Attachment L

Corporate Audited Financial Statements

YMCA of South Florida, Inc. – December 31, 2016

YMCA of South Florida, Inc. – December 31, 2015

(9 months)

YMCA of Broward County, Inc. – March 31, 2015

(3 months)

YMCA of Greater Miami, Inc. – March 31, 2015

(3 months)

YMCA of Broward County, Inc. – December 31, 2014

YMCA of Greater Miami, Inc. – December 31, 2014

Combined Financial Comparison for the 2016, 2015 & 2014

CELEBRATING 100 YEARS
YMCA OF SOUTH FLORIDA

June 25, 2017

City of Fort Lauderdale
Community Redevelopment Agency
Northwest Progresso-Flagler Heights
Community Redevelopment Area
Attn: Jonathan Brown
914 NW 6th Street, Suite 200
Fort Lauderdale, FL 33311

Re: The Audit for the YMCA of South Florida for the Year Ended December 31, 2016

Dear Mr. Jonathan Brown

Thank you for the long term partnership and relationship with the YMCA of South Florida. In accordance with our agreement and contracts with the FDOE we are submitting the Audited for the YMCA of South Florida. As you are aware the YMCA of Broward County and the YMCA of Greater Miami merged into the YMCA of South Florida effective, April 1, 2015. For the first three months of 2015 the two Associations were operating under a management agreement, which allowed a single direction of operating decision making, while the two Associations were legally separate. Thus, legally there were three audits required during the past twelve months:

1. Young Men's Christian Association of Broward County, Inc. as of March 31, 2015 and the Three months then ended
2. Young Men's Christian Association of Greater Miami, Inc. as of March 31, 2015 and the Three months then ended
3. Young Men's Christian Association of South Florida, Inc. as of December 31, 2015 and the Nine Months then ended

In order to analyze and review the YMCA financial statements over the twelve months ended December 31, 2015, we have attached excel spreadsheets that have taken the numbers directly from the audits. We have shown the same data for the year Ended December 31, 2014 for both the YMCA of Broward County and the YMCA of Greater Miami for comparative purposes. Thus the additional attachments are added for an understanding of the impact of the YMCA. The attachments are:

YMCA OF
SOUTH FLORIDA

Broward Office
900 SE 3rd Avenue
Suite 300
Ft Lauderdale, FL 33316
P: 954 334 9622

Miami Office
730 NW 107 Avenue
Suite 200
Miami, FL 33172
P: 305 357 4000

ymcaofsouthflorida.org

1. Balance Sheet as of December 31, 2015 taken directly from the audit of the YMCA of South Florida. For the balance as of December 31, 2014 the data was taken from the audits of the separate Associations.

2. Statement of Activates as of December 31, 2015 used the data from the three audits mentioned above in order to obtain the revenue and expenses for the twelve months. For comparative purposes the separate audits of the Associations were the basis of the data.

3. Statement of Cash Flows as of December 31, 2015 used the data from the three audits mentioned above in order to obtain the revenue and expenses for the twelve months. For comparative purposes the separate audits of the Associations were the basis of the data.

If you have any questions on the audits or financials as presented in the spreadsheets, please do not hesitate to give me a call at 954-334-9622 or email at mrussell@ymcasouthflorida.org . I will be more than happy to walk you through the information.

Sincerely,

Mark A. Russell
Chief Financial Officer

Enclosures:

1. Young Men's Christian Association of South Florida, Inc. – Financial Statements - December 31, 2015 and the Nine months then ended
2. Young Men's Christian Association of Broward County, Inc.- Financial Statements – March 31, 2015 and the Three months then ended
3. Young Men's Christian Association of Greater Miami, Inc.- Financial Statements – March 31, 2015 and the Three months then ended
4. Young Men's Christian Association of Broward County, Inc. – Financial Statements – December 31, 2014and the Twelve months then ended
5. Young Men's Christian Association of Greater Miami, Inc. – Financial Statements – December 31, 2014 and the Twelve months then ended
6. Young Men's Christion Association of South Florida – Required Communication Letter and Memorandum of Internal Control Structure – December 31, 2015
7. Spread Sheets, internally prepared by the YMCA staff to combine the Audits

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORTS

DECEMBER 31, 2016

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Young Men's Christian Association of South Florida, Inc. (the "Association"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses for the year 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 audit. 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 Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of South Florida, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 16, 2017 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
June 16, 2017

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 3,571,161
Grant receivables	875,848
Unconditional promises to give, net	264,768
Other receivables	618,709
Investments	2,732,747
Prepaid expenses, deposits and other current assets	626,090
TOTAL CURRENT ASSETS	8,689,323
Capital campaign pledges, net	522,288
Remainder trust held by third party	378,002
Endowment investments	68,154
Property and equipment, net	32,168,525
TOTAL ASSETS	**$ 41,826,292**
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 1,703,526
Deferred revenue	964,851
Current portion of deferred lease allowances	8,274
Current portion of deferred rent	209,750
Current portion of capital lease obligations	390,364
Current portion of long-term debt	986,877
Current portion of industrial revenue bonds	353,000
Current portion of deferred rental income	108,263
TOTAL CURRENT LIABILITIES	4,724,905
Interest rate swap	59,763
Deferred lease allowances, less current portion	6,207
Deferred rent, less current portion	31,365
Capital lease obligations, less current portion	461,825
Long-term debt, less current portion (less debt issuance costs, net of $7,895)	5,123,533
Industrial revenue bonds, less current portion (less debt issuance costs, net of $51,0'	7,681,984
Deferred rental income, less current portion	6,015,722
TOTAL LIABILITIES	24,105,304
COMMITMENTS AND CONTINGENCIES (NOTE 13)	
NET ASSETS	
Unrestricted	15,357,443
Temporarily restricted	2,295,391
Permanently restricted	68,154
TOTAL NET ASSETS	17,720,988
TOTAL LIABILITIES AND NET ASSETS	**$ 41,826,292**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

CHANGES IN UNRESTRICTED NET ASSETS:	
UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT:	
Federal government grants	$ 3,168,042
State and county government and other grants	12,004,603
Membership dues	14,034,851
Program services	13,721,567
Contributions and donations	974,873
United Way	493,368
Special events	627,702
Investment income	111,679
Other income	618,900
Net assets released from restrictions	373,774
TOTAL UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT	46,129,359
EXPENSES:	
Program services	39,453,099
Management and support services	5,700,934
Fundraising	1,221,246
TOTAL EXPENSES	46,375,279
CHANGE IN UNRESTRICTED NET ASSETS	(245,920)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Increase in value of temporarily restricted investments	10,637
Net assets released from restrictions	(373,774)
Contributions	574,064
TOTAL CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	210,927
CHANGE IN NET ASSETS BEFORE CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	(34,993)
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	73,014
CHANGE IN NET ASSETS	38,021
NET ASSETS – BEGINNING OF YEAR	17,682,967
NET ASSETS – END OF YEAR	**$ 17,720,988**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 38,021
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,939,415
Amortization of leasehold interest in land	38,000
Amortization of deferred loan refinancing costs	49,825
Net realized and unrealized gain on investments	(38,475)
Bad debt expense	409,903
Change in fair value of interest rate swap	(73,014)
Changes in assets and liabilities:	
(Increase) decrease in:	
Grant receivables	370,666
Unconditional promise to give and capital campaign pledges	(915,361)
Other receivables	(318,339)
Prepaid expenses, deposits and other current assets	95,919
Increase (decrease) in:	
Accounts payable and accrued expenses	312,374
Deferred revenue	58,915
Deferred lease allowances	(8,276)
Deferred rent	(43,697)
Deferred rental income	(108,264)
TOTAL ADJUSTMENTS	1,769,591
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,807,612
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisitions of property and equipment	(1,999,892)
Investment losses, net	(260,691)
NET CASH USED IN INVESTING ACTIVITIES	(2,260,583)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on capital lease obligations	834,679
Repayments on capital lease obligations	(138,111)
Repayments on long-term debt	(379,901)
Repayments on industrial revenue bonds	(339,000)
NET CASH USED IN FINANCING ACTIVITIES	(22,333)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(475,304)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,046,465
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 3,571,161**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for interest expense	**$ 560,560**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services								Support Services		
	Health Enhancement	Aquatics	Sports and Recreation	Summer Camp	Teen Leadership	Family Life	Community Services	Total Program Services	Management and Support Services	Fundraising	Total
Salaries and related benefits:											
Payroll	$ 4,608,638	$ 1,497,136	$ 1,175,456	$ 1,196,350	$ 24,151	$ 13,409,503	$ 421,533	$ 22,332,767	$ 2,600,245	$ 521,268	$ 25,454,280
Payroll taxes	408,586	132,299	100,536	101,963	2,360	1,187,452	35,892	1,969,088	173,156	43,610	2,185,854
Employee benefits	455,264	107,233	155,466	75,736	2,587	1,262,088	38,521	2,096,895	370,604	77,111	2,544,610
Total salaries and related benefits	5,472,488	1,736,668	1,431,458	1,374,049	29,098	15,859,043	495,946	26,398,750	3,144,005	641,989	30,184,744
Supplies	258,589	96,015	360,974	107,276	63,601	1,435,693	35,113	2,357,261	82,190	432,092	2,871,543
Occupancy	423,907	258,770	233,997	254,703	9,356	1,698,842	38,479	2,918,054	149,662	-	3,067,716
Contracts & professional servic	67,363	35,316	160,823	143,760	28,727	496,547	5,193	937,729	632,863	8,441	1,579,033
Insurance	171,940	59,422	59,315	55,460	3,958	600,805	15,325	966,225	120,844	-	1,087,069
Interest	106,494	36,080	36,738	34,350	2,451	334,512	9,492	560,117	443	-	560,560
Support to Y-USA	31,609	10,709	10,960	10,783	728	145,634	2,817	213,240	255,046	-	468,286
Membership dues	812	7,275	1,518	262	19	4,650	72	14,608	34,423	360	49,391
Bank charges	69,307	23,524	23,909	22,355	1,595	218,296	6,177	365,163	43,827	7,532	416,522
Advertising & promotion	76,126	19,919	12,790	4,938	106	16,289	249	130,417	625,867	107,286	863,570
Telephone	29,759	12,063	10,156	7,699	581	131,620	2,457	194,335	62,882	3,482	260,699
Conferences & seminars	16,537	12,258	12,591	7,557	5,992	60,089	381	115,405	56,273	7,943	179,621
Other employee expenses	92,337	35,889	32,227	27,921	6,367	285,074	10,145	489,960	98,280	9,704	597,944
Equipment rental & repair	171,799	26,127	22,406	20,556	1,467	223,724	5,680	471,759	109,027	-	580,786
Postage	4,253	998	1,065	950	126	9,313	263	16,968	63,417	2,333	82,718
Admission fees/field trip expens	427	1,219	12,684	163,041	6,492	480,486	35	664,384	-	-	664,384
Special events	10,188	776	790	2,377	53	68,776	204	83,164	-	-	83,164
Provision for bad debt	92,309	17,358	22,917	51,232	2,648	217,473	4,567	408,504	1,399	-	409,903
IT expense	27,893	15,308	10,387	8,702	621	87,660	2,405	152,976	161,956	84	315,016
Miscellaneous	4,419	1,447	1,472	1,377	98	13,289	380	22,482	2,327	-	24,809
Depreciation and amortization	373,340	134,470	128,793	120,422	8,593	1,172,704	33,276	1,971,598	56,203	-	2,027,801
TOTAL EXPENSES	$ 7,501,896	$ 2,541,611	$ 2,587,970	$ 2,419,770	$ 172,677	$ 23,560,519	$ 668,656	$ 39,453,099	$ 5,700,934	$ 1,221,246	$ 46,375,279

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Young Men's Christian Association (the "YMCA") was founded on June 6, 1844, in London, England. Since establishment of the first branch in Boston, Massachusetts in 1851, the YMCA has grown into one of the largest community service organizations in the United States.

The Young Men's Christian Association of Greater Miami, Inc. (the "YMCA Miami") was established in the State of Florida in 1916. The YMCA Miami services the residents of Miami-Dade and Monroe Counties in the State of Florida. The Young Men's Christian Association of Broward County, Inc. (the "YMCA Broward") was established in the State of Florida in 1955. The YMCA Broward services the residents of Broward County in the State of Florida.

Effective April 1, 2015, the YMCA Miami entered into a merger agreement with the YMCA Broward in which the YMCA Miami is the surviving corporation while the YMCA Broward ceased to exist upon the filing of the Articles of Merger. The Articles of the YMCA Miami were amended and restated changing its corporate name to Young Men's Christian Association of South Florida, Inc. (the "Association"). The purposes of the YMCA Miami and the YMCA Broward (the "Merging Entities") were not amended in the merger, and the officers and directors of the Association were comprised of the combined board of directors and officers of the Merging Entities at the effective date of the merger. The accounting for the merger utilized the carryover accounting method where all assets and liabilities of both Merging Entities were combined at the effective date of the merger in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Association is a nonprofit corporation organized for the benefit of its members and the community with the purpose of putting Judeo-Christian principles in practice through programs that build healthy spirit, mind, and body for all. Services are provided regardless of ethnic background or economic level. The nature and purpose of the Association's primary program services are as follows:

<u>Health Enhancement</u>

Adult physical wellness, aerobic and other wellness programs are provided.

<u>Aquatics</u>

Instructional swimming, lifesaving, stroke clinics, water safety certification and therapeutic aquatics are provided.

<u>Sports and Recreation</u>

Youth and adult sports recreational leagues in baseball, basketball, soccer and various other sports are provided.

<u>Summer Camp</u>

Summer camp programs for children aged seven to fifteen and specialty camp, serving children with cancer, diabetes and other health related programs are provided.

<u>Teen Leadership</u>

Teen Programs designed to strengthen youth involvement and connections with their community, family, school, and peers. Also encourages character development, life skills, and academic enrichment.

<u>Family Life</u>

Child and after-school care for children are provided. Contracted child care services are provided through government funded programs to low-income families. Family oriented programs designed to strengthen relations, between parents and children are provided. Nutrition program and meals are provided through a federally funded program to children participating in the Association's child care programs.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (continued)

Community Services

Programs that include introductory exercise classes for active older adults, school events for families to improve academics and home life, and YFit program in afterschool to encourage fitness and wellness for school aged children.

Basis of Presentation and Net Assets

The financial statements of the Association have been prepared on the accrual basis of accounting and in accordance with accounting standards issued by the Financial Accounting Standards Board ("FASB"). The Association reports its three types of net assets as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations for which the assets must be maintained permanently by the Association.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Association to significant concentrations of credit risk, consist principally of cash and cash equivalents and investments. The majority of the Association's cash balance is in non-interest bearing accounts which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times cash balances may temporarily exceed the FDIC coverage insurance limit. The Association has not experienced any losses in such accounts.

The Association invests in a variety of publicly traded investment vehicles, including common stocks, government and money market funds. Management seeks to mitigate risks inherent in the Association's investment portfolio by investing primarily in highly-rated financial instruments and through regular monitoring of the Association's investment portfolio.

The Association contracts with various agencies to provide after-school, holiday care, and a summer recreation program for children of South Florida. For the year ended December 31, 2016 one agency provided approximately 24% of the total support and revenues of the Association. Approximately 33% of the Association's revenues were generated by three family centers/locations for the year ended December 31, 2016.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid, temporary investments purchased with an original maturity of three months or less to be cash equivalents.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to changes in net assets and a credit to a valuation allowance based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts and which are not covered are written off through a charge to the valuation allowance and a credit to the related receivables.

Capital Campaign Pledges, Net and Unconditional Promises to Give, Net

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future years or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same year in which the contribution is received, the Association reports the support as unrestricted.

Unconditional promises to give and capital campaign pledges are initially recorded at fair value when received. Unconditional promises to give and capital campaign pledges due in the next year are reflected as current promises to give and capital campaign pledges and are recorded at their net realizable value. Unconditional promises to give and capital campaign pledges due in subsequent years are reflected as long-term promises to give and capital campaign pledges and are recorded at the present value of future collections. Conditional promises to give are recognized when the conditions have been substantially met.

The Association estimates an allowance for uncollectible promises to give and capital campaign pledges based on the creditworthiness of its donors, aging of the individual balances receivable, recent payment history, contractual terms, and other qualitative factors such as the status of the relationship with the donor. Unconditional promises to give are written off when all collection procedures have been exhausted and the potential for recovery is considered remote.

Investments and Investment Return

Investments are stated at fair value (NOTES 2 and 3). Realized and unrealized gains and losses are included in the change in unrestricted net assets. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned.

The Association classifies its investments as a current asset in the accompanying Statement of Financial Position due to the fact that these investments are available to be liquidated in an active market in order to meet the short term needs of the Association.

Prepaid Expenses, Deposits and Other Current Assets

Prepaid expenses, deposits and other current assets consist primarily of prepaid expenses which represent amounts paid in advance that benefit future periods which include insurances, rent and program supplies.

Debt Issuance Costs, Net

The Association amortizes costs incurred in obtaining debt financing over the terms of the debt instruments. Costs related to the Association's industrial revenue bonds and long-term debt (NOTE 7) amounted to approximately $356,000. The balance of unamortized debt issuances costs as of December 31, 2016 was approximately $59,000. Amortization expense was approximately $50,000 for the year ended December 31, 2016 and is included within the caption "Depreciation and amortization" expense in the accompanying Statement of Functional Expense.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment are recorded at cost. Contributed uses of long-lived assets are recorded at the lesser of the fair rental value of the property or the fair value of the asset at the date of the contribution. Amortization of the leasehold interest in land is computed on the straight-line basis over the lesser of the life of the asset or the lease term. Depreciation of buildings and improvements, vehicles, and furniture, fixtures, and equipment are computed on the straight-line method over the estimated useful lives of the depreciable assets ranging from three to forty years. Expenditures for routine maintenance and repairs are expensed as incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used by the Association is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the future cash flows of the asset. No impairment was recognized for the year ended December 31, 2016.

