

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

FINANCIAL STATEMENTS

June 30, 2012 and 2011

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

June 30, 2012 and 2011

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Young Men's Christian Association of Anaheim
Anaheim, California

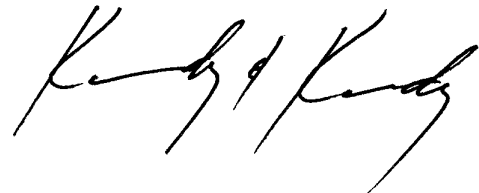
We have audited the accompanying statement of financial position of YMCA of Anaheim (a nonprofit organization) as of June 30, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on the financial statements based on our audit. The prior year summarized information was derived from the Organization's 2011 financial statements. In our report dated November 14, 2011 we expressed an unqualified opinion on those prior year financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and with *Government Auditing Standards*, issued by the U.S. Comptroller General. 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 YMCA of Anaheim, as of June 30, 2012, and the changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated October 30, 2012, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal and State Awards and Schedule of Findings and Questioned Costs are presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not required parts of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



October 30, 2012

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

STATEMENT OF FINANCIAL POSITION

June 30, 2012

(Summarized Totals for 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash	\$ 994,916	\$ 976,277
Accounts and Contracts Receivable	562,183	445,384
Pledges Receivable	12,500	12,500
Prepaid Expenses	80,043	82,765
Total Current Assets	<u>1,649,642</u>	<u>1,516,926</u>
Property and Equipment		
Land	283,590	283,590
Buildings and Improvements	1,111,026	1,254,363
Fixtures and Equipment	84,145	84,145
Vehicles	26,285	26,285
	<u>1,505,046</u>	<u>1,648,383</u>
Accumulated Depreciation	<u>(482,181)</u>	<u>(590,219)</u>
	<u>1,022,865</u>	<u>1,058,164</u>
Noncurrent Assets		
Cash - Board Designated	536,650	495,399
Cash - Capital Campaign	48,150	48,150
Cash - Major Component Replacement Fund	50,254	51,733
Investments - Endowment	272,566	267,905
	<u>907,620</u>	<u>863,187</u>
Total Assets	<u><u>\$ 3,580,127</u></u>	<u><u>\$ 3,438,277</u></u>

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

STATEMENT OF FINANCIAL POSITION

June 30, 2012

(Summarized Totals for 2011)

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 50,061	\$ 57,401
Accrued Payroll Expenses	188,732	181,624
Accrued Program Expenses	57,094	-
Deferred Revenue	219,391	174,437
Notes Payable - Current Portion	442,067	15,328
Total Current Liabilities	<u>957,345</u>	<u>428,790</u>
Long-Term Liabilities		
Major Component Replacement Liability	50,254	51,733
Notes Payable - Long Term Portion	41,043	482,124
	<u>91,297</u>	<u>533,857</u>
Total Liabilities	<u>1,048,642</u>	<u>962,647</u>
Net Assets		
Board Designated	536,650	626,440
Other Unrestricted	1,766,642	1,626,238
Total Unrestricted	2,303,292	2,252,678
Temporarily Restricted	118,639	114,463
Permanently Restricted	109,554	108,489
Total Net Assets	<u>2,531,485</u>	<u>2,475,630</u>
Total Liabilities and Net Assets	<u>\$ 3,580,127</u>	<u>\$ 3,438,277</u>

