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

Financial Statements

Years Ended December 31, 2018 and 2017

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

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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 Central Kentucky, Inc.

We have audited the accompanying financial statements of the Young Men's Christian Association of Central 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 audits 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.

Kentucky
Indiana
Ohio

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Independent Auditor's Report (Continued)

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 Central Kentucky, Inc. as of December 31, 2018 and 2017, and the changes in their net assets and their 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 B1, 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.

MCM CPAs & Advisors LLP

Lexington, Kentucky
June 3, 2019

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

	2018	2017
Assets		
Assets		
Cash and cash equivalents	$ 1,921,800	$ 1,618,272
Restricted cash accounts	420,787	489,371
Accounts receivable	342,165	288,364
Pledges receivable, net	855,106	1,016,678
Prepaid expenses	188,781	193,605
Investments	5,578,540	6,158,398
Other assets	5,000	-
Property and equipment, net	36,608,667	36,320,021
Total Assets	$ 45,920,846	$ 46,084,709
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 921,872	$ 364,066
Accrued expenses	434,691	373,469
Other liabilities	296,007	24,728
Deferred income	323,819	402,112
Capital lease obligations	931,075	946,837
Long-term debt, net	17,683,155	18,391,810
Total Liabilities	20,590,619	20,503,022
Net Assets		
Net assets without donor restrictions		
Undesignated	18,364,852	17,717,899
Board designated funds for capital maintenance	968,187	1,067,061
Board designated endowment	2,161,640	2,384,485
	21,494,679	21,169,445
Net assets with donor restrictions		
Restricted by purpose or time	1,148,387	1,444,881
Restricted in perpetuity	2,687,161	2,967,361
	3,835,548	4,412,242
Total Net Assets	25,330,227	25,581,687
Total Liabilities and Net Assets	$ 45,920,846	$ 46,084,709

See accompanying notes.

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

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Public support-contributions	$ 232,405	$ 1,155,836	$ 1,388,241
United Way allocations	89,032	-	89,032
Foundation and government grants	64,334	158,376	222,710
Membership dues	8,824,680	-	8,824,680
Rental revenues	15,270	-	15,270
Program fees	3,998,150	-	3,998,150
Sale of supplies and services	9,401	-	9,401
Investment losses, net	(318,369)	(308,069)	(626,438)
Special events	11,274	-	11,274
Miscellaneous income	121,952	-	121,952
	13,048,129	1,006,143	14,054,272
Net Assets Released from Restrictions	1,582,837	(1,582,837)	-
Total Support and Revenues	14,630,966	(576,694)	14,054,272
Expenses			
Program and membership services			
Youth development	4,479,062	-	4,479,062
Healthy living	6,801,383	-	6,801,383
Social responsibility	426,204	-	426,204
Total Program and Membership Services	11,706,649	-	11,706,649
Supporting services			
Management and general	2,163,420	-	2,163,420
Fundraising	435,663	-	435,663
Total Support Services	2,599,083	-	2,599,083
Total Expenses	14,305,732	-	14,305,732
Change in Net Assets	325,234	(576,694)	(251,460)
Net Assets, Beginning of Year	21,169,445	4,412,242	25,581,687
Net Assets, End of Year	$ 21,494,679	$ 3,835,548	$ 25,330,227

See accompanying notes.

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

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Public support-contributions	$ 167,460	$ 1,140,532	$ 1,307,992
United Way allocations	94,684	-	94,684
Foundation and government grants	53,424	169,183	222,607
Membership dues	9,293,013	-	9,293,013
Rental revenues	11,475	-	11,475
Program fees	3,620,905	-	3,620,905
Sale of supplies and services	9,205	-	9,205
Investment income, net	315,544	237,374	552,918
Miscellaneous income	316,479	-	316,479
	13,882,189	1,547,089	15,429,278
Net Assets Released from Restrictions	1,341,619	(1,341,619)	-
Total Support and Revenues	15,223,808	205,470	15,429,278
Expenses			
Program and membership services			
Youth development	5,004,598	-	5,004,598
Healthy living	5,967,335	-	5,967,335
Social responsibility	375,776	-	375,776
Total Program and Membership Services	11,347,709	-	11,347,709
Supporting services			
Management and general	2,331,986	-	2,331,986
Fundraising	421,472	-	421,472
Total Support Services	2,753,458	-	2,753,458
Total Expenses	14,101,167	-	14,101,167
Change in Net Assets	1,122,641	205,470	1,328,111
Net Assets, Beginning of Year	20,046,804	4,206,772	24,253,576
Net Assets, End of Year	$ 21,169,445	$ 4,412,242	$ 25,581,687

See accompanying notes.