Deferred Revenue

Grant funding received in advance and membership dues and program fees collected in advance for the following year are recorded as deferred revenue at year end.

Deferred Rental Income

The Association received full rental payments in advance under certain land lease agreements (NOTE 13). The unearned portion of these rental payments are recorded as deferred rental income at year end.

Rent Costs

Deferred Rent

The Association recognizes rent expense on a straight line basis when a lease contains predetermined, fixed escalations of minimum rentals. The difference between rent expense and the rental amount payable under the leases are recorded as liabilities and are reported under "Deferred rent" in the accompanying Statement of Financial Position. As of December 31, 2016, the Association had approximately $241,000 of deferred rent expense related to this difference.

Deferred Lease Allowances

The Association received a $90,000 lease incentive to improve its corporate office space upon inception of the lease in December 2010. The incentive was recorded as a liability and reported under "Deferred lease allowances" in the accompanying Statement of Financial Position and recognized on a straight-line basis over the term of the lease. As of December 31, 2016, the Association had approximately $14,000 of deferred lease allowances.

Interest Rate Swap

The Association entered into an interest rate swap to hedge against interest rate fluctuations; benefit from interest rate fluctuations; obtain better interest rate terms than it would have been able to get without the swap; or manage the interest, cost, and the risk associated with its outstanding debt with the industrial revenue bonds discussed in NOTE 7. The valuation assumption may significantly affect the accuracy of the fair value of the instrument.

Donated Services

Many individuals have donated time and services to advance the Association's programs and objectives. The value of these services have not been recorded in the accompanying financial statements because they do not meet the criteria to be recorded in the financial statements under U.S. GAAP.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Membership dues are recognized as revenue ratably over the applicable membership term. Program services revenue is recognized when the underlying event has occurred. Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed assets are recognized as revenue at its fair value on the date of the contribution. Grant revenue for program services is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed.

Grant Revenue

Revenue received from grants is determined to be exchange transactions recognized as services are provided by the Association.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association are presented in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time records and estimates made by management.

Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes has been recorded.

The Association recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of the year. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Association files income tax returns. The Association is generally no longer subject to U.S. Federal examinations by tax authorities for fiscal years before 2013.

Adopted Accounting Pronouncement

<u>Debt Issuance Costs</u>

In April 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-03, "Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03), which resulted in the reclassification of debt issuance costs from Assets to inclusion as a reduction of the reportable Liabilities balance on the Statement of Financial Position. The Association has elected to adopt ASU 2015-03 as of January 1, 2016, with full retrospective application as required by the guidance. This standard did not have a material impact on the Statement of Financial Position and had no impact on the cash flows provided by operations for the year presented.

Recent Accounting Pronouncements

<u>Fair Value Measurement</u>

In May 2015, the FASB issued an accounting standard update that removes the requirement to include investments in the fair value hierarchy for which fair value is measured at net asset value using the practical expedient. The update also changes certain disclosure requirements. The update is effective retrospectively for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early application is permitted. The Association is currently evaluating the effect the update will have on its financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The Association is currently evaluating the effect the update will have on its financial statements.

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued an accounting standard update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The Association is currently evaluating the effect the update will have on its financial statements.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued an accounting standard update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Association is currently evaluating the effect the update will have on its financial statements.

Subsequent Events

The Association has evaluated subsequent events through June 16, 2017, which is the date the financial statements were available to be issued.

2. INVESTMENTS AND REMAINDER TRUST HELD BY THIRD PARTY

Investments as of December 31, 2016 are summarized as follows:

Bonds/fixed income securities	$ 1,290,496
Equity securities	993,797
Mutual funds	516,608
Remainder trust held by third party	378,002
	$ 3,178,903

The Association classifies its investments as a current asset in the accompanying Statement of Financial Position due to the fact that these investments are available to be liquidated in active markets, except for the endowment portion of the investment portfolio of $68,154 which is permanently restricted (NOTE 9) and the remainder trust held by third party of $378,002 which is temporarily restricted (NOTE 9).

Investment income consists of the following for the year ended December 31, 2016:

Realized and unrealized gain, net	$ 38,475
Interest and dividends	83,841
	$ 122,316

2. INVESTMENTS AND REMAINDER TRUST HELD BY THIRD PARTY (CONTINUED)

The Association received a contribution in the form of a term charitable irrevocable trust. The Association has the rights to income distributed by the trust and the assets held in the trust, at termination. Distributions from the trust reduce the asset reported and changes in fair value for the period are reported in the Statement of Activities.

3. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Bonds/fixed income securities - fair value of bonds/fixed income securities are based on quoted prices in active markets.

Equity securities - fair value is based on the quoted share of the market.

Mutual funds - fair value is based on the number of shares of an underlying fund multiplied by the closing value per share quoted by that fund and held by the Association at year end.

Remainder trust held by third party – The fair value of the trust is based on the fair value of the assets held by the trust, which approximates the net present value of the estimated future cash flows to be received from the trust.

Interest rate swap – The fair value of the interest rate swap is based on dealer quotations which generally represent an estimate of the amount the Association would pay or receive to terminate the agreement at the reporting date.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Recurring Basis

The following tables represent the Association's financial instruments measured at fair value on a recurring basis at December 31, 2016 for each of the fair value hierarchy levels:

Description	12/31/2016	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Bonds/fixed income securities	$ 1,290,496	$ 1,290,496	$ -	$ -
Equity securities	993,797	993,797	-	-
Mutual funds	516,608	516,608	-	-
Remainder trust held by third party	378,002	-	-	378,002
	$ 3,178,903	**$ 2,800,901**	**$ -**	**$ 378,002**
Liabilities				
Interest rate swap	**$ (59,763)**	**$ -**	**$ (59,763)**	**$ -**

Change in Fair Value of Level 3 Investments

The following table sets forth a summary of changes in the fair value of the Association's Level 3 assets for the year ended December 31, 2016:

Balance, beginning of year	$ 368,935
Change in value of remainder trust	9,067
Balance, end of year	**$ 378,002**

4. CAPITAL CAMPAIGN PLEDGES, NET AND UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give are pledges to fund general operations and capital campaign pledges are campaigns to raise funds for the Association's facilities. Pledge commitments in excess of one year are discounted to reflect the present value of the pledge and an allowance for uncollectible pledges is provided in accordance with Association policy.

At December 31, 2016 the outstanding pledge balances were as follows:

	Capital Campaign	Unconditional Promises to Give	Total
Gross pledges receivable	$ 587,637	$ 386,464	$ 974,101
Less: allowance for doubtful accounts	(29,000)	(121,696)	(150,696)
Less: discount on long-term pledges	(36,349)	-	(36,349)
	$ 522,288	**$ 264,768**	**$ 787,056**

4. CAPITAL CAMPAIGN PLEDGES, NET AND UNCONDITIONAL PROMISES TO GIVE, NET (CONTINUED)

Capital campaign pledges, which are due within one year, are reported at their net realizable value. Pledges, which are due after one year, have been discounted using a rate of 5.0% for the year ended December 31, 2016. Payments due on pledges receivable are as follows at December 31, 2016:

Year Ending December 31, 2016	
Less than one year	$ 141,598
One to four years	832,503
	$ 974,101

Capital campaign pledges are reflected as long-term assets in the Statement of Financial Position to the extent that liabilities have not been incurred for the purchase of capital assets.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at December 31, 2016:

Land	$ 3,243,445
Construction in progress	421,003
Leasehold interest in land (NOTE 13)	1,900,000
Buildings and improvements	38,292,176
Furniture, fixtures and equipment	4,145,131
Vehicle	42,809
Equipment under capital lease	3,647,825
	51,692,389
Less: accumulated depreciation and amortization (totaling $16,829,644 and $2,694,220, respectively)	(19,523,864)
	$ 32,168,525

Depreciation expense was approximately $2,028,000 (including amortization expense on capital leases of approximately $299,000) for the year ended December 31, 2016. Substantially all assets are pledged as collateral on long-term debt, industrial revenue bonds, and capital leases (NOTES 7 and 8).

6. LINES OF CREDIT

The Association has a $2,500,000 line of credit with a bank, with interest at the bank's LIBOR daily floating rate plus 1.92% as of December 31, 2016. Interest is payable monthly and amounts outstanding under the line of credit are secured by the Association's investments at the bank. As of December 31, 2016, no outstanding balance was due on the line of credit. There was no interest expense for the year ended December 31, 2016.

On May 13, 2011, the Association entered into a $500,000 line of credit along with a term loan in the amount of $7,500,000 (NOTE 7) with a financial institution. Under the terms of the financing agreements, the Association's line of credit bears interest at a rate equal to the greater of 4% per year or 375 basis points above the LIBOR rate (quoted 2 business days before the first day of each interest period). The Association did not receive any advances on the line of credit during the year ended December 31, 2016. The Association's loan agreement requires a debt service coverage ratio of not less than 1.10 to 1.0. The ratio is defined as the change in unrestricted net assets, plus depreciation and interest expense divided by current maturities of principal and interest on long-term debt and capital leases. Management believes the Association is in compliance with its debt covenants for the year ended December 31, 2016.

7. LONG-TERM DEBT AND INDUSTRIAL REVENUE BONDS

Long-Term Debt

On May 13, 2011, the Association entered into a term loan in the amount of $7,500,000 along with a $500,000 line of credit (NOTE 6) with a financial institution. Under the original terms of the financing agreements, the term loan bore interest at a rate of 5.12% per year until May 2012 and 5.55% thereafter through May 2021. Effective November 13, 2015 the loan was amended and the interest rate was reduced to 4.25% per year until May 2021. The term loan is payable in monthly installments of $31,250, plus interest. The proceeds of the term loan were used to refinance the Association's Weston and Hollywood facility loans. The Association's loan agreement requires a debt service coverage ratio of not less than 1.10 to 1.0. The ratio is defined as the change in unrestricted net assets, plus depreciation and interest expense divided by current maturities of principal and interest on long-term debt and capital leases. Management believes the Association is in compliance with its debt covenants for the year ended December 31, 2016. The Association's property and equipment interest in the Weston and Hollywood facilities are pledged as collateral to the loan.	$ 5,497,656
Note payable with a finance company totaling $42,809, with no interest, principal payments in monthly installments of $595 through 2018, secured by specific equipment.	20,211
Note payable with a finance company totaling $22,795, with interest at 5.99%, principal and interest in monthly installments of $693 through April 2017, secured by specific equipment.	2,524
Note payable with a finance company totaling $444,582, with interest at 4.2%, principal and interest payable in monthly installments of $11,377 through January 2016, and then $2,908 through January 2018 secured by specific equipment.	36,225
Note payable with a bank totaling $650,000, entered into for the purpose of completing the construction of the South Dade facility with a variable interest rate of the bank's prime rate plus 1.0% (approximately 4.50% at December 31, 2016) per annum to be adjusted monthly as the bank's prime rate changes. Payable in consecutive monthly installments of principal commencing on September 1, 2013 and continued on the same day of each calendar period thereafter, in 51 equal payment of $2,167. Accrued interest is payable monthly commencing on September 1, 2014 and continued on the same day of each calendar period thereafter, with one final payment of all remaining principal and accrued interest due on December 1, 2017. Collateral: second mortgage on the project (South Dade YMCA).	561,689
Total long-term debt	6,118,305
Less: current portion	(986,877)
Less: debt issuance costs	(7,895)
Long-term debt, net of current portion and debt issuance costs	$ 5,123,533

7. LONG-TERM DEBT AND INDUSTRIAL REVENUE BONDS (CONTINUED)

Long-Term Debt (Continued)

The maturity schedule of long-term debt as of December 31, 2016 is as follows:

Years ending December 31,	
2017	$ 986,877
2018	385,033
2019	375,000
2020	375,000
2021	375,000
Thereafter	3,621,395
	$ 6,118,305

Interest expense incurred on long-term debt for the year ended December 31, 2016 was approximately $291,000.

Industrial Revenue Bonds

On December 15, 2010, the Association executed a loan agreement with the Miami-Dade County Industrial Development Authority ("Issuer") in conjunction with the issuance of the Tax-exempt Industrial Revenue Bonds ("Bonds"), par value of $9,350,000 with variable interest. The proceeds were to be used for the construction of a new approximately 35,000 square foot fitness center located in South Dade. The Bonds are secured by such property. As part of the loan agreement, the Association agreed to invest approximately $2.0 million of private or its own funds in the construction before additional drawings on the Bonds.

During the year ended December 31, 2012, $9,349,894 was drawn on the Bonds and was used to fund the construction of the South Dade Center. The Bonds bear interest at a rate of 2.43% as of December 31, 2016. The carrying value of the Bonds is recorded at amortized cost as of December 31, 2016 as variable interest rates are linked to market rates.

The Association is required to meet financial and non-financial covenants provided by the Bond agreement. The Bonds can be called by the Issuer upon non-compliance with these covenants. Management believes the Association is in compliance with its debt covenants for the year ended December 31, 2016.

As of December 31, 2016, the outstanding balance on the industrial revenue bonds was $8,086,000. The Bonds are payable in monthly principal installments plus interest through December 2032. The maturity schedule of the Bonds as of December 31, 2016 is as follows:

Years ending December 31,	
2017	$ 353,000
2018	368,000
2019	388,000
2020	403,000
2021	424,000
Thereafter	6,150,000
Total	**$ 8,086,000**

In conjunction with the Bonds, the Association entered into an interest rate swap dated August 25, 2011 to hedge its exposure to interest rate fluctuations by fixing the variable portion (68% of the prime rate (LIBOR)) of the bond interest rate to 1.45% (effective rate 3.4% as of December 31, 2016). The interest rate swap is a forward swap that began in December 2012 and expires in December 2017. During the year ended December 31, 2016, the Association recognized a gain of approximately $73,000, which is included as a non-functional expense item in the accompanying Statement of Activities.

7. LONG-TERM DEBT AND INDUSTRIAL REVENUE BONDS (CONTINUED)

Industrial Revenue Bonds (Continued)

If the interest rate swap is held to maturity, as is management's intention, the cumulative effect of this liability on the change in net assets would be zero. The interest rate swap agreement exposes the Association to credit loss in the event of non-performance by the counterparty. However, the Association does not anticipate non-performance by the counterparty.

Interest expense incurred on the Bonds for the year ended December 31, 2016 was approximately $285,000.

8. CAPITAL LEASES

The Association leases certain equipment under capital leases expiring at various dates through the period ended January 2021. As of December 31, 2016 the leased property has a recorded cost of approximately $3,236,000 and total accumulated depreciation of approximately $2,694,000. Interest expense incurred on the capital leases was approximately $44,000 for the year ended December 31, 2016.

Minimum future lease payments under capital leases as of December 31, 2016 are as follows:

Years ending December 31,	
2017	$ 390,364
2018	372,528
2019	78,564
2020	51,840
2021	4,320
Total future minimum lease payments	897,616
Less: amount representing interest	45,427
Present value of future minimum lease payments	852,189
Less: current maturities	390,364
Long-term portion	**$ 461,825**

9. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2016:

Purpose restricted contribution	$ 58,658
Capital campaign pledges	554,064
Remainder trust held by third party	378,002
Leasehold interest in land (NOTE 13)	1,304,667
	$ 2,295,391

The permanently restricted net assets represent investments held in perpetuity for which the income can be used to support the operations of the Association. At December 31, 2016, the Association had permanently restricted net assets of $68,154.

10. ENDOWMENT NET ASSET CLASSIFICATION

The Association's endowments consist primarily of permanently restricted endowment funds from contributions received from donors who have instructed the Association that the corpus of their gifts remain in perpetuity, while the income from such gifts be used to support the operations of the Association. These gifts are recorded as permanently restricted in the Statement of Financial Position.

The Board of Directors of the Association has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment and (c) investment income generated by the endowment.

The Association will administer and invest the assets of the endowments directly or through its agents as directed by the Finance and Administration Committee and the Board. The Association has adopted investment and spending policies for endowment assets to provide a predictable stream of funding to programs supported by its endowments. Distributions from permanently restricted endowment funds will be calculated using a three year rolling average of the asset balance held, not to exceed three percent. The general objectives of the investment policy include: achieving optimal long-term return within an acceptable volatility/risk level, providing growth and maintaining safety of the principal.

As of December 31, 2016, endowment net assets mainly consisted of permanently restricted net assets amounting to $68,154. There were no changes to endowment net assets for the year ended December 31, 2016.

11. RELATED PARTY TRANSACTIONS

In accordance with the affiliation agreement with the YMCA of the USA, a percentage of substantially all unrestricted support is remitted to the national organization. For the year ended December 31, 2016, a total of approximately $468,000 was remitted to the national organization.

12. PENSION PLAN

The Association participates in a defined contribution retirement plan covering all employees. Contributions to the plan are made at stated percentages of each eligible employee's compensation, which was 12% during the year ended December 31, 2016. Total contributions were approximately $1,361,000 for the year ended December 31, 2016.

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Association leases office space, office equipment, and software under non-cancellable operating lease agreements with terms expiring at various dates through March 2021. Approximate minimum future rental payments under these non-cancellable lease agreements as of December 31, 2016 are as follows:

Years ending December 31,

2017	$ 1,198,000
2018	1,088,000
2019	419,000
2020	398,000
2021	4,000
	$ 3,107,000

Total rental expense for the year ended December 31, 2016 was approximately $373,000.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

The Association is charged a monthly rent expense by Miami Dade County Public Schools for use of their facilities in the course of administering the child care programs. Such commitments are month to month and are cancelable by either party with minimal notice. During the year ended December 31, 2016 rent expense totaled approximately $337,000.