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012
(Summarized Totals for 2011)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
Revenues and Support					
Special Events Revenue	\$ 135,790	\$ 28,149	\$ -	\$ 163,939	\$ 118,642
Special Events Expense	(74,802)	-	-	(74,802)	(49,401)
Net Special Events	60,988	28,149	-	89,137	69,241
After School Education and Safety	5,861,394	-	-	5,861,394	5,500,554
Program Service Fees	1,813,481	-	-	1,813,481	1,761,300
CDE Contracts	810,400	-	-	810,400	943,712
Contributions	223,795	-	1,065	224,860	232,978
Other Contracts	187,910	-	-	187,910	107,577
Foundation and Local Grants	95,977	-	-	95,977	150,000
United Way Allocation	12,500	12,500	-	25,000	27,568
Merchandise Sales	22,383	-	-	22,383	19,523
Membership Dues	19,192	-	-	19,192	17,878
Investment and Other Income	2,466	1,465	-	3,931	30,994
	9,110,486	42,114	1,065	9,153,665	8,861,325
Net Assets Released From Restriction	37,938	(37,938)	-	-	-
Total Revenues and Support	9,148,424	4,176	1,065	9,153,665	8,861,325
Expenses					
Program Services					
Health and Wellness	849,108	-	-	849,108	756,657
Community Service	7,254,541	-	-	7,254,541	6,960,443
Support Services					
Management and General	837,122	-	-	837,122	817,442
Fundraising	157,039	-	-	157,039	193,195
Total Expenses	9,097,810	-	-	9,097,810	8,727,737
Change in Net Assets	50,614	4,176	1,065	55,855	133,588
Net Assets - Beginning	2,252,678	114,463	108,489	2,475,630	2,342,042
Net Assets - Ending	\$ 2,303,292	\$ 118,639	\$ 109,554	\$ 2,531,485	\$ 2,475,630

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2012

(Summarized Totals for 2011)

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 55,855	\$ 133,588
Noncash Items Included in Revenues and Expenses:		
Depreciation	35,299	46,073
Investment Gains	(3,029)	(29,652)
Increase (Decrease) in Cash Resulting From Changes in:		
Accounts and Contracts Receivable	(116,799)	(24,247)
Pledges Receivable	-	12,500
Prepaid Expenses	2,722	42,538
Accounts Payable	(7,340)	3,245
Accrued Payroll Expenses	7,108	38,997
Accrued Program Expenses	57,094	-
Deferred Revenue	44,954	(96,852)
Cash Provided by Operating Activities	<u>75,864</u>	<u>126,190</u>
Cash Flows from Investing Activities		
Purchase of Investments	(1,632)	(1,611)
Purchase of Property and Equipment	-	-
Transfers to Board-Designated Cash	(41,251)	(36,349)
Transfers to Major Component Replacement Fund	1,479	(10,114)
Cash (Used) by Investing Activities	<u>(41,404)</u>	<u>(48,074)</u>
Cash Flows from Financing Activities		
Increase in Major Component Replacement Liability	(1,479)	10,114
Retirement of Notes Payable	(14,342)	(13,326)
Cash (Used) by Investing Activities	<u>(15,821)</u>	<u>(3,212)</u>
Net Increase in Cash	18,639	74,904
Cash - Beginning	<u>976,277</u>	<u>901,373</u>
Cash - Ending	<u>\$ 994,916</u>	<u>\$ 976,277</u>

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2012

(Summarized Totals for 2011)

	<u>Program Services</u>		<u>Support Services</u>		2012 <u>Total</u>	2011 <u>Total</u>
	<u>Health and Wellness</u>	<u>Community Service</u>	<u>Management and General</u>	<u>Fund Raising</u>		
Salaries and Wages	\$ 476,933	\$ 4,374,981	\$ 411,441	\$ 86,024	\$ 5,349,379	\$ 5,067,390
Payroll Taxes and Benefits	93,056	868,379	103,552	22,022	1,087,009	1,015,316
Total Payroll Costs	569,989	5,243,360	514,993	108,046	6,436,388	6,082,706
Program Supplies and Costs	57,045	717,948	3,928	-	778,921	805,989
Professional Fees	37,017	521,335	85,560	26,758	670,670	707,893
Occupancy	50,317	257,335	21,450	5,362	334,464	316,059
Office Expenses	34,921	164,043	44,561	11,671	255,196	275,729
Information Technology	18,503	80,256	45,658	-	144,417	96,998
Conferences, Meetings and Dues	7,991	57,446	14,340	-	79,777	61,904
Equipment	24,156	27,435	20,871	-	72,462	80,223
Insurance	14,687	49,642	7,763	-	72,092	82,802
Transportation	1,099	53,185	2,675	-	56,959	44,457
Advertising and Promotion	4,704	37,663	5,096	5,202	52,665	26,235
Payments to Affiliates	10,406	15,608	26,014	-	52,028	48,688
Depreciation	7,060	10,590	17,649	-	35,299	46,073
Interest	6,391	9,587	15,977	-	31,955	32,970
Taxes and Fees	4,822	9,108	10,587	-	24,517	19,011
Total Expenses	\$ 849,108	\$ 7,254,541	\$ 837,122	\$ 157,039	\$ 9,097,810	\$ 8,727,737