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

	Youth Development	Healthy Living	Social Responsibility	Management and General	Fundraising	Total Expenses
Salaries and Wages	$ 1,969,429	$ 3,295,598	$ 123,953	$ 851,778	$ 300,169	$ 6,540,927
Employee Benefits	224,811	273,932	17,041	192,194	47,520	755,498
Payroll Taxes	144,383	244,882	9,028	55,781	20,750	474,824
Contracted Labor and Professional Fees	54,696	62,203	1,948	92,200	6,676	217,723
Supplies/Other Program Costs	306,492	53,341	62,394	8,239	9,514	439,980
Telephone and Communication	19,109	17,581	1,044	9,438	979	48,151
Postage and Shipping	7,413	11,229	704	11,919	2,099	33,364
Building Occupancy	775,238	1,130,340	68,927	25	-	1,974,530
Equipment Expenses	158,509	107,051	3,095	244,611	9,004	522,270
Advertising and Publicity	73,009	106,929	7,055	3,455	21,380	211,828
Employee Expenses	24,023	18,072	1,091	19,012	3,997	66,195
Conferences, Conventions, and Meetings	18,024	12,609	5,706	20,008	13,438	69,785
Association Dues and Memberships	91,240	129,557	8,120	6,986	75	235,978
Scholarships and Awards	-	-	59,061	-	-	59,061
Financing Costs	-	-	-	582,974	-	582,974
Credit Card Fees	75,125	113,962	7,061	11,221	-	207,369
Insurance Expense	64,312	95,344	5,597	1,566	-	166,819
Miscellaneous Expense	20,923	70,676	1,481	12,129	62	105,271
Depreciation and Amortization	452,326	1,058,077	42,898	39,884	-	1,593,185
Total Expenses	$ 4,479,062	$ 6,801,383	$ 426,204	$ 2,163,420	$ 435,663	$ 14,305,732

See accompanying notes.

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

	Youth Development	Healthy Living	Social Responsibility	Management and General	Fundraising	Total Expenses
Salaries and Wages	$ 2,295,740	$ 2,754,086	$ 91,595	$ 1,058,462	$ 287,268	$ 6,487,151
Employee Benefits	181,025	222,839	13,092	225,325	44,860	687,141
Payroll Taxes	202,900	244,316	7,998	85,691	24,197	565,102
Contracted Labor and Professional Fees	29,826	58,731	3,658	88,050	4,010	184,275
Supplies/Other Program Costs	283,448	63,427	77,159	14,691	1,248	439,973
Telephone and Communication	14,373	17,030	1,072	16,365	762	49,602
Postage and Shipping	1,774	2,102	132	9,177	2,290	15,475
Building Occupancy	831,313	994,269	59,286	1,076	-	1,885,944
Equipment Expenses	194,829	167,171	5,969	123,027	9,284	500,280
Advertising and Publicity	121,916	124,186	12,411	2,870	35,288	296,671
Employee Expenses	18,819	18,403	1,116	24,034	2,776	65,148
Conferences, Conventions, and Meetings	26,391	9,769	1,038	26,965	8,731	72,894
Association Dues and Memberships	100,201	112,337	7,074	7,601	313	227,526
Scholarships and Awards	-	-	41,425	-	-	41,425
Financing Costs	29	34	2	600,638	-	600,703
Credit Card Fees	68,138	82,076	4,646	5,734	-	160,594
Insurance Expense	60,104	73,519	4,328	1,034	-	138,985
Miscellaneous Expense	61,630	73,795	5,436	9,880	445	151,186
Depreciation and Amortization	512,142	949,245	38,339	31,366	-	1,531,092
Total Expenses	$ 5,004,598	$ 5,967,335	$ 375,776	$ 2,331,986	$ 421,472	$ 14,101,167

See accompanying notes.

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

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ (251,460)	$ 1,328,111
Adjustments		
Depreciation and amortization	1,593,185	1,531,092
Unrealized and realized losses (gains) on investment	587,774	(630,941)
Gain on disposal of property and equipment	-	(6,078)
Bad debts	81,046	122,459
Changes in		
Accounts receivable	(53,801)	86,399
Pledges receivable	70,243	40,149
Prepaid expenses	4,824	(4,012)
Other assets	(5,000)	-
Accounts payable	557,806	166,333
Accrued expenses and other current liabilities	332,501	(241,907)
Deferred income	(78,293)	31,785
Net Cash Provided by Operating Activities	2,838,825	2,423,390
Cash Flows from Investing Activities		
Restricted cash accounts	68,584	(378,393)
Proceeds from sales or maturities of investments	57,520	141,253
Acquisition of investments	-	4,580
Contributions of investments	(65,592)	(52,081)
Purchases of property and equipment	(1,460,003)	(1,176,874)
Proceeds from sale of equipment	-	4,031
Net Cash Used by Investing Activities	(1,399,491)	(1,457,484)
Cash Flows from Financing Activities		
Principal payments on long-term debt	(719,110)	(266,023)
Proceeds from long-term debt	-	345,388
Proceeds from contributions restricted for endowment	156	22,400
Proceeds from contributions restricted for purchases of property and equipment	10,283	92,750
Principal payments on capital leases	(427,135)	(381,524)
Net Cash Used By Financing Activities	(1,135,806)	(187,009)
Net Increase in Cash and Cash Equivalents	303,528	778,897
Cash and Cash Equivalents, Beginning of Year	1,618,272	839,375
Cash and Cash Equivalents, End of Year	$ 1,921,800	$ 1,618,272
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 572,288	$ 556,549
Supplemental Disclosure of Investing and Financing Transactions		
In-kind contributions of equipment	-	8,868
Property and equipment included in accounts payable	486,116	-
Equipment purchased through capital leases	411,373	597,113

