost or fair-market value exceeding $2,000. Maintenance and repairs are expensed when incurred. Depreciation is calculated using the straight-line method over the estimated useful life, or the lease term, of the related asset. Depreciable lives range from 5 to 40 years. Depreciation expense for the years ended December 31, 2018 and 2017 was $123,439 and $141,284, respectively.

Note B - Summary of Significant Accounting Policies (Continued)

8. Revenue and Support: Contributions are recognized when the donor makes an unconditional promise to contribute. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are not included as contributions until the conditions are substantially met.

   Membership dues, activity and daily fees are recognized as revenue upon delivery of the service. Government subsidy represents amounts received on behalf of low income daycare participants.

9. Deferred Revenue: Deferred revenue represents amounts received in advance from members for dues and fees. These amounts are recognized as revenue during the following month when they are earned.

10. Donated Services: Services donated by volunteers with specialized skills are measured at their fair value and reported as unrestricted revenue and expense during the period provided. There were no donated services recognized during the years ended December 31, 2018 and 2017.

11. Compensated Absences: The Association provides vacation, sick and personal days to its employees.

12. Advertising: Advertising costs are expensed as incurred and are reported as media and public relations on the statements of functional expenses.

13. Functional Allocation of Expenses: Expenses are reported by functional area in the accompanying statements of functional expense. Expenses which directly and solely benefit a program are charged entirely to that program. All other expenses are allocated between program services and support services based on members served or space utilized for the related activity.

14. Investments: Investments are reported at fair value. Unrealized gains and losses are calculated as the difference between fair value and cost. Realized and unrealized gains and losses are reported in the statements of activities. Investments are exposed to various risks such as interest rate, market risk and credit risk. Due to the level of uncertainty related to changes in these factors, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments.

15. Income Taxes: The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. The Association recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the Accounting Standards Codification ("ASC"). No liability for uncertain tax positions has been recorded in the accompanying financial statements.

16. New Pronouncements: In August 2016, the FASB issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. This guidance includes qualitative and quantitative requirements in the following areas: 1) net assets classes, 2) investment return, 3) expenses, 4) liquidity and availability or resources, and 5) presentation of operating cash flows. The Association adopted this ASU as of and for the year ended December 31, 2018 with retrospective application for the 2017 financial statements.

Note C - Investments

The fair value provisions of the ASC define fair value, provide a framework for measuring fair value, and expand disclosures required for fair value measurements. They also establish a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest to lowest priority are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. Level 1 includes money market funds and mutual funds. Money market funds are valued at the net asset value of the units held. Mutual funds are valued at the closing price reported on the active market in which the individual security is traded.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Association's own assumptions.

There were no assets measured at fair value on a recurring basis as of December 31, 2018.

Assets measured at fair value on a recurring basis as of December 31, 2017 are as follows:

	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 1,232,413	$ -	$ -	$ 1,232,413

Note D - Endowment Fund

The Association's endowment consisted of donor restricted funds establish to support operations as of December 31, 2017. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association's Board of Directors served as stewards of the endowment funds in accordance with their interpretation of the Uniform Prudent Management of Institutional Funds Act and applicable laws, and within the provisions of the Association's constitution and by-laws. The Association's Board of Directors interpreted the Commonwealth of Kentucky's relevant trust laws 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, the Association classifies as permanently restricted net assets (a) the original value of donor-restricted gifts to the permanent endowment, (b) the original value of subsequent donor-restricted 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.

Note D - Endowment Fund (Continued)

During 2017, considering changing needs for the Association, the Association's Board of Directors petitioned the Commonwealth of Kentucky for clarification on alternative uses of the endowment. In 2018, the Attorney General of Kentucky issued a judgement stating that the Association shall be released from the restrictions in the endowment fund to the extent that the funds would be used solely for paying debts owed by the Association on tax-exempt bonds. The Association used funds from the endowment to pay the bonds in full in October 2018.

Endowment-related activity for the year ended December 31, 2018 consists of the following:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	$ -	$ 1,232,413	$ 1,232,413
Appropriated for expenditure	-	(1,232,413)	(1,232,413)
Endowment Net Assets, End of the Year	$ -	$ -	$ -

Endowment-related activity for the year ended December 31, 2017 consists of the following:

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	$ -	$ 1,163,790	$ 1,163,790
Investment income	-	17,251	17,251
Net unrealized and realized gains	-	75,896	75,896
Appropriated for expenditure	-	(24,524)	(24,524)
Endowment Net Assets, End of the Year	$ -	$ 1,232,413	$ 1,232,413

Note E - Defined Contribution Plans

The Association participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs through-out the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees' salary. These amounts are paid by the YMCA. Total contributions charged to retirement costs aggregated $51,553 and $54,775 for the years ended December 31, 2018 and 2017, respectively, of which $1,562 and $577 was unpaid at December 31, 2018 and 2017, respectively.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

Note F - Property and Equipment

Property and equipment as of December 31, 2018 and 2017 consisted of the following:

	2018	2017
Land	$ 543,680	$ 543,680
Buildings and improvements	4,376,958	4,362,045
Equipment	863,048	821,204
Equipment under capital lease	-	13,830
Vehicles	34,619	34,619
Total Property and Equipment	5,818,305	5,775,378
Less: Accumulated Depreciation	(3,663,740)	(3,540,301)
Net Property and Equipment	$ 2,154,565	$ 2,235,077

Note G - Line of Credit

The Association has a line of credit agreement with an available amount of $75,000 which is secured by real estate and all other business assets. The agreement requires quarterly interest payments at a rate of 5.0%. The agreement matures March 23, 2019. As of December 31, 2018 and 2017, there were no outstanding borrowings.

Note H - Bonds Payable

In August 2009, the Association's management negotiated a new bond offering, Series 2009, with various financial institutions. The Series 2009 bond proceeds were utilized to repay the amounts extended under the letter of credit related to the Series 2006 bonds and to retire the remaining outstanding bonds payable balance as of December 31, 2008.

The Series 2009 bonds totaled $1,900,000 and require variable monthly principal payments ranging from $5,000 to $12,000 through September 2029. The interest rate is determined periodically by the remarketing agent with an interest rate of 4.55%.

The Association was required to grant a security interest to the Issuer in all funds at any time deposited; and, agreed to grant a first mortgage lien in the Land to the Mortgagee. In effect, in the event the bonds are remarketed and are not purchased by a third party, the Association would be required to purchase any outstanding bonds.

In 2018, the Attorney General of Kentucky issued a judgement allowing the Association to use the endowment investments for the sole purpose of paying off the bonds. The Association used funds from the endowment to pay the bonds in full in October 2018.

Note I - Commitments and Contingencies

The Association has a noncancellable operating lease with the Commonwealth of Kentucky to lease land in Frankfort, Kentucky for $300 per year for ninety-nine years. The Association recorded an in-kind contribution of $24,000 for the estimated fair rental value of the property and a corresponding lease expense for each of the years ended December 31, 2018 and 2017.

On June 1st, 2014, the Frankfort YMCA entered into a management agreement with the YMCA of Central Kentucky to manage the operations of the Association. Payments related to this agreement totaled $126,000 as of December 31, 2018 and 2017. The agreement expired on December 31, 2018.