See Accompanying Notes to Financial Statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 1 – ORGANIZATION AND OTHER MATTERS

The YMCA of Anaheim is a nonprofit corporation established in 1911, whose mission is to build and sustain strong kids, strong families and strong communities by putting Christian principles into practice through programs that build healthy spirit, mind and body for all. The Anaheim YMCA is for Youth Development, Healthy Living, and Social Responsibility. From infants to active older adults, the Anaheim YMCA impacts people of all ages through a variety of character-building programs in over 50 program locations. The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23401 of the California Tax Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Association is required to measure certain investments and related revenues at fair value. The technique used to measure fair value for investments is described in Note 7 below.

Cash Equivalents

For purposes of the statement of cash flows, the Association considers all temporary cash investments with maturities of three months or less to be cash equivalents.

The City of Anaheim requires that the Association maintain a separate bank account for major component replacement funds. An offsetting liability is carried to reflect the obligation.

Property and Equipment and Depreciation

Property and equipment are reported at cost or donated value and are depreciated by the straight-line method over estimated useful lives ranging between 3 and 39 years. The Association's policy is to capitalize equipment additions with a cost in excess of \$1,000.

Property and equipment acquired with CDE funds are owned by the Association while used in CDE programs and as long as the Association has CDE contracts. CDE has a reversionary interest in such assets and title may revert to CDE should the contracts be cancelled.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Reporting

The costs of the Association's activities have been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between programs and supporting services as they relate to those functions.

Income Taxes

The Association is exempt from income tax liability under Section 501(c)(3) of the Internal Revenue Code and Section 23401 of the California Tax Code. Since the Association is exempt from federal and state tax liability, no provision is made for current or deferred income taxes. The Association uses the same accounting methods for tax and financial reporting.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Association in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Association's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Accounting for Contributions

Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Contributions restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When a restriction is satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. When restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Association reports both the revenue and the related expense in the unrestricted net asset class.

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Association to review its plans for future funding from time to time and to designate appropriated sums of unrestricted net assets to assure adequate financing of program costs, administrative costs, and repair and maintenance costs. Use of these funds requires a majority vote of the directors present at a meeting at which a quorum is present.

Prior Year Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Materials

Some Association members have donated significant amounts of time in the advancement of its programs and objectives. No amounts have been included in the financial statements for such donated member or volunteer services since no objective basis is available to measure the value of these services.

NOTE 3 – CONCENTRATIONS

The Association received approximately 64% of its 2012 funding and 62% of its 2011 funding from the After School Education and Safety (ASES) program. This program is funded by the California Department of Education and passed through Anaheim City School District, Magnolia School District, Savanna School District, and the Anaheim Union High School District.

NOTE 4 –TEMPORARY RESTRICTIONS

	<u>2012</u>	<u>2011</u>
Temporarily restricted net assets consist of the following elements:		
Capital Projects (purpose restriction)	\$ 48,150	\$ 48,150
Endowment Earnings (purpose restriction)	29,840	28,375
Alden Esping Putting Classic (time restriction)	28,149	25,438
United Way Allocations (time restriction)	<u>12,500</u>	<u>12,500</u>
Total	<u>\$ 118,639</u>	<u>\$ 114,463</u>

NOTE 5 – ACCOUNTS AND CONTRACTS RECEIVABLE

Accounts receivable consist of amounts due from childcare and camp programs, and are considered by management to be fully collectable. Contracts receivable are due from CDE and other governmental sources.