See accompanying notes.

Note A - Nature of Organization and Operations

The Young Men's Christian Association of Central Kentucky, Inc. (the "Association" or "YMCA") is a not-for-profit organization serving Central Kentucky, whose goals are to put Christian principles into action through programs and membership services that build a healthy spirit, mind, and body for all people in the community. Financial assistance is available for those in need for both membership and programs. Programs which assist in meeting the Association's goals include:

Healthy Living

Membership Services: The Association is primarily a membership organization offering memberships to youths, teens, adults, households, and seniors within its community. Memberships offer the opportunity to pursue health and well-being either individually, or as a part of an organized group in areas of cardiovascular, muscle strengthening, aquatics, and socialization with others. Many activities are included with membership, while many other fee-based programs are offered at a discount to members.

Health and Fitness Programs: The YMCA offers more than 300 classes city-wide each week as part of a general YMCA membership. These classes and programs allow members and non-members alike to expand physical fitness through a variety of interests including personal fitness programs, weight management programs, group participation Yoga, cycling, and aerobics, along with various other programs. Additionally, the YMCA offers an array of fee-based offerings including Pilates reformer, personal training, and martial arts.

Youth Development

Before and After School Child Care: This program offers before/after school child care at public and private school sites within the community. This program fosters growth and development of children with their parents and family. Instruction and activities within this program help kids develop moral and ethical behavior, self-esteem, and leadership, while providing a safe and supportive environment for working parents.

Youth-camps: Various programs are offered to participants including all-day camps for youth during the school year, all-day and part day summer camps, sports camps, and horseback camps. The Association also offers summer day camp activities in natural surroundings at its Bar-Y camp.

Youth/Teen Programs: Programs include youth instructional sports designed to enhance the skills of the respective sport and to promote the development of health and fitness, cooperation, safety, and respect for others. Such programs include basketball, T-ball, football, soccer, volleyball, cheerleading, and YMCA youth sports leagues that emphasize equal participation for all versus winning and losing. Teen programs include teen leadership through the Black Achievers program and youth advisory councils.

Aquatics: Swim lessons are offered to all ages of participants and include progressive learn-to-swim programs, water fitness activities, swim teams, and specialized aquatic activities such as scuba diving, CPR, and Life Guarding certification.

Arts and Humanities Programs: Instructional sessions are offered in various art forms including music (guitar and percussion classes), dance (ballroom dancing and ballet), and sewing.

Facility Rental: The Association provides its facilities to various civic, church, and other organizations at minimal cost as part of its community-based service.

Note A - Nature of Organization and Operations (Continued)

Social Responsibility

Community Services: The Association is committed to working with local and regional nonprofit agencies in support of stronger communities. Program and events such as arts and humanities, work with refugee families, neighborhood events, literacy days, free book give-a-ways, nonprofit use of YMCA facilities, city-wide events, and more emphasize the commitment to community partners. The Black Achievers program provides students in the 7^{th} through 12^{th} grades exposure to present educational and future career opportunities. These students are connected with adult mentors who encourage students throughout their high school years and guide them on career development. Assistance is provided for students in applying for college and the Association works with colleges and universities to secure scholarships for graduating seniors.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") is the sole source of authoritative GAAP.

   In August 2016, the Financial Accounting Standard Board ("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.

2. Accounting Estimates: The preparation of financial statements in conformity with GAAP 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. Cash and Cash Equivalents: The Association considers all cash and certificates of deposit with a maturity of three months or less when purchased to be cash equivalents.

4. Pledges Receivable: Pledges receivable due in subsequent years are recorded at the present value of the net realizable value, using an applicable interest rate to discount the amount.

5. Accounts Receivable: Accounts receivable consists mainly of third-party billings related to memberships and grants. At December 31, 2018 and 2017 management deemed that all accounts receivable were fully collectible.