Land and Facility Leases

YMCA City of Weston Land Lease Agreement

In 2001, the Association entered into a land lease agreement for its Weston facility which is recorded in the accompanying financial statements as a leasehold interest in land. The agreement was effective from May 1, 2001 with a termination date through December 1, 2050; this includes the period for which the lessee can exercise its option to extend lease terms, for an annual payment of $1.

The fair value of the land lease met the definition of a contribution of long-lived assets and was recorded as a leasehold interest in land on the date of the contribution, valued at $1,900,000, representing the lesser of the fair rental value of the lease or the fair value of the land. At December 31, 2016 the unamortized balance of the leasehold interest is $1,311,000 (NOTES 5 and 9).

YMCA City of Pembroke Pines Facility Lease Agreements

In 2009, the Association entered into a 10-year operating lease agreement with the City of Pembroke Pines, Florida for the Pembroke Shores Gymnasium Facility and Pembroke Falls Aquatic Center. The lease commenced on November 1, 2009. For the first three (3) years of the gymnasium lease the Association will pay $25 from each sport program registration in lieu of fixed monthly rental payments. The Association will lease the aquatic center for an annual rental payment of $1, plus $25 for each aquatic program registration. After year three of the lease, the Association will also become responsible for the utility expense of the facility over and above program registration obligations for the remainder of the lease.

YMCA City of Parkland Facility Lease Agreement

In 2008, the Association entered into a five year lease agreement with the City of Parkland for its Parkland facility. The lease commenced January 1, 2008. As per the terms of the lease, the lease automatically renewed on January 1, 2013 for an additional three year period ending on January 1, 2016. The Association received an annual rent waiver of $75,000 for the year ended December 31, 2015.

During December 2015, the Association vacated the facility as the City of Parkland did not agree to extend the lease agreement for an additional term. As a result of vacating the premises, the Association recorded a loss on disposal of abandoned leasehold improvements of approximately $206,000 for the year ended December 31, 2015.

YMCA Allapattah and Carver Land Agreements

During the year ended December 31, 2006, the Association entered into land lease agreements with 410 NW LLC to construct affordable housing living developments, including limited commercial space on properties commonly known as the Allapattah and Carver properties. The leases provided for the construction to be conducted in phases with the Association receiving rental income over a period of sixty-five years. In addition, the Allapattah lease agreement provided for the construction of a new YMCA branch within the overall Allapattah project.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

YMCA Allapattah and Carver Land Agreements (Continued)

During the year ended December 31, 2008, the Association entered into amended land lease agreements with Village Carver Phase I LLC, Village Allapattah Phase PLLC and Village Allapattah Phase II LLC (collectively, the Developers). Under the terms of the Allapattah agreements, the Developers agreed to prepay $3,060,000 as full and complete payment under the land lease agreements. During the year ended December 31, 2009, the Developers paid $2,500,000. During 2010, the Association collected the remaining $560,000.

Similarly, during the year ended December 31, 2009, the Developers entered into an agreement to prepay $2,012,000 as full and complete payment under the land lease agreement for the Carver Phase I project, subject to the parties completing certain conditions. Rental payments made by the Developers in 2008 and 2009 totaling $202,352 were applied toward amounts due under the agreement. In March 2010, the contract provisions were met and the Developers paid $1,810,217 representing full and complete payment under the agreement.

The Developers began making quarterly payments in conjunction with the development of Carver Phase II in accordance with the original Carver land lease agreement. The agreement provides for quarterly installments totaling $108,000 a year, with scheduled 5% increases in rent every five years over the life of the lease. On February 23, 2010, the Phase II agreement was modified to allow the Developers to prepay the lease. As a result, the Association collected $1,987,000 in 2010 as full and complete payment under the land lease agreement for the Carver Phase II project.

Deferred rental income under all agreements totaled $6,123,985 as of December 31, 2016. As a result of these agreements, the Association will recognize approximately $108,000 for the year ended December 31, 2016 and annually in the future as rental income for the remaining 65 years.

Litigation, Claims, and Assessments

In the ordinary course of business, the Association is exposed to various claims, threats, and legal proceedings, some of which are initiated by the Association. In management's opinion, the outcome of all such existing matters will not have a material impact on the Association's financial position and results of operations.

Grants

The Association may be vulnerable to loss of funding from various agencies. In addition, the receipt of governmental funding is subject to audit by such agencies, the outcome of which is not known until the audits are completed. Management is aware of these risks and has contingency plans available.

Risk Management

The Association is exposed to various risks of losses related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Association has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

SINGLE AUDIT REPORTS

MBAF
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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.

We have audited, in accordance with the 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 Comptroller General of the United States, the financial statements of Young Men's Christian Association of South Florida, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

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To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
June 16, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.

Report on Compliance for Each Major Federal Program

We have audited Young Men's Christian Association of South Florida, Inc.'s (the "Association") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended December 31, 2016. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
June 16, 2017

SUPPLEMENTAL INFORMATION

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor, Pass-through Grantor, Program or Cluster Title	CFDA Number	Contract/ Grant Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Health and Human Services:				
Child Care Development Fund Cluster				
Passed through Miami-Dade County - Department of Human & Child Development and Early Learning Coalition - Agency for Workforce Innovation				
Child Care Development Block Grant (CCDF)	93.575	N/A	$ -	$ 329,333
Child Care Mandatory and Matching funds of the Child Care and Development Fund	93.596	N/A	-	287,182
Subtotal Child Care Development Fund Cluster			-	616,515
Temporary Assistance to Needy Families (TANF)	93.558	N/A	-	257,275
Head Start	93.600	N/A		390,817
Social Service Block Grant (SSBG)	93.667	N/A	-	700
Total U.S. Department of Health and Human Services			**-**	**1,265,307**
U.S. Department of Education:				
Passed through Florida Department of Education				
Twenty-first Century Community Learning Center Program	84.287	13K-2446B-6PCC1/ 13K-2446B-6PCC2	-	311,721
Twenty-first Century Community Learning Center Program	84.287	13K-2446B-7PCC1/ 13K-2446B-7PCC2	-	222,568
Passed through Children's Services Council of Broward County				
Twenty-first Century Community Learning Center Program	84.287	15-2308/16-2307	-	314,048
Twenty-first Century Community Learning Center Program	84.287	16-2302/17-2302	-	698,806
Total U.S. Department of Education:			**-**	**1,547,143**
U.S. Department of Agriculture:				
Passed through Florida Department of Health				
Nutrition Program for Preschool	10.558	N/A	**-**	**320,592**
U.S. Department of the Interior:				
Passed through Young Men's Christian Association of the USA				
Conservation Activities by Youth Service Organizations	15.931	N/A	**-**	**35,000**
Total Expenditures of Federal Awards			**$ -**	**$ 3,168,042**

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL

The Schedule of Expenditures of Federal Awards ("Schedule") included herein represents all of the Federal awards of the Association during the year ended December 31, 2016.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting. Federal award expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported in the Schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. BASIS OF PRESENTATION

The accompanying Schedule includes the federal awards activities of the Association during its fiscal year January 1, 2016 to December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

4. SUB RECIPIENTS

There were no Federal awards provided to sub recipients.

5. INDIRECT COST RATE

For certain grants the amount expended includes an indirect cost recovery using an approved indirect cost rate percentage. The Association elected to use the 10% de minimis cost rate allowed under the Uniform Guidance during the year ended December 31, 2016.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Section I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
84.287	Twenty-first Century Community Learning Center Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None.

PRIOR YEAR FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None.

PRIOR YEAR FINDINGS

None.

YMCA OF SOUTH FLORIDA

COMBINED FINANCIAL STATEMENTS

Statement of Financial Position
Statement of Activities
Statement of Cash Flows

For the Year Ended December 31, 2015

Merger Efective April 1, 2015

Per the Audits of

YMCA of Broward County
March 31, 2015 and the Three Month Period Then Ended

YMCA of Greater Miami
March 31, 2015 and the Three Month Period Then Ended

YMCA of South Florida
December 31, 2015 and the Nine Month Period Then Ended

Balance Sheet
YMCA of South Florida - December 31, 2015
YMCA of Broward County & YMCA of Greater Miami - December 31, 2014

	December 31, 2015	December 31, 2014		
	South Florida	Broward	Miami	Combined
Assets				
Cash	4,046,500	3,622,200	475,200	4,097,400
A/R (Grant Reimbursments & Pledges)	1,828,300	906,000	901,000	1,807,000
Investments	2,511,100	87,300	2,902,300	2,989,600
Prepaid	722,000	475,000	530,800	1,005,800
Other and bond closing cost	477,600	393,200	277,000	670,200
Property and equipment, net	32,146,000	14,749,400	19,578,200	34,327,600
Total Assets	41,731,500	20,233,100	24,664,500	44,897,600
Liabilities and Net Assets				
Accounts payable and accrued expenses	1,391,200	734,300	794,000	1,528,300
Defered Revenue & Rental Income	1,321,700	483,400	76,000	559,400
Short Portion of Long Term Leases	138,100	380,300	-	380,300
Short Portion of Long Term Debt	803,100	375,000	490,200	865,200
Insurance Payable	-	-	347,300	347,300
US Trust LOC borrowings	-	-	1,450,000	1,450,000
Industrial Revenue Bonds ($9.3M)	8,086,000	-	8,425,000	8,425,000
Long Term Lease Obligations	17,500	155,600	29,400	185,000
Long Term Obligation	6,034,000	5,781,300	676,200	6,457,500
Change in Swap Fair Value	132,800	-	178,200	178,200
Deferred Rev: Land Lease Prepayment	6,124,000	110,400	6,340,500	6,450,900
Total Liabilities	**24,048,400**	**8,020,300**	**18,806,800**	**26,827,100**
Net Fund Balance Beginning of Year	18,070,500	11,753,800	5,960,000	17,713,800
Net Income as of December 31,2014	-	459,000	(102,300)	356,700
Net Income as of December 31, 2015	(387,400)	-	-	-
Net Fund Balance / Net Assets	**17,683,100**	**12,212,800**	**5,857,700**	**18,070,500**
Restricted Assets	**2,084,500**	**2,138,200**	**72,000**	2,210,200
Net Unresticted Net Assets	**15,598,600**	**10,074,600**	**5,785,700**	15,860,300
Total Liabilities and Net Assets	**41,731,500**	**20,233,100**	**24,664,500**	**44,897,600**
	-	-	-	-

Statement of Activities
Combined Statements
YMCA of South Florida for the Nine Months Ended December 31, 2015
YMCA of Broward county and YMCA of Greater Miami for the Three Months Ended March 31, 2015
Merter Effective - April 1, 2015

	For the Three Months Ended March 31, 2015 Broward	Miami	For the Nine Months Ended December 31, 2015 South Florida	For the Twelve Months Ended December 31, 2015 Combined	2015 % of Revenue	For the Twelve Months Ended December 31, 2014 South Florida	2014 % of Revenue
Unrestricted Revenue:							
Contributions	398,300	207,500	601,500	1,197,300	2.66%	1,750,400	3.91%
Special Events	74,400	0	459,700	534,100	1.18%	190,000	0.42%
United Way	13,600	45,400	392,700	451,700	1.00%	278,200	0.62%
Government Grants	2,645,400	446,800	11,245,500	14,337,700	31.80%	12,904,800	28.80%
Member Service Fees	2,219,800	1,307,600	10,935,800	14,463,200	32.08%	14,488,400	32.34%
Program Service Fees	1,290,000	1,867,200	10,149,200	13,306,400	29.51%	14,018,900	31.29%
Other Retail Revenue	0	27,100	0	27,100	0.06%	773,900	1.73%
Investment Income	1,900	48,300	(37,400)	12,800	0.03%	83,500	0.19%
Other Revenue	143,400	0	326,800	470,200	1.04%	0	0.00%
Net Assets Released from Restrictions	162,500	0	121,100	283,600	0.63%	315,000	0.70%
	6,939,300	3,949,900	34,194,900	45,084,100	100.00%	44,803,100	100.00%
Expenses:							
Salaries & Wages	3,503,000	1,763,600	18,804,000	24,070,600	53.39%	23,553,700	52.57%
Employee Benefits	342,300	185,500	1,594,200	2,122,000	4.71%	1,993,300	4.45%
Payroll Taxes	394,000	202,300	1,840,300	2,436,600	5.40%	2,376,200	5.30%
Total Personnel Cost	4,239,300	2,151,400	22,238,500	28,629,200	63.50%	27,923,200	62.32%
Contracts & Professional Services	100,900	346,100	1,401,800	1,848,800	4.10%	2,942,800	6.57%
Occupancy	535,000	276,900	2,552,300	3,364,200	7.46%	4,868,800	10.87%
Supplies	485,100	166,600	1,929,700	2,581,400	5.73%	1,900,800	4.24%
Insurance	149,200	132,800	904,800	1,186,800	2.63%	864,900	1.93%
Interest	85,000	90,300	507,400	682,700	1.51%	751,900	1.68%
Admission Fees & Bus Trips	0	55,600	543,200	598,800	1.33%	441,300	0.98%
Equipment	89,900	79,300	370,000	539,200	1.20%	468,600	1.05%
Telephone	22,800	39,400	200,100	262,300	0.58%	269,900	0.60%
Conferences & Meetings	37,300	53,200	129,400	219,900	0.49%	242,200	0.54%
Printing & Promotion	150,400	60,600	500,900	711,900	1.58%	90,200	0.20%
Membership Dues	85,500	41,800	276,400	403,700	0.90%	19,600	0.04%
Bank Charges	0	37,700	359,600	397,300	0.88%	33,000	0.07%
Other Operating Expenses	81,200	16,200	225,800	323,200	0.72%	308,400	0.69%
Local Transportation	0	23,800	0	23,800	0.05%	414,600	0.93%
Deprecaition & Amortization	298,100	256,000	1,726,600	2,280,700	5.06%	95,300	0.21%
IT Expense	128,300	0	372,000	500,300	1.11%	2,215,600	4.95%
Provsion of Bad Debt	35,200	0	279,900	315,100	0.70%	493,400	1.10%
Other Employee Expenses	82,600	0	470,200	552,800	1.23%	0	0.00%
Loss on Disposal of Leasehold	0	0	206,400	206,400	0.46%	0	0.00%
Total Expenses	6,585,800	3,847,700	35,195,000	45,628,500	100.75%	44,344,500	98.98%
Change in Unrested Net Assets	$353,500	$102,200	($1,000,100)	($544,400)	-1.21%	$458,600	1.02%
Change in Fair Value SWAP	$0	($20,900)	$66,400	45,500	0.10%	13,200	0.03%
Increase in FV of Trust	$4,600	$0	($13,700)	-8,900	-0.02%	(315,000)	-0.70%
Net Assets Released from Restrictions	($162,500)	$0	($121,100)	-283,600	-0.63%	153,800	0.34%
Contributions - Restricted	$106,400	$0	$297,600	404,000	0.90%	46,100	0.10%
Change in Net Assets	$302,200	$81,300	(770,900)	(387,400)	-0.86%	356,700	0.80%
Functional Expenses:							
Program Expenses	5,610,800	3,157,200	30,253,200	39,021,200	86.55%	37,422,300	83.53%
Management & General	757,300	604,200	3,809,300	5,170,800	11.47%	5,920,300	13.21%
Fundraising	217,700	86,300	926,100	1,230,100	2.73%	1,001,900	2.24%
Loss on Disposal of Leasehold			206,400	206,400	0.46%	0	0.00%
Total Expenses	$6,939,300	$6,939,300	35,195,000	$45,628,500	101.21%	$44,344,500	98.98%
EBIDA Adjustments:							
Depreciation & Amortization	298,100	256,000	1,726,600	2,280,700	5.06%	2,215,600	4.95%
Interest	85,000	90,300	507,400	682,700	1.51%	751,900	1.68%
SWAP ADJUSTMENT	0	20,900	(66,400)	(45,500)	-0.10%	(46,100)	-0.10%
EBIDA	685,300	448,500	1,396,700	2,530,500	5.61%	3,278,100	7.32%

Statement Of Cash Flows
Combined Financial Statements
YMCA of South Florida for the Nine Months Ended December 31, 2015
YMCA of Broward County & Greater Miami - for the Three Months Ended March 31, 2015
Meger Effective - April 1, 2015

	For the Three Months Ended March 31, 2015		For the Nine Months Ended December 31, 2015	For the Twelve Months Ended December 31, 2015	For the Twelve Months Ended December 31, 2014
	Broward	Miami	South Florida	Combined	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:					
Decrease in Net Assets	302,200	81,300	(770,900)	(387,400)	356,700
Adjustments to Net Assets:					
Depreciation & Amortization	298,100	256,000	1,726,600	2,280,700	2,215,600
Unrealized Gain on Investement	(13,300)	(37,500)	106,000	55,200	(27,700)
Bad Debt Expense	35,200	-	279,900	315,100	308,400
Changes in assets & Liabilities	174,500	115,600	(158,100)	132,000	(406,100)
Change in Fair value of SWAP	-	20,900	(66,400)	(45,500)	(46,100)
Loss on Leasehold Improvements	-	-	206,400	206,400	-
Net Cash Provided by Operating Activities	796,700	436,300	1,323,500	2,556,500	2,400,800
Cash Flows from Investing Activities:					
Acquistion of property and equipment	(27,600)	(28,200)	(199,900)	(255,700)	(481,600)
Proceeds from Sale of Investment - Net	10,100	(42,600)	485,300	452,800	217,000
Net Cash Provided (Used) by Investing Activities	(17,500)	(70,800)	285,400	197,100	(264,600)
Cash Flows from Financing Activities:					
Payments on Capital Leases	(98,500)	-	(281,800)	(380,300)	(385,500)
Payments on Long Term Debt	(93,800)	-	(363,800)	(457,600)	(683,000)
Payments on Short Term Borrowings	-	(149,600)	-	(149,600)	(76,300)
Changes in Reserves on Deposit	-	-	-	-	-
Proceeds on Line of Credit	-	-	-	-	100,000
Payments on Line of Credit	-	(10,000)	(1,440,000)	(1,450,000)	(150,000)
Issuance of South Dade Note	-	(44,900)		(44,900)	(26,000)
Payments on Long Term Debt	-	(79,000)	(243,000)	(322,000)	(192,600)
Net Cash (Used) by Financing Activities	(192,300)	(283,500)	(2,328,600)	(2,804,400)	(1,413,400)
Net Increase (Decrease) In Cash	586,900	82,000	(719,700)	(50,800)	722,800
Cash & Cash equivalents, Beginning of the Year	3,622,200	475,200	4,766,300	4,097,400	3,374,800
Cash & Cash equivalents, End of the Year	4,209,100	557,200	4,046,600	4,046,600	4,097,600
Supplemental Disclosure of Cash Flow Information:					
Interest Paid	90,000	90,300	507,400	687,700	751,900
Short term Borrowings during the year	-	-	-	-	557,800
Equipment leases during the year	-	-	-	-	22,800

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORTS

DECEMBER 31, 2015 AND THE NINE MONTH PERIOD THEN ENDED

MBAF

MORRISON BROWN ARGIZ & FARRA, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.