	<u>2012</u>	<u>2011</u>
After School Education and Safety (ASES) Program	\$ 467,969	\$ 405,309
Other Federal Contracts	35,850	14,901
CDE Contracts	45,450	14,690
Program Service Fees	12,426	10,484
Other Contracts	<u>488</u>	<u>-</u>
Total	<u>\$ 562,183</u>	<u>\$ 445,384</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 6 – INVESTMENTS

Investments consist of mutual funds carried at fair value and are intended to provide income for the Association's programs. The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). Significant information about investments is summarized as follows:

	<u>Donated Cost/Value</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
<u>June 30, 2012</u>			
Mutual Funds	\$ 250,522	\$ 272,566	\$ 22,044
Unrealized Gain at 6/30/11			<u>27,524</u>
Unrealized (Loss) During the Year Ended 6/30/12			<u>\$ (5,480)</u>
<u>June 30, 2011</u>			
Mutual Funds	\$ 240,381	\$ 267,905	\$ 27,524
Unrealized Gain at 6/30/10			<u>16,604</u>
Unrealized Gain During the Year Ended 6/30/11			<u>\$ 10,920</u>

NOTE 7 – DEFERRED REVENUES

Deferred revenues include amounts received in the current year that will be recognized as revenues when earned in the next program year. These include:

	<u>2012</u>	<u>2011</u>
Program-related Fees	\$ 156,432	\$ 55,309
Camping Fees	19,951	67,748
Other Deferrals	<u>43,008</u>	<u>51,380</u>
Total	<u>\$ 219,391</u>	<u>\$ 174,437</u>

NOTE 8 – PENSION PLAN

The Association has a defined contribution pension plan through the YMCA Retirement Fund, administered by YMCA of the USA, covering employees who are 21 years of age with at least two years of service and 1,000 hours in each year. Plan contributions include employer matching contributions and voluntary employee contributions. In the reporting period, the Association contributed 7% of eligible salaries, which amounted to \$215,281 in 2012 and \$201,436 in 2011.

NOTE 9 – PLEDGES RECEIVABLE

Pledges receivable are from United Way allocations and are expected to be collected in the next fiscal year.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 10 – RELATED PARTY TRANSACTION

A Board member is employed by a financial institution with which the Association maintains cash balances. The Association paid bank fees to this institution of \$3,673 in 2012 and \$8,175 in 2011.

NOTE 11 – NOTES PAYABLE

Notes payable consist of the following obligations:

A note due to Pacific Western Bank, secured by building and land, with monthly payments of \$3,858, interest at 6.875%, maturing in April 2013. (Note 13 below)	\$ 442,067
A note due to the City of Anaheim, interest at 3%, maturing in August 2033.	<u>41,043</u>
Total Notes Payable	483,110
Portion Due in the Next 12 Months	<u>(442,067)</u>
Long-Term Portion	<u>\$ 41,043</u>

Principal maturities in future years are as follows:

<u>June 30</u>	
2013	\$ 442,067
After 2017	<u>41,043</u>
Total Notes Payable	<u>\$ 483,110</u>

NOTE 12 – CDE INFORMATION

Accrued payroll costs at June 30, 2012 include a liability for accrued vacation of \$160,268, of which \$7,190 is attributable to the Child Care Program subsidized by the California Department of Education.

Audit costs of \$6,000 were attributable to the Child Care Program subsidized by the California Department of Education.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to year end, management has conducted negotiations with another bank to refinance the loan payable to Pacific Western Bank discussed in Note 11 above. The renegotiated loan is expected to extend the terms and reduce the interest rate on this loan. Management expects to complete these negotiations before the PWB loan becomes due in April 2013.