6. Allowance for Doubtful Accounts: The allowance for doubtful accounts is an amount that management believes will be adequate to absorb possible losses based on prior year experience and knowledge of the donor or member's financial condition. Amounts are charged against the allowance when management determines that collection is doubtful. The allowance for doubtful accounts was $126,052 and $105,064 as of December 31, 2018 and 2017, respectively and relates only to pledges receivable.

Note B - Summary of Significant Accounting Policies (Continued)

7. 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.

8. 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.

   Property and equipment is stated at cost or fair-market value at date of receipt, if donated. The Association capitalizes property and equipment with a useful life of more than one year and a cost greater than $1,500. Maintenance and repairs are expensed when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	40 years
Building and land improvements	15 years
Furniture and equipment	7 years
Vehicles	10 years

9. Contributions: Contributions are recognized when the donor makes an unconditional promise to contribute. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are not included as contributions until the conditions are substantially met.

10. Deferred Income: The Association defines deferred income as membership dues and activity fees received in advance of the performance of services.

11. 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 discretion of 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.

12. Advertising: Advertising costs are expensed as incurred. Advertising expense amounts to $211,828 and $296,671 for the years ended December 31, 2018 and 2017, respectively.

Note B - Summary of Significant Accounting Policies (Continued)

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, while expenses benefiting multiple programs are allocated between program services and support services based on members served or space utilized for the related activity.

14. 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 ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

15. Financing Costs: Financing costs are netted with long-term debt in the financial statements. The Association incurred certain financing fees in the amount of $209,110 which are being amortized over the twenty-year term of the loan. Accumulated amortization is $34,852 and $24,396 as of December 31, 2018 and 2017, respectively.

16. 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. (see Note P)

17. New Pronouncements: In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the Association's year ending December 31, 2019. The Association evaluated the impact of the adoption of ASU 2014-09 on the financial statements and did not record any material impact from the adoption of ASU 2014-09 as of January 1, 2019.

    In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard should assist entities in 1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard will be effective for the calendar year ending December 31, 2019.

    In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the calendar year ending December 31, 2020.

    In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective the calendar year ending December 31, 2022. The Association is currently in the process of evaluating the impact of the adoption of ASU 2018-08, ASU 2016-02 and ASU 2016-13 on the financial statements.

Note C - Liquidity and Availability of Resources

The Association's endowment funds consist of donor-restricted endowments that are not available for general expenditure. The Association also has board designated net assets without donor restrictions that, while the Association does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

In addition, as part of its liquidity management, the Association invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and money market accounts. As more fully described in Note H, the Association has a $250,000 line of credit also available to meet liquidity needs.

The Association's assets available within one year of the statements of financial position date for general expenditures as of December 31, 2018 and 2017 are as follows:

	2018	2017
Financial Asset at Year-end		
Cash and cash equivalents	$ 2,342,587	$ 2,107,643
Accounts receivable	342,165	288,364
Pledges receivable, net	855,106	1,016,678
Investments	3,341,043	3,625,529
Funds held in trust by others	2,237,497	2,532,869
Total Financial Assets	9,118,398	9,571,083
Less Amounts Not Available to be Used Within One Year Due to		
Restricted by donors for use in future periods	271,969	360,605
Restricted by donors in perpetuity	2,687,161	2,967,361
Board designated funds for capital maintenance	968,187	1,067,061
Board designated endowment	2,161,640	2,384,485
Total Financial Assets not Available to be Used Within One Year	6,088,957	6,779,512
Total Financial Assets Available to Meet General Expenditures Within One Year	$ 3,029,441	$ 2,791,571

Note D - Pledges Receivable

Pledges receivable are unconditional promises to give related to the Association's Capital Campaign and Annual Giving Campaign as follows:

	2018	2017
Receivable in Less than One Year	$ 489,202	$ 493,308
Receivable in One to Five Years	550,000	676,000
Receivable in Six to Fifteen Years	50,000	100,000
Total Pledges Receivable	1,089,202	1,269,308
Less Allowance for Doubtful Accounts	(126,051)	(105,064)
Less Discounts to Net Present Value	(108,045)	(147,566)
Net Pledges Receivable	$ 855,106	$ 1,016,678

The discount rate used on promises to give is 5%.