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MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Young Men's Christian Association of South Florida, Inc. (the "Association"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the nine month period 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 audit. 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 Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of South Florida, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the nine month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 26, 2016 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
April 26, 2016

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	4,046,465
Grant receivables		1,246,514
Unconditional promises to give, net		125,022
Other receivables		300,370
Investments		2,442,648
Prepaid expenses, deposits and other current assets		722,009
TOTAL CURRENT ASSETS		8,883,028
Debt issuance costs, net		108,736
Capital campaign pledges, net		156,576
Remainder trust held by third party		368,935
Endowment investments		68,154
Property and equipment, net		32,146,048
TOTAL ASSETS	**$**	**41,731,477**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	1,391,152
Deferred revenue		905,936
Current portion of deferred lease allowances		14,481
Current portion of deferred rent		267,207
Current portion of capital lease obligations		138,113
Current portion of long-term debt		464,202
Current portion of industrial revenue bonds		339,000
Current portion of deferred rental income		108,263
TOTAL CURRENT LIABILITIES		3,628,354
Interest rate swap		132,777
Deferred lease allowances, less current portion		8,276
Deferred rent, less current portion		17,605
Capital lease obligations, less current portion		17,508
Long-term debt, less current portion		6,034,004
Industrial revenue bonds, less current portion		8,086,000
Deferred rental income, less current portion		6,123,986
TOTAL LIABILITIES		24,048,510
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
NET ASSETS		
Unrestricted		15,530,349
Temporarily restricted		2,084,464
Permanently restricted		68,154
TOTAL NET ASSETS		17,682,967
TOTAL LIABILITIES AND NET ASSETS	**$**	**41,731,477**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

STATEMENT OF ACTIVITIES
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2015

CHANGES IN UNRESTRICTED NET ASSETS:	
UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT:	
Federal government grants	$ 2,137,564
State and county government and other grants	9,107,863
Membership dues	10,935,792
Program services	10,149,230
Contributions and donations	601,491
United Way	392,714
Special events	459,748
Investment loss	(37,393)
Other income	326,817
Net assets released from restrictions	121,118
TOTAL UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT	34,194,944
EXPENSES:	
Program services	30,253,170
Management and support services	3,809,347
Fundraising	926,040
Loss on disposal of abandoned leasehold improvements	206,428
TOTAL EXPENSES	35,194,985
CHANGE IN UNRESTRICTED NET ASSETS	(1,000,041)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Decrease in value of temporarily restricted investments	(13,651)
Net assets released from restrictions	(121,118)
Contributions	297,550
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	162,781
CHANGE IN NET ASSETS BEFORE CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	(837,260)
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	66,415
CHANGE IN NET ASSETS	(770,845)
NET ASSETS – BEGINNING OF PERIOD	18,453,812
NET ASSETS – END OF PERIOD	**$ 17,682,967**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (770,845)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,660,682
Amortization of leasehold interest in land	28,500
Amortization of deferred loan refinancing costs	37,369
Net realized and unrealized loss on investments	106,000
Bad debt expense	279,884
Change in fair value of interest rate swap	(66,415)
Loss on disposal of abandoned leasehold improvements	206,428
Changes in assets and liabilities:	
(Increase) decrease in:	
Grant receivables	514,229
Unconditional promise to give and capital campaign pledges	39,252
Other receivables	(304,712)
Prepaid expenses, deposits and other current assets	103,057
Increase (decrease) in:	
Accounts payable and accrued expenses	(647,013)
Deferred revenue	242,259
Deferred lease allowances	(6,208)
Deferred rent	(17,860)
Deferred rental income	(81,197)
TOTAL ADJUSTMENTS	2,094,255
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,323,410
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisitions of property and equipment	(199,933)
Investment proceeds, net	485,294
NET CASH PROVIDED BY INVESTING ACTIVITIES	285,361
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on capital lease obligations	(281,768)
Payments on long-term debt	(363,849)
Repayments on industrial revenue bonds	(243,000)
Repayments on line of credit	(1,440,000)
NET CASH USED IN FINANCING ACTIVITIES	(2,328,617)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(719,846)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,766,311
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 4,046,465**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the nine month period for interest expense	**$ 507,411**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2015

	Program Services								Support Services		
	Health Enhancement	Aquatics	Sports and Recreation	Summer Camp	Teen Leadership	Family Life	Community Services	Total Program Services	Management and Support Services	Fundraising	Total
Salaries and related benefits:											
Payroll	$ 2,273,337	$ 1,267,832	$ 1,808,396	$ 1,432,650	$ 14,670	$ 9,517,925	$ 345,322	$ 16,660,132	$ 1,776,374	$ 367,467	$ 18,803,973
Payroll taxes	190,216	105,843	151,920	117,627	1,099	806,391	27,527	1,400,623	160,834	32,707	1,594,164
Employee benefits	231,382	95,810	198,801	86,221	4,268	957,066	23,357	1,596,905	190,409	53,016	1,840,330
Total salaries and related benefits	2,694,935	1,469,485	2,159,117	1,636,498	20,037	11,281,382	396,206	19,657,660	2,127,617	453,190	22,238,467
Supplies	117,888	65,215	256,613	150,666	13,807	1,195,995	19,917	1,820,101	53,011	56,572	1,929,684
Occupancy	239,832	182,657	266,670	259,961	5,386	1,271,492	31,317	2,257,315	294,950	-	2,552,265
Contracts & professional services	29,005	26,224	114,069	142,582	17,124	366,013	3,642	698,659	555,903	147,228	1,401,790
Insurance	98,492	51,940	81,406	70,554	2,212	417,793	12,820	735,217	169,553	-	904,770
Interest	68,130	35,041	56,311	48,804	1,530	288,726	8,869	507,411	-	-	507,411
Support to Y-USA	21,970	12,503	25,136	28,489	740	139,669	2,860	231,367	-	-	231,367
Membership dues	1,004	439	985	612	19	4,459	111	7,629	34,076	3,276	44,981
Bank charges	42,481	21,571	34,657	30,037	942	179,145	5,458	314,291	43,188	2,127	359,606
Advertising & promotion	255,425	17,414	27,301	58,390	729	21,594	-	380,853	6,401	49,957	437,211
Telephone	13,581	10,372	12,948	8,323	350	113,629	1,739	160,942	37,104	2,021	200,067
Conferences & seminars	7,781	3,873	10,755	4,863	100	44,572	2,450	74,394	42,736	12,220	129,350
Other employee expenses	51,221	20,649	25,572	58,312	5,681	165,706	5,193	332,334	105,396	32,495	470,225
Equipment rental & repair	29,724	10,965	59,421	21,677	660	148,396	3,825	274,668	95,351	-	370,019
Postage	3,215	949	1,542	1,322	64	7,919	240	15,251	45,708	2,768	63,727
Admission fees/field trip expenses	-	-	8,415	174,556	15,958	344,292	-	543,221	-	-	543,221
Special events	8,862	3,593	5,496	17,777	149	81,526	865	118,268	7,242	63,172	188,682
Provision for bad debt	122,967	-	-	11,645	-	46,614	-	181,226	-	98,658	279,884
IT expense	19,750	21,051	16,324	14,147	444	91,057	2,571	165,344	53,098	489	218,931
IT reserves	18,911	9,726	15,630	13,547	425	80,142	2,462	140,843	12,241	-	153,084
Miscellaneous	2,713	3,148	2,020	3,650	55	14,211	318	26,115	9,282	1,867	37,264
Depreciation and amortization	214,534	122,615	177,318	153,680	4,818	909,171	27,925	1,610,061	116,490	-	1,726,551
TOTAL EXPENSES	$ 4,062,421	$ 2,089,430	$ 3,357,706	$ 2,910,092	$ 91,230	$ 17,213,503	$ 528,788	$ 30,253,170	$ 3,809,347	$ 926,040	$ 34,988,557

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Young Men's Christian Association (the "YMCA") was founded on June 6, 1844, in London, England. Since establishment of the first branch in Boston, Massachusetts in 1851, the YMCA has grown into one of the largest community service organizations in the United States.

The Young Men's Christian Association of Greater Miami, Inc. (the "YMCA Miami") was established in the State of Florida in 1916. The YMCA Miami services the residents of Miami-Dade and Monroe Counties in the State of Florida. The Young Men's Christian Association of Broward County, Inc. (the "YMCA Broward") was established in the State of Florida in 1955. The YMCA Broward services the residents of Broward County in the State of Florida.

Effective April 1, 2015, the YMCA Miami entered into a merger agreement with the YMCA Broward in which the YMCA Miami is the surviving corporation while the YMCA Broward ceased to exist upon the filing of the Articles of Merger. The Articles of the YMCA of Miami were amended and restated changing its corporate name to Young Men's Christian Association of South Florida, Inc. (the "Association"). The purposes of the YMCA Miami and the YMCA Broward (the "Merging Entities") were not amended in the merger, and the officers and directors of the Association were comprised of the combined board of directors and officers of the Merging Entities at the effective date of the merger. The accounting for the merger utilized the carryover accounting method where all assets and liabilities of both Merging Entities were combined at the effective date of the merger in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Association is a nonprofit corporation organized for the benefit of its members and the community with the purpose of putting Judeo-Christian principles in practice through programs that build healthy spirit, mind, and body for all. Services are provided regardless of ethnic background or economic level. The nature and purpose of the Association's primary program services are as follows:

Health Enhancement

Adult physical wellness, aerobic and other wellness programs are provided at four branches.

Aquatics

Instructional swimming, lifesaving, stroke clinics, water safety certification and therapeutic aquatics are provided.

Sports and Recreation

Youth and adult sports recreational leagues in baseball, basketball, soccer and various other sports are provided.

Summer Camp

Summer camp programs for children aged seven to fifteen and specialty camp, serving children with cancer, diabetes and other health related programs are provided.

Teen Leadership

Teen Programs designed to strengthen youth involvement and connections with their community, family, school, and peers. Also encourages character development, life skills, and academic enrichment.

Family Life

Child and after-school care for children are provided. Contracted child care services are provided through government funded programs to low-income families. Family oriented programs designed to strengthen relations, between parents and children are provided. Nutrition program and meals are provided through a federally funded program to children participating in the Associations' child care programs.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Services

Programs that include introductory exercise classes for active older adults, school events for families to improve academics and home life, and YFit program in afterschool to encourage fitness and wellness for school aged children.

Basis of Presentation and Net Assets

The financial statements of the Association have been prepared on the accrual basis of accounting and in accordance with accounting standards issued by the Financial Accounting Standards Board ("FASB"). The Association reports its three types of net assets as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations for which the assets must be maintained permanently by the Association.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Association to significant concentrations of credit risk, consist principally of cash and cash equivalents and investments. The majority of the Association's cash balance is in non-interest bearing accounts which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times cash balances may temporarily exceed the FDIC coverage insurance limit. The Association has not experienced any losses in such accounts.

The Association invests in a variety of publicly traded investment vehicles, including common stocks, government and money market funds. Management seeks to mitigate risks inherent in the Association's investment portfolio by investing primarily in highly-rated financial instruments and through regular monitoring of the Association's investment portfolio.

The Association contracts with various agencies to provide after-school, holiday care, and a summer recreation program for children of South Florida. For the nine month period ended December 31, 2015 one agency provided approximately 26% of the total support and revenues of the Association. Approximately 43% of the Association's revenues were generated by four family centers/locations for the nine month period ended December 31, 2015.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid, temporary investments purchased with an original maturity of three months or less to be cash equivalents.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to changes in net assets and a credit to a valuation allowance based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts and which are not covered are written off through a charge to the valuation allowance and a credit to the related receivables.

Capital Campaign Pledges, Net and Unconditional Promises to Give, Net

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same period in which the contribution is received, the Association reports the support as unrestricted.

Unconditional promises to give and capital campaign pledges are initially recorded at fair value when received. Unconditional promises to give and capital campaign pledges due in the next period are reflected as current promises to give and capital campaign pledges and are recorded at their net realizable value. Unconditional promises to give and capital campaign pledges due in subsequent periods are reflected as long-term promises to give and capital campaign pledges and are recorded at the present value of future collections. Conditional promises to give are recognized when the conditions have been substantially met.

The Association estimates an allowance for uncollectible promises to give and capital campaign pledges based on the creditworthiness of its donors, aging of the individual balances receivable, recent payment history, contractual terms, and other qualitative factors such as the status of the relationship with the donor. Unconditional promises to give are written off when all collection procedures have been exhausted and the potential for recovery is considered remote.

Investments and Investment Return

Investments are stated at fair value (NOTES 2 and 3). Realized and unrealized gains and losses are included in the change in unrestricted net assets. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned.

The Association classifies its investments as a current asset in the accompanying Statement of Financial Position due to the fact that these investments are available to be liquidated in an active market in order to meet the short term needs of the Association.

Prepaid Expenses, Deposits and Other Current Assets

Prepaid expenses, deposits and other current assets consist primarily of prepaid expenses which represent amounts paid in advance that benefit future periods which include insurances, rent and program supplies.

Debt Issuance Costs, Net

The Association amortizes costs incurred in obtaining debt financing over the terms of the debt instruments. Costs related to the Association's industrial revenue bonds and term loan issuances (NOTE 7) amounted to approximately $356,000. The balance of unamortized debt issuances costs as of December 31, 2015 was approximately $109,000. Amortization expense was approximately $37,000 for the nine month period ended December 31, 2015 and is included within the caption "Depreciation and amortization" expense in the accompanying Statement of Functional Expense.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment are recorded at cost. Contributed uses of long-lived assets are recorded at the lesser of the fair rental value of the property or the fair value of the asset at the date of the contribution. Amortization of the leasehold interest in land is computed on the straight-line basis over the lesser of the life of the asset or the lease term. Depreciation of buildings and improvements, vehicles, and furniture, fixtures, and equipment are computed on the straight-line method over the estimated useful lives of the depreciable assets ranging from three to forty years. Expenditures for routine maintenance and repairs are expensed as incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used by the Association is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the future cash flows of the asset. No impairment was recognized for the nine month period ended December 31, 2015.

Deferred Revenue

Grant funding received in advance and membership dues and program fees collected in advance for the following period are recorded as deferred revenue at period end.

Deferred Rental Income

The Association received full rental payments in advance under certain land lease agreements (NOTE 13). The unearned portion of these rental payments are recorded as deferred rental income at period end.

Rent Costs

Deferred Rent

The Association recognizes rent expense on a straight line basis when a lease contains predetermined, fixed escalations of minimum rentals. The difference between rent expense and the rental amount payable under the leases are recorded as liabilities and are reported under "Deferred rent" in the accompanying Statement of Financial Position. As of December 31, 2015, the Association had approximately $285,000 of deferred rent expense related to this difference.

Deferred Lease Allowances

The Association received a $90,000 lease incentive to improve its corporate office space upon inception of the lease in December 2010. The incentive was recorded as a liability and reported under "Deferred lease allowances" in the accompanying Statement of Financial Position and recognized on a straight-line basis over the term of the lease. As of December 31, 2015, the Association had approximately $23,000 of deferred lease allowances.

Interest Rate Swap

The Association entered into an interest rate swap to hedge against interest rate fluctuations; benefit from interest rate fluctuations; obtain better interest rate terms than it would have been able to get without the swap; or manage the interest, cost, and the risk associated with its outstanding debt with the industrial revenue bond discussed in NOTE 7. The valuation assumption may significantly affect the accuracy of the fair value of the instrument.

Donated Services

Many individuals have donated time and services to advance the Association's programs and objectives. The value of these services have not been recorded in the accompanying financial statements because they do not meet the criteria to be recorded in financial statements under U.S. GAAP.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Membership dues are recognized as revenue ratably over the applicable membership term. Program services revenue is recognized when the underlying event has occurred. Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed assets are recognized as revenue at its fair value on the date of the contribution. Grant revenue for program services is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed.

Grant Revenue

Revenue received from grants is determined to be exchange transactions recognized as services are provided by the Association.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association are presented in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time records and estimates made by management.

Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes has been recorded.

The Association recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of the period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Association files income tax returns. The Association is generally no longer subject to U.S. Federal examinations by tax authorities for fiscal years before 2012.

Recent Accounting Pronouncement

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. The Association is currently evaluating the effect the update will have on its financial statements but expects upon adoption that the update will have a material effect on the Association's financial condition due to the recognition of a right-of-use asset and related lease liability. The Association does not anticipate the update having a material effect on the Association's results of operations or cash flows, though such an effect is possible. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted.

Subsequent Events

The Association has evaluated subsequent events through April 26, 2016, which is the date the financial statements were available to be issued.