Management has evaluated subsequent events through October 25, 2012, the date when the financial statements were available for issuance.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 14 – PERMANENTLY RESTRICTED NET ASSETS

In accordance with California state law (UPMIFA), the Association has classified as permanently restricted the fair value of donations restricted by donors to be held as endowments in perpetuity. The finance committee has interpreted the state law as requiring preservation of the fair value of the original endowment gift, as of the gift date, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted the original value of gifts made to the permanent endowment.

Any unappropriated earnings of the permanently restricted endowment fund are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization. The Association is currently reinvesting any interest and dividends back into the Endowment fund to promote long term growth.

From time to time, the fair values of endowment assets may, due to unfavorable market fluctuations, fall below the level that donors required to be retained as a fund of perpetual duration. In accordance with generally accepted accounting principles, declines of this nature are reported as losses in unrestricted net assets. As values recover, the increases are reported as unrestricted gains. At the reporting date, the Association had no such declines in values.

The Association has adopted an investment policy and spending guidelines for endowment assets to provide a predictable stream of revenues for operating activities and to preserve the purchasing power of the endowment assets. Under these policies, endowment assets are invested to produce a return that is expected to meet or exceed the rate of inflation as measured by the Consumer Price Index. Actual results during any period may vary from these expectations. The Association relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. This strategy involves a diversified asset allocation that provides a balance among equity investments.

Endowment composition by type of fund as of June 30, 2012 is as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 29,840	\$ 109,554	\$ 139,394
Board-designated endowment funds	<u>133,172</u>	-	-	<u>133,172</u>
Total funds	<u>\$ 133,172</u>	<u>\$ 29,840</u>	<u>\$ 109,554</u>	<u>\$ 272,566</u>

Changes in the year ended June 30, 2012 are as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 131,041	\$ 28,375	\$ 108,489	\$ 267,905
Contributions	-	-	1,065	1,065
Investment income	5,379	3,697	-	9,076
Net (depreciation)	<u>(3,248)</u>	<u>(2,232)</u>	-	<u>(5,480)</u>
Endowment net assets, end of year	<u>\$ 133,172</u>	<u>\$ 29,840</u>	<u>\$ 109,554</u>	<u>\$ 272,566</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE 14 – PERMANENTLY RESTRICTED NET ASSETS (continued)

Endowment composition by type of fund as of June 30, 2011 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 28,375	\$ 108,489	\$ 136,864
Board-designated endowment funds	<u>131,041</u>	<u>-</u>	<u>-</u>	<u>131,041</u>
Total funds	<u>\$ 131,041</u>	<u>\$ 28,375</u>	<u>\$ 108,489</u>	<u>\$ 267,905</u>

Changes in the year ended June 30, 2011 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 114,558	\$ 14,520	\$ 107,564	\$ 236,642
Contributions	-	-	925	925
Investment income	10,550	8,868	-	19,418
Net appreciation	<u>5,933</u>	<u>4,987</u>	<u>-</u>	<u>10,920</u>
Endowment net assets, end of year	<u>\$ 131,041</u>	<u>\$ 28,375</u>	<u>\$ 108,489</u>	<u>\$ 267,905</u>

NOTE 15 – COMMITMENTS

The Association has a yearly lease for building and grounds. The base rent per month is \$250. The Association also has a month-to-month lease on storage space with monthly payments of \$1,500.

The Association has a five-year operating lease for exercise equipment with Merrimack Capital Company with monthly payments of \$1,170. The lease runs through October 2013. The Association also has four five-year operating leases for copiers with Canon Financial with monthly payments of \$4,177. The leases run through September 2012, October 2012, March 2013, and January 2015.