Note E - Investments and Fair Value Accounting

Investments as of December 31, 2018 consist of the following:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	$ 3,099,756	$ 3,037,792	$ (61,964)
Fixed Income	2,279,262	2,215,243	(64,019)
Cash Equivalents	133,506	133,506	-
Alternative Strategies	191,786	191,999	213
	$ 5,704,310	$ 5,578,540	$ (125,770)

	Fair Value
Investments	$ 3,341,043
Perpetual Trusts Held by Third Parties	2,237,497
	$ 5,578,540

Note E - Investments and Fair Value Accounting (Continued)

Investments as of December 31, 2017 consist of the following:

	Cost	Fair Value	Unrealized Appreciation
Equities	$ 2,548,420	$ 3,444,000	$ 895,580
Fixed Income	2,419,018	2,446,671	27,653
Cash Equivalents	161,943	161,943	-
Alternative Strategies	101,205	105,784	4,579
	$ 5,230,586	$ 6,158,398	$ 927,812

Investments	$ 3,625,529
Perpetual Trusts Held by Third Parties	2,532,869
	$ 6,158,398

Note E - Investments and Fair Value Accounting (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income			
YMCA Maintenance Reserve	$ 24,663	$ 1,295	$ 25,958
YMCA Endowment	56,333	1,003	57,336
YMCA Stock Gift Fund	2,008	15,100	17,108
Stoll Trust	-	19,325	19,325
Mitchell Trust	-	10,388	10,388
Coolidge Trust	-	21,680	21,680
Cooper Trust	-	3,127	3,127
	83,004	71,918	154,922
Distributions			
YMCA Endowment	(2,000)	-	(2,000)
YMCA Stock Gift Fund	-	(15,100)	(15,100)
Stoll Trust	-	(41,929)	(41,929)
Mitchell Trust	-	(18,540)	(18,540)
Coolidge Trust	-	(48,944)	(48,944)
Cooper Trust	-	(7,140)	(7,140)
	(2,000)	(131,653)	(133,653)
Realized Gains			
YMCA Maintenance Reserve	58,367	3,584	61,951
YMCA Endowment	283,249	5,332	288,581
YMCA Stock Gift Fund	-	295	295
Stoll Trust	-	15,062	15,062
Mitchell Trust	-	28,630	28,630
Coolidge Trust	-	34,501	34,501
Cooper Trust	-	6,585	6,585
	341,616	93,989	435,605
Unrealized Losses			
YMCA Maintenance Reserve	(173,628)	(10,291)	(183,919)
YMCA Endowment	(540,014)	(10,573)	(550,587)
YMCA Stock Gift Fund	-	(8)	(8)
Stoll Trust	-	(100,359)	(100,359)
Mitchell Trust	-	(62,685)	(62,685)
Coolidge Trust	-	(105,073)	(105,073)
Cooper Trust	-	(18,380)	(18,380)
Other	-	(2,368)	(2,368)
	(713,642)	(309,737)	(1,023,379)
Investment Losses Before Fees	(291,022)	(275,483)	(566,505)
Less Investment Fees	(27,347)	(32,586)	(59,933)
Investment Losses, net	$ (318,369)	$ (308,069)	$ (626,438)

Note E - Investments and Fair Value Accounting (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividend Income			
YMCA Maintenance Reserve	$ 21,318	$ 1,122	$ 22,440
YMCA Endowment	50,893	958	51,851
Stoll Trust	-	21,258	21,258
Mitchell Trust	-	10,439	10,439
Coolidge Trust	-	17,353	17,353
Cooper Trust	-	2,659	2,659
Other	229	720	949
	72,440	54,509	126,949
Distributions			
Stoll Trust	-	(82,034)	(82,034)
Mitchell Trust	-	(13,231)	(13,231)
Coolidge Trust	-	(60,964)	(60,964)
Cooper Trust	-	(9,791)	(9,791)
	-	(166,020)	(166,020)
Realized Gains (Losses)			
YMCA Maintenance Reserve	(5,566)	(316)	(5,882)
YMCA Endowment	61	1	62
Stoll Trust	-	92,298	92,298
Mitchell Trust	-	7,141	7,141
Coolidge Trust	-	37,616	37,616
Other Trust	1,937	1,591	3,528
	(3,568)	138,331	134,763
Unrealized Gains (Losses)			
YMCA Maintenance Reserve	106,350	4,463	110,813
YMCA Endowment	182,534	3,791	186,325
Stoll Trust	-	75,636	75,636
Mitchell Trust	-	46,093	46,093
Coolidge Trust	-	43,332	43,332
Cooper Trust	-	17,195	17,195
Other	(18,778)	35,562	16,784
	270,106	226,072	496,178
Total Investment Income	338,978	252,892	591,870
Less Investment Fees	(23,434)	(15,518)	(38,952)
Investment Income, net	$ 315,544	$ 237,374	$ 552,918

Note E - Investments and Fair Value Accounting (Continued)

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 equities. Equities are valued using quoted market prices. Cash equivalents are valued at the net asset value of the units held.
- 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 2 includes fixed income and alternative strategies. Fixed income securities are valued using pricing information obtained from a reputable third-party service provider who may utilize valuation techniques that use current market-based or independently sourced parameters, such as bid prices, dealer-quoted prices, or benchmark yield curves. Alternate strategies consist of hedge funds which are valued at the Net Asset Value of the month proceeding the investment period according to the methodology outlined in the operating agreement for each individual hedge fund.
- 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.