2. INVESTMENTS

Investments as of December 31, 2015 are summarized as follows:

Bonds/fixed income securities	$	1,109,467
Equity securities		622,823
Mutual funds		778,512
Remainder trust held by third party		368,935
	$	**2,879,737**

The Association classifies its investments as a current asset in the accompanying Statement of Financial Position due to the fact that these investments are available to be liquidated in active markets, except for the endowment portion of the investment portfolio of $68,154 which is permanently restricted (NOTE 10) and the remainder trust held by third party of $368,935 which is temporarily restricted (NOTE 9).

Investment loss consists of the following for the nine month period ended December 31, 2015:

Realized and unrealized loss, net	$	(106,000)
Interest and dividends		54,956
	$	**(51,044)**

The Association received a contribution in the form of a term charitable irrevocable trust. The Association has the rights to income distributed by the trust and the assets held in the trust, at termination. Distributions from the trust reduce the asset reported and changes in fair value for the period are reported in the Statement of Activities.

3. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

Bonds/fixed income securities - fair value of bonds/fixed income securities are based on quoted prices in active markets.

Equity securities - fair value is based on the quoted share of the market.

Mutual funds - fair value is based on the number of shares of an underlying fund multiplied by the closing value per share quoted by that fund and held by the Association at period end.

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Remainder trust held by third party – The fair value of the trust is based on the fair value of the assets held by the trust, which approximates the net present value of the estimated future cash flows to be received from the trust.

Interest rate swap – The fair value of the interest rate swap is based on dealer quotations which generally represent an estimate of the amount the Association would pay or receive to terminate the agreement at the reporting date.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

Items Measured at Fair Value on a Recurring Basis

The following tables represent the Association's financial instruments measured at fair value on a recurring basis at December 31, 2015 for each of the fair value hierarchy levels:

	Fair Value Measurement at December 31, 2015			
Description	**12/31/2015**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Bonds/fixed income securities	$ 1,109,467	$ 1,109,467	$ -	$ -
Equity securities	622,823	622,823	-	-
Mutual funds	778,512	778,512	-	-
Remainder trust held by third party	368,935	-	-	368,935
	$ 2,879,737	**$ 2,510,802**	**$ -**	**$ 368,935**
Liabilities				
Interest rate swap	**$ (132,777)**	**$ -**	**$ (132,777)**	**$ -**

Change in Fair Value of Level 3 Investments

The following table sets forth a summary of changes in the fair value of the Association's Level 3 assets for the nine month period ended December 31, 2015:

Change in Fair Value of Level 3 Investments

Balance, beginning of period	$ 380,584
Change in value of remainder trust	(11,649)
Balance, end of period	**$ 368,935**

4. CAPITAL CAMPAIGN PLEDGES, NET AND UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give are pledges to fund general operations and capital campaign pledges are campaigns to raise funds for the Association's facilities. Pledge commitments in excess of one year are discounted to reflect the present value of the pledge and an allowance for uncollectible pledges is provided in accordance with Association policy.

At December 31, 2015 the outstanding pledge balances were as follows:

	Capital Campaign	Unconditional Promises to Give	Total
Gross pledges receivable	$ 179,900	$ 312,022	$ 491,922
Less: allowance for doubtful accounts	(9,000)	(187,000)	(196,000)
Less: discount on long-term pledges	(14,324)	-	(14,324)
	$ 156,576	**$ 125,022**	**$ 281,598**

Capital campaign pledges, which are due within one year, are reported at their net realizable value. Pledges, which are due after one year, have been discounted using a rate of 5.0% for the nine month period ended December 31, 2015. Payments due on pledges receivable are as follows at December 31, 2015:

Years Ending December 31, 2015	
Less than one year	$ 396,422
One to four years	95,500
	$ 491,922

Capital campaign pledges are reflected as long-term assets in the statement of financial position to the extent that liabilities have not been incurred for the purchase of capital assets.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at December 31, 2015:

Land	$ 3,243,445
Construction in progress	23,166
Leasehold interest in land (NOTE 13)	1,900,000
Buildings and improvements	38,051,809
Furniture, fixtures and equipment	5,104,991
Vehicle	42,809
Equipment under capital lease	1,326,279
	49,692,499
Less: accumulated depreciation and amortization	(17,546,451)
	$ 32,146,048

Depreciation expense was approximately $1,689,000 (including amortization expense on capital leases of approximately $242,000) for the nine month period ended December 31, 2015. Substantially all assets are pledged as collateral on long-term debt, industrial revenue bonds, and capital leases (NOTES 7 and 8).

6. LINES OF CREDIT

The Association has a $2,500,000 line of credit with a bank, with interest at the bank's LIBOR daily floating rate plus 1.92% as of December 31, 2015. Interest is payable monthly and amounts outstanding under the line of credit are secured by the Association's investments at the bank. As of December 31, 2015, no outstanding balance was due on the line of credit. Interest expense for the nine month period ended December 31, 2015 was approximately $15,000.

On May 13, 2011, the Association entered into a $500,000 line of credit along with a term loan in the amount of $7,500,000 (NOTE 7) with a financial institution. Under the terms of the financing agreements, the Association's line of credit bears interest at a rate equal to the greater of 4% per year or 375 basis points above the LIBOR rate (quoted 2 business days before the first day of each interest period). The Association did not receive any advances on the line of credit during the nine month period ended December 31, 2015. The Association's loan agreement requires a debt service coverage ratio of not less than 1.10 to 1.0. The ratio is defined as the change in unrestricted net assets, plus depreciation and interest expense divided by current maturities of principal and interest on long-term debt and capital leases. Management believes the Association is in compliance with its debt covenants for the nine month period ended December 31, 2015.

7. LONG-TERM DEBT AND INDUSTRIAL REVENUE BONDS

Long-Term Debt

On May 13, 2011, the Association entered into a term loan in the amount of $7,500,000 along with a $500,000 line of credit (NOTE 6) with a financial institution. Under the original terms of the financing agreements, the term loan bore interest at a rate of 5.12% per year until May 2012 and 5.55% thereafter through May 2021. Effective November 13, 2015 the loan was amended and the interest rate was reduced to 4.25% per year until May 2021. The term loan is payable in monthly installments of $31,250, plus interest. The proceeds of the term loan were used to refinance the Association's Weston and Hollywood facility loans. The Association's loan agreement requires a debt service coverage ratio of not less than 1.10 to 1.0. The ratio is defined as the change in unrestricted net assets, plus depreciation and interest expense divided by current maturities of principal and interest on long-term debt and capital leases. Management believes the Association is in compliance with its debt covenants for the nine month period ended December 31, 2015. The Association's property and equipment interest in the Weston and Hollywood facilities are pledged as collateral to the loan.	$ 5,788,281
Note payable with a finance company totaling $42,809, with no interest, principal payments in monthly installments of $595 through 2018, secured by specific equipment.	34,480
Note payable with a finance company totaling $22,795, with interest at 5.99%, principal and interest in monthly installments of $693 through April 2017, secured by specific equipment.	9,831
Note payable with a finance company totaling $444,582, with interest at 4.2%, principal and interest payable in monthly installments of $11,377 through January 2016, and then $2,908 through January 2018 secured by specific equipment.	77,925

7. LONG-TERM DEBT AND INDUSTRIAL REVENUE BONDS (CONTINUED)

Long-Term Debt (Continued)

Note payable with a bank totaling $650,000, entered into for the purpose of completing the construction of the South Dade facility with a variable interest rate of the bank's prime rate plus 1.0% (approximately 4.25% at December 31, 2015) per annum to be adjusted monthly as the bank's prime rate changes. Payable in consecutive monthly installments of principal commencing on September 1, 2013 and continued on the same day of each calendar period thereafter, in 51 equal payment of $2,167. Accrued interest is payable monthly commencing on September 1, 2014 and continued on the same day of each calendar period thereafter, with one final payment of all remaining principal and accrued interest due on December 1, 2017.	
Collateral: second mortgage on the project (South Dade YMCA).	587,689
Total long-term debt	6,498,206
Less: current portion	(464,202)
Long-term debt, net of current portion	**$ 6,034,004**

The maturity schedule of long-term debt as of December 31, 2015 is as follows:

Years ending December 31,	
2016	$ 464,202
2017	986,877
2018	385,033
2019	375,000
2020	375,000
Thereafter	3,912,094
	$ 6,498,206

Interest expense incurred on long-term debt for the nine month period ended December 31, 2015 was approximately $271,000.

Industrial Revenue Bonds

On December 15, 2010, the Association executed a loan agreement with the Miami-Dade County Industrial Development Authority ("Issuer") in conjunction with the issuance of the Tax-exempt Industrial Revenue Bonds ("Bonds"), par value of $9,350,000 with variable interest. The proceeds were to be used for the construction of a new approximately 35,000 square foot fitness center located in South Dade. The Bonds are secured by such property. As part of the loan agreement, the Association agreed to invest approximately $2.0 million of private or its own funds in the construction before additional drawings on the Bonds.

As of December 31, 2012, $9,349,894 was drawn on the Bonds and was used to fund the construction of the South Dade Center. The Bonds bear interest at the higher of (a) a variable rate of 1.95% above 68% of the prime rate (LIBOR) or (b) 3% per annum (effective rate of 3.0% as of December 31, 2015). The carrying value of the Bonds is recorded at amortized cost as of December 31, 2015 as variable interest rates are linked to market rates.

The Association is required to meet financial and non-financial covenants provided by the Bond agreement. The Bonds can be called by the Issuer upon non-compliance with these covenants. Management believes the Association is in compliance with its debt covenants for the nine month period ended December 31, 2015.

7. LONG-TERM DEBT AND INDUSTRIAL REVENUE BONDS (CONTINUED)

Industrial Revenue Bonds (Continued)

As of December 31, 2015, the outstanding balance on the industrial revenue bonds was $8,425,000. The Bonds are payable in monthly principal installments plus interest through December 2032. The maturity schedule of the Bonds as of December 31, 2015 is as follows:

Years ending December 31,	
2016	$ 339,000
2017	353,000
2018	368,000
2019	388,000
2020	403,000
Thereafter	6,574,000
Total	**$ 8,425,000**

In conjunction with the Bonds, the Association entered into an interest rate swap dated August 25, 2011 to hedge its exposure to interest rate fluctuations by fixing the variable portion (68% of the prime rate (LIBOR)) of the bond interest rate to 1.45% (effective rate 3.4% as of December 31, 2015). The interest rate swap is a forward swap that began in December 2012 and expires in December 2017. During the nine month period ended December 31, 2015, the Association recognized a gain of approximately $66,000, which is included as a non-functional expense item in the accompanying Statement of Activities.

If the interest rate swap is held to maturity, as is management's intention, the cumulative effect of this liability on the change in net assets would be zero. The interest rate swap agreement exposes the Association to credit loss in the event of non-performance by the counterparty. However, the Association does not anticipate non-performance by the counterparty.

Interest expense incurred on the industrial revenue bonds for the nine month period ended December 31, 2015 was approximately $208,000.

8. CAPITAL LEASES

The Association leases certain equipment under capital leases expiring at various dates through the period ended June 2017. As of December 31, 2015 the leased property has a recorded cost of approximately $1,326,000 and total accumulated depreciation of approximately $1,197,000. Interest expense incurred on the capital leases was approximately $13,000 for the period ended December 31, 2015.

Minimum future lease payments under capital leases as of December 31, 2015 are as follows:

Years ending December 31,	
2016	$ 140,566
2017	17,836
Total future minimum lease payments	158,402
Less: amount representing interest	2,781
Present value of future minimum lease payments	155,621
Less: current maturities	138,113
Long-term portion	**$ 17,508**

9. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2015:

Purpose restricted contribution	$	152,229
Capital campaign pledges		214,300
Remainder trust held by third party		368,935
Leasehold interest in land (NOTE 13)		1,349,000
	$	**2,084,464**

The permanently restricted net assets represent investments held in perpetuity for which the income can be used to support the operations of the Association. At December 31, 2015, the Association had permanently restricted net assets of $68,154.

10. ENDOWMENT NET ASSET CLASSIFICATION

The Association's endowments consist primarily of permanently restricted endowment funds from contributions received from donors who have instructed the Association that the corpus of their gifts remain in perpetuity, while the income from such gifts be used to support the operations of the Association. These gifts are recorded as permanently restricted in the Statement of Financial Position.

The Board of Directors of the Association has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment and (c) investment income generated by the endowment.

The Association will administer and invest the assets of the endowments directly or through its agents as directed by the Finance and Administration Committee and the Board. The Association has adopted investment and spending policies for endowment assets to provide a predictable stream of funding to programs supported by its endowments. Distributions from permanently restricted endowment funds will be calculated using a three year rolling average of the asset balance held, not to exceed three percent. The general objectives of the investment policy include: achieving optimal long-term return within an acceptable volatility/risk level, providing growth and maintaining safety of the principal.

As of December 31, 2015, endowment net assets mainly consisted of permanently restricted net assets amounting to $68,154. There were no changes to endowment net assets for the nine month period ended December 31, 2015.

11. RELATED PARTY TRANSACTIONS

In accordance with the affiliation agreement with the YMCA of the USA, a percentage of substantially all unrestricted support is remitted to the national organization. For the nine month period ended December 31, 2015, a total of approximately $231,000 was remitted to the national organization.

12. PENSION PLAN

The Association participates in a defined contribution retirement plan covering all employees. Contributions to the plan are made at stated percentages of each eligible employee's compensation, which was 12% during the nine month period ended December 31, 2015. Total contributions were approximately $1,082,000 for the nine month period ended December 31, 2015.

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Association leases office space, office equipment, and software under non-cancellable operating lease agreements with terms expiring at various dates through March 2021. Approximate minimum future rental payments under these non-cancellable lease agreements as of December 31, 2015 are as follows:

Years ending December 31,

2016	$ 920,000
2017	825,000
2018	716,000
2019	341,000
2020	324,000
Thereafter	22,000
	$ 3,148,000

Total rental expense for the nine month period ended December 31, 2015 was approximately $589,000.

The Association is charged a monthly rent expense by Miami Dade County Public Schools for use of their facilities in the course of administering the child care programs. Such commitments are month to month and are cancelable by either party with minimal notice. During the nine month period ended December 31, 2015 rent expense totaled approximately $181,000.

Land and Facility Leases

YMCA City of Weston Land Lease Agreement

In 2001, the Association entered into a land lease agreement for its Weston facility which is recorded in the accompanying financial statements as a leasehold interest in land. The agreement was effective from May 1, 2001 with a termination date through December 1, 2050; this includes the period for which the lessee can exercise its option to extend lease terms, for an annual payment of $1.

The fair value of the land lease met the definition of a contribution of long-lived assets and was recorded as a leasehold interest in land on the date of the contribution, valued at $1,900,000, representing the lesser of the fair rental value of the lease or the fair value of the land. At December 31, 2015 the unamortized balance of the leasehold interest is $1,349,000 (NOTES 5 and 9).

YMCA City of Pembroke Pines Facility Lease Agreements

In 2009, the Association entered into a 10-year operating lease agreement with the City of Pembroke Pines, Florida for the Pembroke Shores Gymnasium Facility and Pembroke Falls Aquatic Center. The lease commenced on November 1, 2009. For the first three (3) years of the gymnasium lease the Association will pay $25 from each sport program registration in lieu of fixed monthly rental payments. The Association will lease the aquatic center for an annual rental payment of $1, plus $25 for each aquatic program registration. After year three of the lease, the Association will also become responsible for the utility expense of the facility over and above program registration obligations for the remainder of the lease.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Land and Facility Leases (Continued)

YMCA City of Parkland Facility Lease Agreement

In 2008, the Association entered into a five year lease agreement with the City of Parkland for its Parkland facility. The lease commenced January 1, 2008. As per the terms of the lease, the lease automatically renewed on January 1, 2013 for an additional three year period ending on January 1, 2016. The Association received an annual rent waiver of $75,000 for the nine month period ended December 31, 2015.

During December 2015, the Association vacated the facility as the City of Parkland did not agree to extend the lease agreement for an additional term. As a result of vacating the premises, the Association recorded a loss on disposal of abandoned leasehold improvements of approximately $206,000 for the nine month period ended December 31, 2015.

YMCA Allapattah and Carver Land Agreements

During the year ended December 31, 2006, the Association entered into land lease agreements with 410 NW LLC to construct affordable housing living developments, including limited commercial space on properties commonly known as the Allapattah and Carver properties. The leases provided for the construction to be conducted in phases with the Association receiving rental income over a period of sixty-five years. In addition, the Allapattah lease agreement provided for the construction of a new YMCA branch within the overall Allapattah project.

During the year ended December 31, 2008, the Association entered into amended land lease agreements with Village Carver Phase I LLC, Village Allapattah Phase PLLC and Village Allapattah Phase II LLC (collectively, the Developers). Under the terms of the Allapattah agreements, the Developers agreed to prepay $3,060,000 as full and complete payment under the land lease agreements. During the year ended December 31, 2009, the Developers paid $2,500,000. During 2010, the Association collected the remaining $560,000.

Similarly, during the year ended December 31, 2009, the Developers entered into an agreement to prepay $2,012,000 as full and complete payment under the land lease agreement for the Carver Phase I project, subject to the parties completing certain conditions. Rental payments made by the Developers in 2008 and 2009 totaling $202,352 were applied toward amounts due under the agreement. In March 2010, the contract provisions were met and the Developers paid $1,810,217 representing full and complete payment under the agreement.

The Developers began making quarterly payments in conjunction with the development of Carver Phase II in accordance with the original Carver land lease agreement. The agreement provides for quarterly installments totaling $108,000 a year, with scheduled 5% increases in rent every five years over the life of the lease. On February 23, 2010, the Phase II agreement was modified to allow the Developers to prepay the lease. As a result, the Association collected $1,987,000 in 2010 as full and complete payment under the land lease agreement for the Carver Phase II project.