Future minimum lease obligations are as follows:

Years Ending June 30,

2013	\$ 46,930
2014	25,680
2015	<u>14,000</u>
	<u>\$ 86,610</u>

NOTE 16 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash flows from operating activities included interest payments of \$31,955 in 2012 and \$32,970 in 2011. No payments for income taxes were made in 2012 or 2011.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

<u>Program Name</u>	<u>CFDA Number</u>	<u>Revenue Recorded</u>	<u>Federal Expenditures</u>
U.S. Department of Education –			
Twenty-First Century Community Learning Centers	84.287	\$ 468,931	\$ 468,931
Education for Homeless Children and Youth	84.196A	47,190	47,190
U.S. Department of Health and Human Services –			
Child Development Programs	93.575	40,442	40,442
Child Development Programs	93.596	73,465	73,465
Child and Adult Care Food Program	10.558	37,427	37,427
Community Development Block Grants	14.218	35,600	35,600
ACHIEVE Program	93.283	<u>25,000</u>	<u>25,000</u>
 Total Federal Awards		 <u>\$ 728,055</u>	 <u>\$ 728,055</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal contract activity of the Association and is presented on the accrual basis of accounting, which is the same basis of accounting used in the preparation of the financial statements.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 and agrees with the amounts presented in the financial statements.

See Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
YMCA of Anaheim
Anaheim, California

We have audited the financial statements of YMCA of Anaheim as of and for the year ended June 30, 2012, and have issued our report thereon dated October 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the United States Comptroller General.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

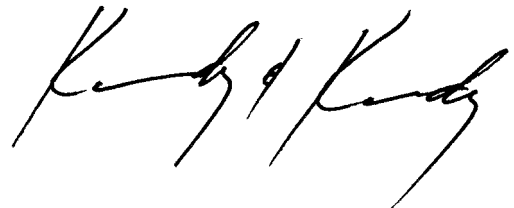
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, board of directors, management, and federal awarding agencies and pass-through entities. This report is not intended to be used and should not be used by anyone other than these specified parties.



October 30, 2012

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
YMCA of Anaheim
Anaheim, California

Compliance

We have audited the compliance of YMCA of Anaheim with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on its compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General; and OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Association's compliance with those requirements.

In our opinion, YMCA of Anaheim complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 2012.

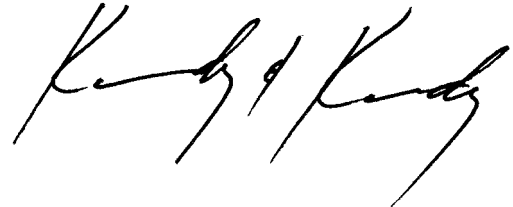
Internal Control

The Association's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A *deficiency in control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the audit committee and board of directors, and federal awarding agencies and pass-through entities. This report is not intended to be used, and should not be used, by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Kendy & Kendy". The signature is written in a cursive style with a large, stylized initial 'K'.

October 30, 2012
San Bernardino, California

YOUNG MEN'S CHRISTIAN ASSOCIATION OF ANAHEIM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

PART I - SUMMARY OF AUDITOR'S RESULTS

- 1) The auditors' report expresses an unqualified opinion on the Association's financial statements.
- 2) No reportable conditions or material weaknesses relating to the audit of the financial statements are included in the report on compliance and controls in accordance with *Government Auditing Standards*.
- 3) No instances of noncompliance material to the financial statements were disclosed during the audit.
- 4) No reportable conditions or material weaknesses relating to the audit of major federal award programs are included in the report on compliance and controls in accordance with OMB Circular A-133.
- 5) The auditors' report on compliance and controls in accordance with OMB Circular A-133 expressed an unqualified opinion on compliance for all of the Association's major federal award programs.
- 6) The programs tested as major were: U.S. Department of Education – Twenty-First Century Community Learning Centers.
- 7) The threshold for distinguishing Type A and Type B programs was \$300,000.
- 8) YMCA of Anaheim was determined to be a low-risk auditee.

PART II - FINANCIAL STATEMENT FINDINGS

None

PART III - MAJOR FEDERAL PROGRAM FINDINGS AND QUESTIONED COSTS

None

PART IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None