The following table presents the balances of the assets measured at fair value on a recurring basis as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments				
Equities	$ 1,900,553	$ -	$ -	$ 1,900,553
Fixed income	-	1,185,593	-	1,185,593
Cash equivalents	95,112	-	-	95,112
Alternative strategies	-	159,785	-	159,785
	1,995,665	1,345,378	-	3,341,043
Perpetual Trusts Held by Third Parties				
Equities	1,137,239	-	-	1,137,239
Fixed income	-	1,029,650	-	1,029,650
Cash equivalents	38,394	-	-	38,394
Alternative strategies	-	32,214	-	32,214
	1,175,633	1,061,864	-	2,237,497
	$ 3,171,298	$ 2,407,242	$ -	$ 5,578,540

Note E - Investments and Fair Value Accounting (Continued)

The following table presents the balances of the assets measured at fair value on a recurring basis as of December 31, 2017:

	Level 1	Level 2	Level 3	Total
Investments				
Equities	$ 2,221,320	$ -	$ -	$ 2,221,320
Fixed income	-	1,281,626	-	1,281,626
Cash equivalents	122,583	-	-	122,583
	2,343,903	1,281,626	-	3,625,529
Perpetual Trusts Held by Third Parties				
Equities	1,222,680	-	-	1,222,680
Fixed income	-	1,165,045	-	1,165,045
Cash equivalents	39,360	-	-	39,360
Alternative strategies	-	105,784	-	105,784
	1,262,040	1,270,829	-	2,532,869
	$ 3,605,943	$ 2,552,455	$ -	$ 6,158,398

Note F - Split-interest Agreements

Four donors have established trusts under which the Association receives benefits that are shared with other beneficiaries. Under the terms of these trusts, the Association has the irrevocable right to receive their share of the income earned on the trust assets in perpetuity, but they never receive the assets held in trust. The value of these trusts has been determined by taking the Association's share of the income received annually and multiplying that percentage by the market value of the trust assets. A brief description of the perpetual trusts held by third parties is as follows:

a) Stoll Trust: The Association receives 1/3 of the income earned. The income can be used for general operations.
b) Mitchell Trust: The Association receives 1/13 of the income earned. The income can be used for general operations.
c) Coolidge Trust: The Association receives 100% of the income earned. The income can be used for the benefit of the Jessamine County branch.
d) Cooper Trust: The Association receives 50% of the income earned. The income can be used for general operations.

Note G - Property and Equipment, Net

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

	2018	2017
Land and Land Improvements	$ 8,788,668	$ 8,740,850
Buildings and Building Improvements	38,384,724	37,160,648
Furniture and Equipment, Including Capital Leases	3,453,564	2,874,884
Vehicles	6,290	6,290
Construction-in-Progress	179,428	158,626
Total Property and Equipment	50,812,674	48,941,298
Less: accumulated depreciation	(14,204,007)	(12,621,277)
Net Property and Equipment	$ 36,608,667	$ 36,320,021

Depreciation expense for the years ended December 31, 2018 and 2017 was $1,582,730 and $1,520,637 respectively.

Note H - Line of Credit

In 2013, the Association secured a $250,000 line of credit with a local bank. The line of credit bears interest at the bank's prime rate (5.50 % at December 31, 2018). There was no outstanding balance on the line of credit as of December 31, 2018 or 2017.

Note I - Long-term Debt

On August 31, 2015, Scott County, Kentucky ("the Issuer") issued Cultural and Recreational Revenue and Revenue Refunding Bonds, Series 2015, in two series. The Series 2015B bonds were issued in the aggregate principal amount of $3,000,000. The bonds were issued pursuant to a promissory note between the Association, the Issuer, and Whitaker Bank (the Holder) of the bonds. The proceeds were used to repay the Variable Rate Demand Industrial Development Revenue Bonds Series 1999 bonds. Interest on the bonds is payable quarterly, commencing on November 30, 2015, as follows: interest at the fixed rate of 2.95% until August 31, 2030 then at either a floating interest rate equal to the prime rate minus 0.50% per annum subject to a floor of 2.95% and a ceiling of 7.5% or a new fixed interest rate offered by the Holder in writing to the Association not less than 30 days prior to August 31, 2030 until maturity on August 31, 2035. These bonds are secured by an open-end mortgage of real property, security agreement, and assignment of leases and rents. The outstanding balance at December 31, 2018 and 2017 was $2,618,067 and $2,744,997, respectively.