Deferred rental income under all agreements totaled $6,232,249 as of December 31, 2015. As a result of these agreements, the Association will recognize approximately $108,000 (Approximately $81,000 for the nine month period ended December 31, 2015) annually in the future as rental income for the remaining 65 years.

Litigation, Claims, and Assessments

In the ordinary course of business, the Association is exposed to various claims, threats, and legal proceedings, some of which are initiated by the Association. In management's opinion, the outcome of all such existing matters will not have a material impact on the Association's financial position and results of operations.

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants

The Association may be vulnerable to loss of funding from various agencies. In addition, the receipt of governmental funding is subject to audit by such agencies, the outcome of which is not known until the audits are completed. Management is aware of these risks and has contingency plans available.

Risk Management

The Association is exposed to various risks of losses related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Association has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

SINGLE AUDIT REPORTS

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.

We have audited, in accordance with the 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 Comptroller General of the United States, the financial statements of Young Men's Christian Association of South Florida, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the nine month period then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

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To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.
Page Two

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
April 26, 2016

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

To the Board of Directors of
Young Men's Christian Association of South Florida, Inc.

Report on Compliance for Each Major Federal Program

We have audited Young Men's Christian Association of South Florida, Inc.'s (the "Association") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the nine month period ended December 31, 2015. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the nine month period ended December 31, 2015.

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Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
April 26, 2016

SUPPLEMENTAL INFORMATION

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2015

Federal Grantor, Pass-through Grantor, Program or Cluster Title	CFDA Number	Contract/ Grant Number	Expenditures
U.S. Department of Health and Human Services:			
Child Care Development Fund Cluster			
Passed through Miami-Dade County - Department of Human & Child Development and Early Learning Coalition - Agency for Workforce Innovation			
Child Care Development Block Grant (CCDF)	93.575	N/A	$ 239,402
Child Care Mandatory and Matching funds of the Child Care and Development Fund	93.596	N/A	208,762
Subtotal Chiild Care Devolpment Fund Cluster			448,164
Temporary Assistance to Needy Families (TANF)	93.558	N/A	187,021
Social Service Block Grant (SSBG)	93.667	N/A	509
Passed through Broward Regional Planning Council			
Community Transformation	93.531	N/A	93,555
Passed through Opportunities Industrialization Center of Broward County			
Teenage Pregnancy Prevention Program	93.297	N/A	16,169
Total U.S. Department of Health and Human Services			**745,418**
U.S. Department of Education:			
Passed through Florida Department of Education			
Twenty-first Century Community Learning Center Program	84.287	13K-2445B-5PCC1/ 13K-2445B-5PCC2	262,409
Twenty-first Century Community Learning Center Program	84.287	13K-2446B-6PCC1/ 13K-2446B-6PCC2	146,877
Passed through Children's Services Council of Broward County			
Twenty-first Century Community Learning Center Program	84.287	15-2302/16-2302	460,403
Twenty-first Century Community Learning Center Program	84.287	14-2308/15-2308	233,008
Total U.S. Department of Education:			**1,102,697**
U.S. Department of Agriculture:			
Passed through Florida Department of Health			
Nutrition Program for Preschool	10.558	N/A	**229,449**
U.S. Department of the Interior:			
Passed through Young Men's Christian Association of the USA			
Conservation Activities by Youth Service Organizations	15.931	N/A	**60,000**
Total Expenditures of Federal Awards			**$ 2,137,564**

See Notes to Schedule of Expenditures of Federal Awards.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SOUTH FLORIDA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2015

1. GENERAL

The Schedule of Expenditures of Federal Awards included herein represents all of the Federal awards of the Association during the nine month period ended December 31, 2015.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported in the Schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal awards activities of the Association during its nine month period April 1, 2015 to December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF SOUTH FLORIDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2015

Section I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
84.287	Twenty-first Century Community Learning Center Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None.

PRIOR YEAR FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None.

PRIOR YEAR FINDINGS

Finding #	Finding Title	Status
2014-01	CCDF/TANF	Corrected

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MIAMI, INC.

FINANCIAL STATEMENTS

MARCH 31, 2015 AND THE THREE MONTH PERIOD THEN ENDED

MBAF

MORRISON BROWN ARGIZ & FARRA, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MIAMI, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association of Great Miami, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Young Men's Christian Association of Greater Miami, Inc. (the "Association"), which comprise the statement of financial position as of March 31, 2015, and the related statements of activities, cash flows and functional expenses for the three month period 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 audit. We conducted our audit 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 from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of Greater Miami, Inc. as of March 31, 2015, and the changes in its net assets and its cash flows for the three month period then ended in accordance with accounting principles generally accepted in the United States of America.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
January 22, 2016

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MIAMI, INC.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 557,210
Receivables	
Accounts receivable, net of allowance for doubtful accounts of $8,000	796,065
Pledges receivable, net of allowance for uncollectible pledges of $122,513	190,018
TOTAL RECEIVABLES	986,083
Investments	2,982,475
Prepaid insurance	157,799
Other current assets	82,290
TOTAL CURRENT ASSETS	4,765,857
Pledges receivable, net of current portion	17,745
Property and equipment, net	19,362,084
Other assets	197,632
TOTAL ASSETS	**$ 24,343,318**
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 434,396
Accrued payroll	198,654
Other accrued expenses	283,790
Line of credit	1,440,000
Short-term borrowings (Insurance payable)	22,616
Deferred revenue	44,772
Current portion of deferred rental income	108,263
Current portion of industrial revenue bonds	327,000
Current portion of notes payable	148,213
TOTAL CURRENT LIABILITIES	3,007,704
Interest rate swap	199,192
Notes payable, net of current portion	651,342
Industrial revenue bonds, net of current portion	8,341,000
Deferred rental income, net of current portion	6,205,183
TOTAL LIABILITIES	18,404,421
COMMITMENTS AND CONTINGENCIES (NOTE 12)	
NET ASSETS	
Unrestricted	5,888,187
Permanently restricted	50,710
TOTAL NET ASSETS	5,938,897
TOTAL LIABILITIES AND NET ASSETS	**$ 24,343,318**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER MIAMI, INC.

STATEMENT OF ACTIVITIES
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

CHANGES IN UNRESTRICTED NET ASSETS:	
UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT:	
Program service fees	$ 1,867,180
Membership dues	1,307,643
Federal government grants	446,838
Gifts, bequests and other grants	207,477
United Way	45,400
Investment income	48,313
Rental income	27,066
TOTAL UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT	3,949,917
EXPENSES:	
Program services	3,157,177
Management and general	604,211
Fundraising	86,338
TOTAL EXPENSES	3,847,726
CHANGE IN NET ASSETS BEFORE CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	102,191
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	(20,949)
CHANGE IN NET ASSETS	81,242
NET ASSETS – BEGINNING OF PERIOD	5,857,655
NET ASSETS – END OF PERIOD	$ 5,938,897

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER MIAMI, INC.

STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 81,242
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	244,289
Amortization of long term financing assets	11,718
Net realized and unrealized gain on investments	(37,514)
Change in fair value of interest rate swap	20,949
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(188,452)
Pledges receivable	85,637
Prepaid insurance	197,959
Other assets	(14,611)
Increase (decrease) in:	
Accounts payable, accrued payroll and other accrued expenses	93,486
Deferred revenue	(31,268)
Deferred rental income	(27,066)
TOTAL ADJUSTMENTS	355,127
NET CASH PROVIDED BY OPERATING ACTIVITIES	436,369
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(28,194)
Sales of investments, net	(42,613)
NET CASH USED IN INVESTING ACTIVITIES	(70,807)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments on short-term borrowings	(149,647)
Repayments on revenue bonds	(79,000)
Repayments on line of credit, net	(10,000)
Repayments on notes payable	(44,899)
NET CASH USED IN FINANCING ACTIVITIES	(283,546)
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,016
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	475,194
CASH AND CASH EQUIVALENTS – END OF PERIOD	$ 557,210

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the three month period for interest expense	$ 90,272
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:	
Cancellation of short-term borrowings to finance general liability insurance	$ 174,994

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER MIAMI, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

	Program Services						Support Services			
	Aquatics	Camp	Family Life	Health Enrichment	Sports	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and related benefits:										
Salaries	$ 19,219	$ 37,551	$ 1,047,681	$ 381,606	$ 46,030	$ 1,532,087	$ 200,822	$ 30,719	$ 231,541	$ 1,763,628
Health and retirement benefits	983	4,289	98,916	28,295	5,581	138,064	47,169	288	47,457	185,521
Payroll taxes and workers compensation	3,026	9,515	113,862	42,942	5,445	174,790	23,857	3,645	27,502	202,292
Total salaries and related benefits	23,228	51,355	1,260,459	452,843	57,056	1,844,941	271,848	34,652	306,500	2,151,441
Professional services	3,322	5,279	86,199	27,833	17,019	139,652	161,829	44,648	206,477	346,129
Occupancy	1,786	8,115	167,518	31,701	5,892	215,012	61,847	43	61,890	276,902
Supplies	2,781	5,876	131,543	20,187	20,077	180,464	6,111	56	6,167	186,631
Insurance	1,352	6,146	78,715	24,007	4,462	114,682	18,094	-	18,094	132,776
Interest	1,095	4,979	61,134	19,449	3,615	90,272	-	-	-	90,272
Admission fees and bus trips	-	52,970	2,595	-	-	55,565	-	-	-	55,565
Repairs and maintenance	497	1,896	42,803	18,081	1,419	64,696	14,591	-	14,591	79,287
Telephone	244	927	22,842	3,621	673	28,307	10,818	226	11,044	39,351
Conferences and meetings	380	845	29,881	6,306	1,113	38,525	9,211	5,427	14,638	53,163
Printing and promotion	10	15,408	36,656	1,211	2,767	56,052	4,098	475	4,573	60,625
Membership dues	419	4,326	17,020	16,008	1,642	39,415	2,373	-	2,373	41,788
Bank charges	204	934	12,450	4,373	678	18,639	18,876	178	19,054	37,693
Other	40	1,666	10,961	1,592	281	14,540	1,329	305	1,634	16,174
Local transportation	63	275	15,177	1,697	200	17,412	6,182	328	6,510	23,922
Total expenses before depreciation and amortization	35,421	160,997	1,975,953	628,909	116,894	2,918,174	587,207	86,338	673,545	3,591,719
Depreciation	2,759	12,539	153,899	48,983	9,105	227,285	17,004	-	17,004	244,289
Amortization	142	647	7,935	2,525	469	11,718	-	-	-	11,718
TOTAL EXPENSES	$ 38,322	$ 174,183	$ 2,137,787	$ 680,417	$ 126,468	$ 3,157,177	$ 604,211	$ 86,338	$ 690,549	$ 3,847,726

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Young Men's Christian Association (the "YMCA") was founded on June 6, 1844, in London, England. Since establishment of the first branch in Boston, Massachusetts in 1851, the YMCA has grown into one of the largest community service organizations in the United States.

The Young Men's Christian Association of Greater Miami, Inc. (the "Association") was established in the State of Florida in 1916. The Association services the residents of Miami-Dade and Monroe Counties in the State of Florida. Services are provided regardless of ethnic background or economic level. The nature and purpose of the Association's primary program services are as follows:

Aquatics

Instructional swimming, lifesaving, stroke clinics, water safety certification and therapeutic aquatics are provided.

Camp

Summer camp programs for children aged seven to fifteen and specialty camp, serving children with cancer, diabetes and other health related programs are provided.

Family Life

Child and after school care for children are provided. Contracted child care services are provided through government funded programs to low-income families.

Family oriented programs designed to strengthen relations, between parents and children are provided.

Nutrition program and meals are provided through a federally funded program to children participating in the Associations' child care programs.

Health Enrichment

Adult physical wellness, aerobic and other wellness programs are provided at four branches.

Sports

Youth and adult sports recreational leagues in baseball, basketball, soccer and various other sports are provided.

Basis of Presentation and Net Assets

The financial statements of the Association have been prepared on the accrual basis of accounting and in accordance with accounting standards issued by the Financial Accounting Standards Board ("FASB"). The Association reports its three types of net assets as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Net Assets (Continued)

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations for which the assets must be maintained permanently by the Association.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit and Market Risk

Financial instruments, which potentially subject the Association to significant concentrations of credit risk, consist principally of cash and cash equivalents, and investments. The majority of the Association's cash balance is in non-interest bearing accounts which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times cash balances may temporarily exceed the FDIC coverage insurance limit. The Association has not experienced any losses in such accounts.

The Association invests in a variety of publicly traded investment vehicles, including common stocks, government and money market funds totaling $2,982,475 as of March 31, 2015. Management seeks to mitigate risks inherent in the Association's investment portfolio by investing primarily in highly-rated financial instruments and through regular monitoring of the Association's investment portfolio.

Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash deposits and investment securities.

The Association receives a significant portion of its revenue from a government sponsored child care program. Under the program, administered by Miami-Dade County (the "County"), the County subsidizes the cost of certain child care programs for eligible County residents. During the three month period ended March 31, 2015, revenue earned under this program totaled approximately $289,000. Changes in the County's available funding sources, local economic conditions, or changes in political priorities can have an adverse effect on-the Association's financial condition. Management works to reduce its risk associated with this program by marketing and developing other programmatic activities to supplement and improve the Association's overall financial strength.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid, temporary investments purchased with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to changes in net assets and a credit to a valuation allowance based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts and which are not covered are written off through a charge to the valuation allowance and a credit to the related receivables.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give/Pledges

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance for uncollectible contributions is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund raising activity.

Donated Services

Many individuals have donated time and services to advance the Association's programs and objectives. The value of these services have not been recorded in the accompanying financial statements because they do not meet the criteria to be recorded in financial statements under U.S. GAAP.

Grant Revenue

Revenue received from grants is determined to be exchange transactions recognized as services are provided by the Association.

Investments and Investment Return

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statement of financial position (NOTES 2 and 3). Investments as of March 31, 2015 consist of equity securities in common stock, debt securities in corporate bonds, and mutual funds. Investment income (including gains and losses on investments, interest and dividends) is included in the accompanying statement of activities as increases in unrestricted net assets unless the income is restricted by donor or law.

The Association classifies its investments as a current asset in the accompanying statement of financial position due to the fact that these investments are available to be liquidated in an active market in order to meet the short term needs of the Association.

Interest Rate Swap

The Association entered into an interest rate swap to hedge against interest rate fluctuations; benefit from interest rate fluctuations; obtain better interest rate terms than it would have been able to get without the swap; or manage the interest, cost, and the risk associated with its outstanding debt with the industrial revenue bond discussed in NOTE 8. The valuation assumption may significantly affect the accuracy of the fair value of the instrument.

Property and Equipment, Net

Property, and equipment are recorded at cost. The Association follows the practice of capitalizing all expenditures for buildings and improvements, furniture, and equipment in excess of $500 and has a life that exceeds one year. Contributed uses of long-lived assets are recorded at the lesser of the fair rental value of the property or the fair value of the asset at the date of the contribution. Depreciation of buildings and improvements, furniture, fixtures, and equipment are computed on the straight-line method over the estimated useful lives of the depreciable assets ranging from five to thirty years. Expenditures for routine maintenance and repairs are expensed as incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

Recoverability of assets to be held and used by the Association is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the future cash flows of the asset. No impairment was recognized for the three month period ended March 31, 2015.

Deferred Revenue

Grant funding received in advance and membership dues and program fees collected in advance for the following period are recorded as deferred revenue at period end.

Deferred Rental Income

The Association received full rental payments in advance under certain land lease agreements (NOTE 12). The unearned portion of these rental payments are recorded as deferred rental income at period end.

Revenue Recognition

Membership dues are recognized as revenue ratably over the applicable membership term. Program services revenue is recognized when the underlying event has occurred. Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed assets are recognized as revenue at its fair value on the date of the contribution. Grant revenue for program services is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association are presented on the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time records and estimates made by management.

Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes has been recorded.

The Association recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of the period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Association files income tax returns. The Association is generally no longer subject to U.S. Federal examinations by tax authorities for fiscal years before 2012.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncement

Revenue From Contracts With Customers

In May 2014, the FASB issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2017 and in interim periods in annual periods beginning after December 15, 2018. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Association is currently evaluating the effect the update will have on its financial statements.

Subsequent Events

The Association has evaluated subsequent events through January 22, 2016, which is the date the financial statements were available to be issued.

2. INVESTMENTS

Investments as of March 31, 2015 are summarized as follows:

Bonds/Fixed income securities:	
Investment grade taxable	$ 1,911,872
Global high yield taxable	188,376
Equity securities:	
U.S. large cap	438,417
U.S. mid cap	44,124
U.S. small cap	99,496
International	140,195
Emerging market	65,190
Mutual funds:	
Public REITs	68,817
Commodities	15,928
Others	10,060
	$ 2,982,475

Investment income consists of the following for the three month period ended March 31, 2015:

Realized gains, net	$ 15,218
Unrealized gains, net	22,296
Interest income	10,799
	$ 48,313

3. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

3. FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at March 31, 2015.

Bonds/Fixed income securities - fair value of bonds/fixed income securities are based on quoted prices in active markets.

Equity securities - fair value is based on the quoted share of the market.

Mutual funds – Mutual funds are valued at their net asset values, which are determined daily and are quoted or a national exchange.

Interest rate swap – The fair value of the interest rate swap is based on dealer quotations which generally represent an estimate of the amount the Association would pay or receive to terminate the agreement at the reporting date.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

Items Measured at Fair Value on a Recurring Basis

The following tables represent the Association's financial instruments measured at fair value on a recurring basis at March 31, 2015 for each of the fair value hierarchy levels:

		Fair Value Measurement at March 31, 2015		
Description	**3/31/2015**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Bonds/Fixed income securities	$ 2,100,248	$ 2,100,248	$ -	$ -
Equity securities	787,422	787,422	-	-
Mutual funds	94,805	94,805	-	-
	$ 2,982,475	$ 2,982,475	$ -	$ -
Liabilities:				
Interest rate swap	$ (199,192)	$ -	$ (199,192)	$ -

4. PLEDGES RECEIVABLE, NET

Pledges receivable consists primarily of pledges received in conjunction with the Association's capital campaign. Pledges are scheduled for receipt over approximately two years. Pledge commitments in excess of one year are discounted to reflect the present value of the pledge and an allowance for uncollectible pledges is provided in accordance with Association policy.