Note I - Long-term Debt (Continued)

In addition to the 2015B series, a Series 2015A was also issued on August 31, 2015 in the aggregate principal amount of $16,000,000 to finance the costs of (i) the construction and equipping of a new facility to be located at 2681 Old Rosebud Road in Lexington, also known as the Whitaker Family YMCA and (ii) the expansion and renovation of the existing facility located at 381 West Louden Avenue in Lexington known as YMCA North. The bonds were also issued pursuant to a promissory note between the Association, the Issuer, and Whitaker Bank (the Holder) of the bonds. Interest on the bonds is payable quarterly, commencing on November 30, 2015, as follows: interest at the rate of 2.95% until August 31, 2030 and at either the floating interest rate equal to the prime rate minus 0.50% per annum subject to a floor of 2.95% and a ceiling of 7.5% or a new fixed interest rate offered by the Holder in writing to the Association not less than 30 days prior to August 31, 2030 until maturity on August 31, 2037. These bonds are secured by an open-end mortgage of real property, security agreement, and assignment of leases and rents. The outstanding balance as of December 31, 2018 and 2017 was $15,239,346 and $15,831,527. This bond began amortization on November 30, 2017.

Debt service requirements at December 31, 2018 are as follows:

2019	$ 739,475
2020	761,637
2021	784,879
2022	807,523
2023	833,045
Thereafter	13,930,854
Bond issuance costs	(174,258)
	$ 17,683,155

Total outstanding debt related to both bond issues was $17,857,413 and $18,576,524 as of December 31, 2018 and 2017, respectively. The long-term debt is recorded net of issuance costs of $174,258 and $184,714 for the years ended December 31, 2018 and 2017, respectively.

Note J - Operating Lease Obligations

The Association leases office equipment, cardiovascular fitness equipment and vehicles from non-related parties under operating lease agreements that expire at various dates through 2020. Lease expense for the years ended December 31, 2018 and 2017 was $81,152 and $73,075, respectively.

The following is a schedule of the future minimum operating lease and service agreement payments as of December 31, 2018:

2019	$ 37,657
2020	12,583
	$ 50,240

Note K - Capital Lease Obligations

The Association has entered into leases for fitness equipment, copiers, and buses from non-related parties under capital lease agreements that expire at various dates through 2022. The lease terms vary from 3 to 5 years with total monthly payments of $38,118 and $37,189 for the years ended December 31, 2018 and 2017, respectively, with interest rates ranging from 2.09% to 4.10%, as of December 31, 2018 and interest rates ranging from 2.09% to 3.70%, as of December 31, 2017.

The cost of the leased equipment included in property and equipment at December 31, 2018 and 2017 is $1,892,718 and $1,481,348, respectively. Amortization of assets under capital leases is included in depreciation expense in the accompanying financial statements. Accumulated depreciation on capital lease equipment at December 31, 2018 and 2017 is $894,711 and $521,067, respectively.

The present value of minimum capital lease obligations as of December 31, 2018 are as follows:

2019	$ 457,414
2020	256,731
2021	261,619
2022	12,999
Total Minimum Obligations	988,763
Less amounts representing interest	(57,688)
Present Value of Minimum Obligations	$ 931,075

Note L - Endowment

The Association's endowment consists of a fund established to support operations. Its endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. 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 serve 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 has 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.

The Association has adopted investment and spending policies for endowment assets that attempt to optimize total return while retaining sufficient liquidity to meet projected cash requirements to allow for growth of capital and income, and to preserve the principal of the fund.

Note L - Endowment (Continued)

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Association maintains an Investment Policy designed to safeguard its assets while maximizing total returns. The Association's Board, through its Finance Committee, selects and monitors an Investment Advisor who determines the appropriate asset allocation and selects investments within the guidelines of the Investment Policy.

The Association's practice is to appropriate a portion of the fund's income for distribution during the year to be made available for expenditure. The Board establishes the annual distribution amount to be consistent with the Association's objective to preserve the principal of endowment assets held in perpetuity

Endowment Net Asset Composition by Type of Fund as of December 31, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted in Perpetuity	$ -	$ 2,687,161	$ 2,687,161
Board Designated	2,161,640	-	2,161,640
Total Funds	$ 2,161,640	$ 2,687,161	$ 4,848,801

Changes in Endowment Net Assets for the Year Ended December 31, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets, Beginning of the Year	$ 2,384,488	$ 2,967,361	$ 5,351,849
Investment Income	34,886	22,824	57,710
Net Appreciation (Realized and Unrealized)	(255,734)	(186,627)	(442,361)
Total Investment Return	(220,848)	(163,803)	(384,651)
Contributions	-	156	156
Distributions	(2,000)	(116,553)	(118,553)
Endowment Net Assets, End of the Year	$ 2,161,640	$ 2,687,161	$ 4,848,801

Note L - Endowment (Continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2017:

	Without Donor	With Donor Restriction	Total
Donor-restricted in Perpetuity	$ -	$ 2,967,361	$ 2,967,361
Board Designated	2,384,488	-	2,384,488
Total Funds	$ 2,384,488	$ 2,967,361	$ 5,351,849

Changes in Endowment Net Assets for the Year Ended December 31, 2017:

	Without Donor	With Donor Restriction	Total
Endowment Net Assets, Beginning of the Year	$ 2,149,754	$ 2,754,067	$ 4,903,821
Investment Income	50,893	36,986	87,879
Net Appreciation (Realized and Unrealized)	182,595	319,928	502,523
Total Investment Return	233,488	356,914	590,402
Contributions	1,246	22,400	23,646
Distributions	-	(166,020)	(166,020)
Endowment Net Assets, End of the Year	$ 2,384,488	$ 2,967,361	$ 5,351,849

Note M - Net Assets

Net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	2018	2017
Board Designated Endowment	$ 2,161,640	$ 2,384,485
Board Designated for Capital Maintenance	968,187	1,067,061
Other Net Assets Without Donor Restriction	18,364,852	17,717,899
	$ 21,494,679	$ 21,169,445

Net assets with donor restriction subject to expenditure for specified purpose:

	2018	2017
Annual Giving campaign	$ 442,873	$ 495,102
Grants	125,344	170,468
Scholarship programs	138,964	96,900
Scott and Jessamine Counties	36,645	36,645
Capital Campaign	404,561	645,766
	$ 1,148,387	$ 1,444,881

Endowment fund investments to be held indefinitely, the income from which is expendable to support the Association's program services:

	2018	2017
Endowments	$ 2,687,161	$ 2,967,361

Note N - Defined Contribution Plans

The Association participates in the YMCA Retirement Fund which is a defined contribution, money purchase, church plan (the Retirement 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 (the 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 (the 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 throughout 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 the Tax-Deferred Savings Plan have no unfunded benefit obligations.

Note N - Defined Contribution Plans (Continued)

The Retirement Plan calls for contributions to the Fund at an amount equal to 12% of the participating employees' salary, with the Association contributing 7% and the employee contributing 5%. Under a special annual agreement, the Association can increase the amount of its contribution rate, thereby reducing the required contribution rate from its eligible employees. Employee contributions as well as any excess contribution rate paid by the Association on behalf of the employee contribution percentage are vested immediately to the employee. Employees who are 21 years of age and over are eligible to participate in the Retirement Plan on the first day of the month after two years of service, defined as completion of 1,000 hours of compensated employment within a 12-month period. Both employee and employer contributions to the Retirement Plan become immediately vested to the employee upon entrance of the Retirement Plan.

The Association elected to contribute 12% for the years ended December 31, 2018 and 2017, thereby making the required employee contribution rate to be 0%. The Association contributed $388,869 and $342,495 for the years ended December 31, 2018 and 2017, respectively, of which none was unpaid as of year-end.

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 contribution in this plan.

Note O - Related Party Transactions

As of December 31, 2018 and 2017, $216,504 and $207,370, respectively, was paid to the YMCA of the U.S.A for support services.

The Kentucky West Virginia Alliance of YMCAs (the "Alliance"), a 501(c)(4) organization, was created in November 2018 to support the growth and development of YMCAs in Kentucky and West Virginia. The purpose of the Alliance is to provide the following functions to the Alliance members: 1) Build organization capacity of Alliance Member YMCAs, 2) Build strong networks to provide opportunities for peer-to-peer learning and support, 3) Develop Alliance infrastructure, 4) Form collaborations to advance the strategic goals of the Alliance and 5) Advocate and advance the state alliance legislative priorities. The Alliance will provide services in the areas of board development, strategic planning, relationship building, facilitating management agreements, shared services and mergers and advocacy.

The Y-USA awarded a two-year grant in the amount of $581,667 to provide funding for the Alliance through 2020. The Alliance will receive additional funding from monthly assessments paid by member YMCAs. These monthly dues are based on annual revenues. The initial grant payment of $41,667 was received by the YMCA of Central Kentucky and was recorded as a payable to the Alliance as of December 31, 2018. The YMCA of Central Kentucky provides accounting, payroll and office support for the Alliance and beginning in January 2019 will receive a monthly management fee from the Alliance to offset these costs.

Note P - Subsequent Events

On January 1, 2019, the Association signed an agreement to purchase the Young Men's Christian Association of Frankfort, Kentucky (Frankfort) for $1, take ownership of all assets, and assume responsibility for all remaining liabilities. Frankfort's activities and programs will continue to be operated by the Association in future years. As a result of the acquisition, the Association recorded assets of approximately $4,300,000 and liabilities of approximately $125,000 on January 1, 2019.