The outstanding pledge balances consist of the following at March 31, 2015:

Less than one period	$ 312,531
Due in one to two periods	20,000
Less: discount	(2,255)
Less: allowance for doubtful accounts	(122,513)
Pledges receivable, net	**$ 207,763**

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at March 31, 2015:

Land	$ 2,698,839
Buildings and improvements	19,080,889
Furniture and equipment	2,319,581
Construction in progress	106,279
	24,205,588
Less: accumulated depreciation	(4,843,504)
Property and equipment, net	**$ 19,362,084**

Depreciation expense was approximately $244,000 for the three month period ended March 31, 2015.

6. SHORT-TERM BORROWINGS

The Association had various premium finance agreements with financing companies to finance the Association's property, general liability, and workers compensation insurance coverages. As a result of obtaining combined insurance coverage with the YMCA of Broward County, Inc., beginning April 1, 2015, the majority of the Association's premium finance agreements and insurance policies were cancelled. The remaining short-term borrowings related to policies that were not cancelled was approximately $23,000 as of March 31, 2015.

7. LINE OF CREDIT

The Association has a $2,500,000 line of credit with a bank, with interest as the bank's LIBOR daily floating rate plus 1.92% as of March 31, 2015. Interest is payable monthly and amounts outstanding under the line of credit are secured by the Association's investments. As of March 31, 2015, the Association had an outstanding obligation of $1,440,000.

8. NOTES PAYABLE AND INDUSTRIAL REVENUE BONDS

Notes Payable

Notes payable consist of the following at March 31, 2015:

Note payable with a finance company totaling $22,795, with interest at 5.99%, principal and interest in monthly installments of $693 through April 2017, secured by specific equipment.	$ 16,240

8. NOTES PAYABLE AND INDUSTRIAL REVENUE BONDS (CONTINUED)

Notes Payable (Continued)

Note payable with a finance company totaling $444,582, with interest at 4.2%, principal and interest payable in monthly installments of $11,377 through January 2016, and then $2,908 through January 2018 secured by specific equipment.		176,126
Note payable with a bank totaling $650,000, entered into for the purpose of completing the construction of the South Dade facility with variable interest rate of the bank's prime rate plus 1.0% (approximately 4.25% at March 31, 2015) per annum to be adjusted monthly as the bank's prime rate changes. Payable in consecutive monthly installments of principal commencing on September 1, 2013 and continued on the same day of each calendar period thereafter, in 51 equal payment of $2,167. Accrued interest is payable monthly commencing on September 1, 2014 and continued on the same day of each calendar period thereafter, with one final payment of all remaining principal and accrued interest due on December 1, 2017. Collateral: second mortgage on the project (South Dade YMCA).		607,189
Total Notes Payable	$	799,555
Less current portion		(148,213)
Notes payable, net of current portion	**$**	**651,342**

The maturity schedule of the notes payable as of March 31, 2015 is as follows:

Periods ending March 31,		
2016	$	148,213
2017		66,956
2018		584,386
Total	**$**	**799,555**

Industrial Revenue Bonds

In December 15, 2010, the Association executed a loan agreement with the Miami-Dade County Industrial Development Authority ("Issuer") in conjunction with the issuance of the Tax-exempt Industrial Revenue Bonds ("Bonds"), par value of $9,350,000 with variable interest. The proceeds were to be used for the construction of a new approximately 35,000 square foot fitness center located in South Dade. The Bonds are secured by such property. As part of the loan agreement, the Association agreed to invest approximately $2.0 million of private or its own funds in the construction before additional drawings on the Bonds.

As of December 31, 2012, $9,349,894 was drawn on the Bonds and was used to fund the construction of the South Dade Center. The Bonds bear interest at the higher of (a) a variable rate of 1.95% above 68% of the prime rate (LIBOR) or (b) 3% per annum (effective rate 3.0% as of March 31, 2015). The carrying value of the Bonds is recorded at amortized cost as of March 31, 2015 as variable interest rates are linked to market rates.

The Association is required to meet financial and non-financial covenants provided by the Bond agreement. The Bonds can be called by the Issuer upon non-compliance with these covenants. Management believes the Association is in compliance with its debt covenants for the three month period ended March 31, 2015.

Costs related to the Bonds issuance amounted to approximately $327,000 which will be amortized over the life of the Bonds. The balance of unamortized bond issuances costs as of March 31, 2015 was approximately $133,000 which is included in "other assets" in the accompanying statement of financial position.

8. NOTES PAYABLE AND INDUSTRIAL REVENUE BONDS (CONTINUED)

The maturity schedule of the Bonds as of March 31, 2015 is as follows:

Periods ending March 31,	
2016	$ 327,000
2017	342,000
2018	356,000
2019	374,000
2020	391,000
Thereafter	6,878,000
Total	$ 8,668,000

In conjunction with the Bonds, the Association entered into an interest rate swap dated August 25, 2011 to hedge its exposure to interest rate fluctuations by fixing the variable interest rate at 1.45% (effective rate 3.4% as of March 31, 2015). The interest rate swap is a forward swap that began in December 2012 and expires in December 2017. During the three month period ended March 31, 2015, the Association recognized a loss of approximately $21,000, which is included as a non-functional expense item in the accompanying statement of activities.

If the interest rate swap is held to maturity, as is management's intention, the cumulative effect of this liability on the change in net assets would be zero. The interest rate swap agreement exposes the Association to credit loss in the event of non-performance by the counterparty. However, the Association does not anticipate non-performance by the counterparty.

Interest expense incurred on the line of credit, notes payable, and industrial revenue Bonds for the three month period ended March 31, 2015 totalled approximately $90,000.

9. ENDOWMENT NET ASSET CLASSIFICATION

The Association's endowments consists of primarily permanently restricted endowment funds from contributions received from donors who have instructed the Association that the corpus of their gifts remain in perpetuity, while the income from such gifts be used to support the operations of the Association. These gifts are recorded as permanently restricted in the statement of financial position.

The Board of Directors of the Association has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment and (c) investment income generated by the endowment.

The Association will administer and invest the assets of the endowments directly or through its agents as directed by the Finance and Administration Committee and the Board. The Association has adopted investment and spending policies for endowment assets to provide a predictable stream of funding to programs supported by its endowments. Distributions from permanently restricted endowment funds will be calculated using a three year rolling average of the asset balance held, not to exceed three percent. The general objectives of the investment policy include: achieving optimal long-term return within an acceptable volatility/risk level, provided growth and maintaining safety of the principal.

As of March 31, 2015, endowment net assets mainly consisted of permanently restricted net assets amounting to $50,710. There were no changes to endowment net assets for the three month period ended March 31, 2015.

10. RELATED PARTY TRANSACTIONS

In April 2014, the Association entered into a management agreement with the YMCA of Broward County, Inc. ("Broward YMCA"). The agreement allowed the Broward YMCA to charge the Association for shared costs related to the salaries of the CEO, CFO, and other employees. For the three month period ended March 31, 2015, the total expense incurred related to the agreement was approximately $114,000.

11. RETIREMENT PLAN

The Association participates in a defined contribution plan for all eligible employees which is administered by the National Association Retirement Fund, Inc. (the "Plan"). The Plan is non-contributory, with the Association contributing 12.0% of employees' salaries to the Plan. For the three month period ended March 31, 2015, contributions to the Plan totaled approximately $97,000.

12. COMMITMENTS AND CONTINGENCIES

YMCA Allapattah and Carver Land Agreements

During the year ended December 31, 2006, the Association entered into land lease agreements with 410 NW LLC to construct affordable housing living developments, including limited commercial space on properties commonly known as the Allapattah and Carver properties. The leases provided for the construction to be conducted in phases with the Association receiving rental income over a period of sixty-five years. In addition, the Allapattah lease agreement provided for the construction of a new YMCA branch within the overall Allapattah project.

During the year ended December 31, 2008, the Association entered into amended land lease agreements with Village Carver Phase I LLC, Village Allapattah Phase PLLC and Village Allapattah Phase II LLC (collectively, the Developers). Under the terms of the Allapattah agreements, the Developers agreed to prepay $3,060,000 as full and complete payment under the land lease agreements. During the year ended December 31, 2009, the Developers paid $2,500,000. During 2010, the Association collected the remaining $560,000.

Similarly, during the year ended December 31, 2009, the Developers entered into an agreement to prepay $2,012,000 as full and complete payment under the land lease agreement for the Carver Phase I project, subject to the parties completing certain conditions. Rental payments made by the Developers in 2008 and 2009 totaling $202,352 were applied toward amounts due under the agreement. In March 2010, the contract provisions were met and the Developers paid $1,810,217 representing full and complete payment under the agreement.

The Developers began making quarterly payments in conjunction with the development of Carver Phase II in accordance with the original Carver land lease agreement. The agreement provides for quarterly installments totaling $108,000 a year, with scheduled 5% increases in rent every five years over the life of the lease. On February 23, 2010, the Phase II agreement was modified to allow the Developers to prepay the lease. As a result, the Association collected $1,987,000 in 2010 as full and complete payment under the land lease agreement for the Carver Phase II project.

Deferred rental income under all agreements totaled $6,313,446 as of March 31, 2015. As a result of these agreements, the Association will recognize approximately $108,000 ($27,000 for the three month period ended March 31, 2015) annually in the future as rental income for the remaining 65 years.

Operating Leases

The Association leases office space, office equipment, and software under non-cancellable operating lease agreements with terms expiring at various dates through the period ended March 31, 2021. Approximate minimum future rental payments under these non-cancellable lease agreements as of March 31, 2015 are as follows:

Periods ending March 31,	
2016	$ 278,055
2017	269,160
2018	254,036
2019	261,701
2020	269,586
Thereafter	183,293
	$ 1,515,831

Total rental expense for the three month period ended March 31, 2015 was approximately $55,000.

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

The Association is charged a monthly rent expense by Miami Dade County Public Schools for use of County facilities in the course of administering the child care programs. Such commitments are month to month and are cancelable by either party with minimal notice. During the three month period ended March 31, 2015 rent expense totaled approximately $68,000.

Litigation, Claims, and Assessments

In the ordinary course of business, the Association is exposed to various claims, threats, and legal proceedings, some of which are initiated by the Association. In management's opinion, the outcome of all such existing matters will not have a material impact on the Association's financial position and results of operations.

Grants

The Association may be vulnerable to loss of funding from various agencies. In addition, the receipt of governmental funding is subject to audit by such agencies, the outcome of which is not known until the audits are completed. Management is aware of these risks and has contingency plans available.

Risk Management

The Association is exposed to various risks of losses related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Association has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

13. SUBSEQUENT EVENTS

YMCA of Broward County, Inc.

On April 1, 2015, the Association and the Broward YMCA entered into a merger agreement to assist both Associations to maximize the YMCA service they provide to their communities. The board of directors of both the Association, and the Broward YMCA have each adopted and exercised the execution of this agreement. The new name of the merged Associations shall be the Young Men's Christian Association of South Florida, Inc. and shall operate under the tax identification number of the Association.

We have presented below the pro-forma of the statement of financial position and statement of activities, which show how the consolidated financial statements of the Association and Broward YMCA would appear at March 31, 2015. The information presented for Broward YMCA was extracted from the Broward YMCA audited financial statements for the three month period ended March 31, 2015. The independent auditor's report on the financial statements of Broward YMCA expressed an unmodified opinion on January 22, 2016.

The consolidated statement of financial position as of March 31, 2015:

	YMCA of Greater Miami, Inc. 3/31/2015	YMCA of Broward County, Inc. 3/31/2015	Eliminations	Consolidated
TOTAL ASSETS	$ 24,343,318	$ 21,087,166	$ (147,191)	$ 45,283,293
TOTAL LIABILITIES	18,404,421	8,572,251	(147,191)	26,829,481
TOTAL NET ASSETS	5,938,897	12,514,915	-	18,453,812
TOTAL LIABILITIES AND NET ASSETS	**$ 24,343,318**	**$ 21,087,166**	**$ (147,191)**	**$ 45,283,293**

13. SUBSEQUENT EVENTS (CONTINUED)

The consolidated statement of activities for the three month period ended March 31, 2015:

	YMCA of Greater Miami, Inc. 3/31/2015	YMCA of Broward County, Inc. 3/31/2015	Eliminations	Consolidated
TOTAL REVENUES	$ 3,949,917	$ 6,939,266	$ (113,991)	$ 10,775,192
TOTAL EXPENSES	3,868,675	6,585,809	(113,991)	10,340,493
CHANGE IN UNRESTRICTED NET ASSETS	81,242	353,457	-	434,699
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	-	(51,316)	-	(51,316)
INCREASE IN NET ASSETS	**$ 81,242**	**$ 302,141**	**$ -**	**$ 383,383**

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2015 AND THE THREE MONTH PERIOD THEN ENDED

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BROWARD COUNTY, INC.

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MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association of Broward County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Young Men's Christian Association of Broward County, Inc. (the "Association"), which comprise the statement of financial position as of March 31, 2015, and the related statements of activities, cash flows and functional expenses for the three month period 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 audit. We conducted our audit 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 from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of Broward County, Inc. as of March 31, 2015, and the changes in its net assets and its cash flows for the three month period then ended in accordance with accounting principles generally accepted in the United States of America.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
January 22, 2016

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 4,209,101
Receivables	
Grants	1,050,588
Unconditional promises to give, net	221,745
Other receivables	81,469
TOTAL RECEIVABLES	1,353,802
Investments	90,528
Prepaid expenses, deposits and other current assets	556,066
TOTAL CURRENT ASSETS	6,209,497
Remainder trust held by third party	380,584
Endowment investments	17,444
Property and equipment, net	14,479,641
TOTAL ASSETS	**$ 21,087,166**
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 1,344,607
Deferred revenue	618,905
Current portion of long-term debt	375,000
Current portion of capital lease obligations	374,159
Current portion of deferred lease allowances	8,276
TOTAL CURRENT LIABILITIES	2,720,947
Long-term debt, less current portion	5,687,500
Capital lease obligations, less current portion	63,230
Deferred rent	79,885
Deferred lease allowances, less current portion	20,689
TOTAL LIABILITIES	8,572,251
COMMITMENTS AND CONTINGENCIES (NOTE 11)	
NET ASSETS	
Unrestricted	10,575,019
Temporarily restricted	1,921,683
Permanently restricted	18,213
TOTAL NET ASSETS	12,514,915
TOTAL LIABILITIES AND NET ASSETS	**$ 21,087,166**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

STATEMENT OF ACTIVITIES
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

CHANGES IN UNRESTRICTED NET ASSETS:	
UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT:	
Federal government grants	$ 205,139
State and county government and other grants	2,440,268
Membership dues	2,219,769
Program services	1,289,998
Contributions and donations	388,336
United Way	13,635
Special events	74,425
Investment income	1,853
Other income	29,327
Management fee income (NOTE 9)	113,991
Net assets released from restrictions	162,525
TOTAL UNRESTRICTED REVENUES, GAINS & OTHER SUPPORT	6,939,266
EXPENSES:	
Program services	5,610,766
Management and support services	757,370
Fundraising	217,673
TOTAL EXPENSES	6,585,809
INCREASE IN UNRESTRICTED NET ASSETS	353,457
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Increase in fair value of remainder trust held by third party	4,776
Net assets released from restrictions	(162,525)
Contributions	106,433
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(51,316)
INCREASE IN NET ASSETS	302,141
NET ASSETS – BEGINNING OF PERIOD	12,212,774
NET ASSETS – END OF PERIOD	**$ 12,514,915**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BROWARD COUNTY, INC.

STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	$ 302,141
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	287,870
Amortization of leasehold interest in land	9,500
Amortization of deferred loan refinancing costs	738
Net realized and unrealized gain on investments	(13,329)
Bad debt expense	35,211
Changes in assets and liabilities:	
(Increase) decrease in:	
Grant receivables	(363,573)
Unconditional promise to give	(72,699)
Other receivables	(46,732)
Prepaid expenses, deposits and other current assets	(81,850)
Remainder trust held by third party	(4,776)
Increase (decrease) in:	
Accounts payable and accrued expenses	610,327
Deferred revenue	135,483
Deferred rent	440
Deferred lease allowances	(2,069)
TOTAL ADJUSTMENTS	494,541
NET CASH PROVIDED BY OPERATING ACTIVITIES	796,682
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(27,616)
Sales of investments, net	10,082
NET CASH USED IN INVESTING ACTIVITIES	(17,534)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on capital leases	(98,497)
Payments on long-term debt	(93,750)
NET CASH USED IN FINANCING ACTIVITIES	(192,247)
NET INCREASE IN CASH AND CASH EQUIVALENTS	586,901
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	3,622,200
CASH AND CASH EQUIVALENTS – END OF PERIOD	$ 4,209,101

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the three month period for interest expense	$ 89,998

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

	Program Services								Support Services		
	Health Enhancement	Aquatics Program	Sports & Recreation	Summer Camp	Teen Leadership	Family Life	Community Services	Total Program Services	Management & Support Services	Fundraising	Total
Payroll	$ 478,880	$ 263,752	$ 315,967	$ 5,813	$ 7,768	$ 1,965,857	$ 51,044	$ 3,089,081	$ 349,430	$ 64,473	$ 3,502,984
Payroll taxes	47,193	25,166	33,882	538	730	187,071	4,581	299,161	36,773	6,376	342,310
Employee benefits	49,621	27,462	50,539	852	2,037	184,959	8,125	323,595	62,419	7,987	394,001
TOTAL PAYROLL EXPENSES	575,694	316,380	400,388	7,203	10,535	2,337,887	63,750	3,711,837	448,622	78,836	4,239,295
Supplies	20,782	18,823	120,185	540	63,228	143,818	10,665	378,041	3,248	83,787	465,076
Occupancy	58,311	58,610	89,652	2,922	6,993	256,312	7,260	480,060	54,940	-	535,000
Contract & professional services	5	-	12,058	-	648	49,909	-	62,620	38,283	10	100,913
Insurance	18,004	11,232	17,087	902	2,159	75,537	2,242	127,163	22,022	-	149,185
Finance charges	12,035	7,509	11,422	603	1,443	50,497	1,499	85,008	-	-	85,008
Support to Y-USA and other associations	-	-	-	-	-	25,770	1,836	27,606	57,882	-	85,488
Advertising & promotion	14,881	638	665	23,262	-	90	-	39,536	59,064	48,881	147,481
Telephone	1,596	2,208	2,640	75	179	10,235	211	17,144	5,049	613	22,806
Conferences & seminars	2,053	1,928	1,966	101	241	21,017	250	27,556	9,752	-	37,308
Other employee expenses	13,058	8,919	7,921	341	597	36,604	1,599	69,039	8,125	5,424	82,588
Equipment rental & repair	9,017	9,518	25,338	452	1,081	37,832	1,123	84,361	5,534	-	89,895
Postage	948	69	105	6	13	511	14	1,666	1,118	122	2,906
Contributions	-	-	-	-	-	200	-	200	-	-	200
Provision for bad debt	4,981	3,107	4,727	250	597	20,898	516	35,076	135	-	35,211
IT expense	5,382	5,029	5,107	270	645	24,215	774	41,422	5,550	-	46,972
IT reserve	10,571	6,595	10,033	530	1,268	44,354	1,316	74,667	6,621	-	81,288
Miscellaneous	8,311	17,349	7,937	419	1,003	33,077	1,041	69,137	11,944	-	81,081
Depreciation and amortization	39,030	27,856	36,945	1,951	4,669	163,329	4,847	278,627	19,481	-	298,108
TOTAL EXPENSES	$ 794,659	$ 495,770	$ 754,176	$ 39,827	$ 95,299	$ 3,332,092	$ 98,943	$ 5,610,766	$ 757,370	$ 217,673	$ 6,585,809

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Young Men's Christian Association of Broward County, Florida, Inc. (the "Association") is a nonprofit corporation organized for the benefit of its members and the community with the purpose of putting Judeo-Christian principles in practice through programs that build healthy spirit, mind, and body for all.

Basis of Presentation and Net Assets

The financial statements of the Association have been prepared on the accrual basis of accounting and in accordance with accounting standards issued by the Financial Accounting Standards Board ("FASB"). The Association reports its three types of net assets as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations for which the assets must be maintained permanently by the Association.

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash deposits and investment securities.

The Association places its cash deposits with creditworthy, high-quality financial institutions. At times cash balances may temporarily exceed the Federal Deposit Insurance Coverage insurance limit. The Association has not experienced any losses in such accounts.

The Association contracts with various agencies to provide after-school, holiday care, and a summer recreation program for children of Broward County, Florida. For the three month period ended March 31, 2015 one agency provided approximately 33% of the total support and revenues of the Association. Approximately 82% of the Association's revenues were generated by four family centers/locations for the three month period ended March 31, 2015.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid, temporary investments purchased with an original maturity of three months or less to be cash equivalents.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same period in which the contribution is received, the Association reports the support as unrestricted.

Unconditional promises to give are initially recorded at fair value when received. Unconditional promises to give due in the next period are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent periods are reflected as long-term promises to give and are recorded at the present value of future collections. Conditional promises to give are recognized when the conditions have been substantially met.

The Association estimates an allowance for uncollectible promises to give based on the creditworthiness of its donors, aging of the individual balances receivable, recent payment history, contractual terms, and other qualitative factors such as the status of the relationship with the donor. Unconditional promises to give are written off when all collection procedures have been exhausted and the potential for recovery is considered remote.

Investments and Investment Return

Investments are stated at fair value (NOTES 2 and 3). Realized and unrealized gains and losses are included in the change in unrestricted net assets. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned.

Property and Equipment, Net

Property, and equipment are recorded at cost. Contributed uses of long-lived assets are recorded at the lesser of the fair rental value of the property or the fair value of the asset at the date of the contribution. Amortization of the leasehold interest in land is computed on the straight-line basis over the lesser of the life of the asset or the lease term. Depreciation of buildings and improvements, furniture, fixtures, and equipment are computed on the straight-line method over the estimated useful lives of the depreciable assets ranging from three to forty years. Expenditures for routine maintenance and repairs are expensed as incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used by the Association is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the future cash flows of the asset. No impairment was recognized for the three month period ended March 31, 2015.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance that benefit future periods which primarily include insurances, rent and program supplies.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Membership dues are recognized as revenue ratably over the applicable membership term. Program services revenue is recognized when the underlying event has occurred. Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed assets are recognized as revenue at its fair value on the date of the contribution. Grant revenue for program services is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed.

Deferred Revenue

Grant funding received in advance and membership dues and program fees collected in advance for the following period are recorded as deferred revenue at period end.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association are presented on the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time records and estimates made by management.

Rent Costs

Deferred Rent

The Association recognizes rent expense on a straight line basis when a lease contains predetermined, fixed escalations of minimum rentals. The difference between rent expense and the rental amount payable under the leases are recorded as liabilities and are reported under "Deferred rent" in the accompanying Statement of Financial Position. As of March 31, 2015, the Association had approximately $80,000 of deferred rent expense related to this difference.

Deferred Lease Allowances

The Association received a $90,000 lease incentive to improve its corporate office space upon inception of the lease in December 2010. The incentive was recorded as a liability and reported under "Deferred lease allowances" in the accompanying Statement of Financial Position and recognized on a straight-line basis over the term of the lease. As of March 31, 2015, the Association had approximately $29,000 of deferred lease allowances.

Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes has been recorded.

The Association recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of the period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Association files income tax returns. The Association is generally no longer subject to U.S. Federal examinations by tax authorities for fiscal years before 2012.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncement

Revenue From Contracts With Customers

In May 2014, the FASB issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2017 and in interim periods in annual periods beginning after December 15, 2018. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Association is currently evaluating the effect the update will have on its financial statements.

Subsequent Events

The Association has evaluated subsequent events through January 22, 2016, which is the date the financial statements were available to be issued.

2. INVESTMENTS

Investments as of March 31, 2015 are summarized as follows:

Investment Type	
Unrestricted	
Equity Securities	$ 1,600
Mutual Funds	29,838
Total unrestricted	31,438
Restricted	
Mutual Funds	59,090
Total	$ 90,528
Remainder trust held by third party	$ 380,584
Endowment Fund:	
Mutual Funds	$ 17,444

Net investment gains for the three month period ended March 31, 2015 was $13,329. The net investment gain is comprised of $8,553 of interest and dividends and of $4,776 of net realized and unrealized gains.

The Association received a contribution in the form of a term charitable irrevocable trust. The Association has the rights to income distributed by the trust and the assets held in the trust, at termination. Distributions from the trust reduce the asset reported and changes in fair value for the period are reported in the Statement of Activities.

3. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

3. FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2015.

Equity securities - fair value is based on the quoted share of the market.

Mutual funds - fair value is based on the number of shares of an underlying fund multiplied by the closing value per share quoted by that fund and held by the Association at year end.

Remainder trust held by third party – The fair value of the trust is based on the fair value of the assets held by the trust, which approximates the net present value of the estimated future cash flows to be received from the trust.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

Items Measured at Fair Value on a Recurring Basis

The following tables represent the Association's financial instruments measured at fair value on a recurring basis at March 31, 2015 for each of the fair value hierarchy levels:

		Fair Value Measurement at March 31, 2015		
Description	3/31/2015	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Equity securities	$ 1,600	$ 1,600	$ -	$ -
Mutual funds	106,372	106,372	-	-
Remainder trust held by third party	380,584	-	-	380,584
	$ 488,556	$ 107,972	$ -	$ 380,584

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in fair value of Level 3 Investments

The following table sets forth a summary of changes in the fair value of the Association's Level 3 assets for the three month period ended March 31, 2015:

Balance, beginning of period	$ 375,808
Change in value of remainder trust	4,776
Balance, end of period	$ 380,584

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are pledges to fund general operations and capital campaigns to raise funds for the Association's facilities.

At March 31, 2015 the outstanding pledge balances were as follows:

Pledges receivable	$ 377,160
Allowance for doubtful accounts	(155,415)
Pledges receivable, net	$ 221,745

Unconditional promises to give are primarily from individuals located in southeast Florida, and are reflected at the net present value of estimated future cash flows using an assumed discount rate that a market participant would use in pricing the asset. The difference between the discounted amount and the total amount promised will be recognized as contributions in future periods.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at March 31, 2015:

Land	$ 427,246
Construction in progress	10,135
Leasehold interest in Land (NOTE 11)	1,900,000
Buildings and improvements	19,507,940
Furniture, fixtures and equipment	3,119,361
Equipment under capital lease	1,353,812
	26,318,494
Less: accumulated depreciation and amortization Including amortization on capital leases of $973,399 as of March 31, 2015	(11,838,853)
Property and equipment, net	$ 14,479,641

Depreciation expense was approximately $297,000 (including amortization expense on capital leases of approximately $90,000) for the three month period ended March 31, 2015. Substantially all assets are pledged as collateral on debt and capital leases (NOTES 6 and 7).

6. LONG-TERM DEBT

On May 13, 2011, the Association negotiated bank financing in the amount of $8,000,000. Under terms of the financing agreements, the Association was granted a $500,000 line of credit with an interest rate equal to the greater of 4% per year or 375 basis points above the LIBOR rate (quoted 2 business days before the first day of each interest period) and a term loan of $7,500,000 with an interest rate of 5.12% per year until May 2012 and 5.55% thereafter through May 2021. The proceeds of the term loan were used to refinance the Association's Weston and Hollywood facility loans.

The Association's loan agreement requires a debt service coverage ratio of not less than 1.10 to 1.0. The ratio is defined as the change in unrestricted net assets, plus depreciation and interest expense divided by current maturities of principal and interest on long-term debt and capital leases. Management believes the Association is in compliance with its debt covenants for the three month period ended March 31, 2015. The term loan is payable in monthly installments of $31,250, plus interest. Aggregate maturities on the term loan during the next five years and thereafter are as follows:

Periods ending March 31,	
2016	$ 375,000
2017	375,000
2018	375,000
2019	375,000
2020	375,000
Thereafter	4,187,500
Total long-term debt	6,062,500
Less current portion of long-term debt	375,000
Long-term debt, less current portion	**$ 5,687,500**

The Association's property and equipment interest in the Weston and Hollywood facilities are pledged as collateral to the loan.

At March 31, 2015, the loan balance outstanding was $6,062,500. Interest expense for the three month period ended March 31, 2015 totalled approximately $85,000. The Association did not make any advances on the line of credit during the three month period ended March 31, 2015.

7. CAPITAL LEASES

The Association leases certain equipment under capital leases expiring at various dates through the period ended March 31, 2018. As of March 31, 2015 the leased property has a recorded cost of approximately $1,354,000 and total accumulated depreciation of approximately $973,000. Interest expense incurred on the capital leases was approximately $5,000 for the period ended March 31, 2015.

Minimum future lease payments under capital leases as of March 31, 2015 are as follows:

Periods ending March 31,	
2016	$ 384,134
2017	55,784
2018	8,918
Total future minimum lease payments	448,836
Less: amount representing interest	11,447
Present value of future minimum lease payments	437,389
Less: current maturities	374,159
Long-term portion	**$ 63,230**

8. NET ASSETS

Temporarily restricted net assets consist of the following as of March 31, 2015:

Purpose restricted contribution	$	163,599
Remainder trust held by third party		380,584
Leasehold interest in land (NOTE 11)		1,377,500
	$	1,921,683

The permanently restricted net assets represent investments held in perpetuity for which the income can be used to support the operations of the Association. At March 31, 2015, the Association had permanently restricted net assets of $18,213.

9. RELATED PARTY TRANSACTIONS

YMCA of Greater Miami, Inc.

In April 2014, the Association entered into a management agreement with the YMCA of Greater Miami, Inc. ("Miami YMCA"). The agreement allowed the Association to charge the Miami YMCA for shared costs related to the salaries of the CEO, CFO, and other employees. For the three month period ended March 31, 2015, the total revenue derived from the agreement was approximately $114,000 and is reflected as "Management fee income" on the Statement of Activities.

YUSA

In accordance with the affiliation agreement with the YMCA of the USA, a percentage of substantially all unrestricted support is remitted to the national organization. For the three month period ended March 31, 2015, a total of approximately $85,000 was remitted to the national organization.

10. PENSION PLAN

The Association participates in a defined contribution retirement plan covering all employees. Contributions to the plan are made at stated percentages of each eligible employee's compensation, which was 12% during the three month period ended March 31, 2015. Total contributions were approximately $192,000 for the three month period ended March 31, 2015.

11. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Association leases office space, office equipment, and software under non-cancellable operating lease agreements with terms expiring at various dates through March 2020. Approximate minimum future rental payments under these non-cancellable lease agreements as of March 31, 2015 are as follows:

Periods ending March 31,		
2016	$	714,000
2017		617,000
2018		625,000
2019		359,000
2020		122,000
	$	2,437,000

Total rental expense for the three month period ended March 31, 2015 was approximately $188,000.

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

In 2001, the Association entered into a land lease agreement for its Weston facility which is recorded in the accompanying financial statements as a leasehold interest in land. The agreement was effective from May 1, 2001 with a termination date through December 1, 2050; this includes the period for which the lessee can exercise its option to extend lease terms, for an annual payment of $1.

The fair value of the land lease met the definition of a contribution of long-lived assets and was recorded as a leasehold interest in land on the date of the contribution, valued at $1,900,000, representing the lesser of the fair rental value of the lease or the fair value of the land. At March 31, 2015 the unamortized balance of the leasehold interest is $1,377,500 (NOTES 5 and 8).

In 2008, the Association entered into a five year lease agreement with the City of Parkland for its Parkland facility. The lease commenced January 1, 2008. As per the terms of the lease, the lease automatically renewed on January 1, 2013 for an additional three year period ending on January 1, 2016. The terms of the lease agreement allow for the Association to receive an annual waiver of rental expense in the event that certain revenue amounts are not generated from operations of the facility. The Association received an annual rent waiver of $100,000 for the 12 month period ended September 30, 2015. The Association has recorded the second quarterly rental waiver of $25,000 under this lease agreement during the three month period ended March 31, 2015. Subsequent to the period ended March 31, 2015, the City of Parkland notified the Association of its intent to cancel the lease early (NOTE 12).

In 2009, the Association entered into a 10 year operating lease agreement with the City of Pembroke Pines, Florida for the Pembroke Shores Gymnasium Facility and Pembroke Falls Aquatic Center. The lease commenced on November 1, 2009. For the first three (3) years of the gymnasium lease the Association will pay $25 from each sport program registration in lieu of fixed monthly rental payments. The Association will lease the aquatic center for an annual rental payment of $1, plus $25 for each aquatic program registration. After year three of the lease, the Association will also become responsible for the utility expense of the Facility over and above program registration obligations for the remainder of the lease.

Litigation, Claims, and Assessments

In the ordinary course of business, the Association is exposed to various claims, threats, and legal proceedings, some of which are initiated by the Association. In management's opinion, the outcome of all such existing matters will not have a material impact on the Association's financial position and results of operations.

Grants

The Association may be vulnerable to loss of funding from various agencies. In addition, the receipt of governmental funding is subject to audit by such agencies, the outcome of which is not known until the audits are completed. Management is aware of these risks and has contingency plans available.

Risk Management

The Association is exposed to various risks of losses related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Association has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

12. SUBSEQUENT EVENTS

YMCA of Greater Miami, Inc.

On April 1, 2015, the Association and the YMCA of Greater Miami, Inc. entered into a merger agreement to assist both Associations to maximize the YMCA service they provide to their communities. The board of directors of both the Association, and the YMCA of Greater Miami Inc. have each adopted and exercised the execution of this agreement. The new name of the merged Associations shall be the Young Men's Christian Association of South Florida, Inc. and shall operate under the tax identification number of YMCA of Greater Miami, Inc.

We have presented below the pro-forma of the statement of financial position and statement of activities, which show how the consolidated financial statements of the Association and YMCA of Greater Miami, Inc. would appear at March 31, 2015. The information presented for YMCA of Greater Miami, Inc. was extracted from the YMCA of Greater Miami, Inc.'s audited financial statements for the three month period ended March 31, 2015. The independent auditor's report on the financial statements of YMCA of Greater Miami, Inc. expressed an unmodified opinion on January 22, 2016.

The consolidated statement of financial position as of March 31, 2015:

	YMCA of Broward County, Inc. 3/31/2015	YMCA of Greater Miami, Inc. 3/31/2015	Eliminations	Consolidated
TOTAL ASSETS	$ 21,087,166	$ 24,342,823	$ (147,191)	$ 45,282,798
TOTAL LIABILITIES	8,572,251	18,403,926	(147,191)	26,828,986
TOTAL NET ASSETS	12,514,915	5,938,897	-	18,453,812
TOTAL LIABILITIES AND NET ASSETS	**$ 21,087,166**	**$ 24,342,823**	**$ (147,191)**	**$ 45,282,798**

The consolidated statement of activities for the three month period ended March 31, 2015:

	YMCA of Broward County, Inc. 3/31/2015	YMCA of Greater Miami, Inc. 3/31/2015	Eliminations	Consolidated
TOTAL REVENUES	$ 6,939,266	$ 3,949,917	$ (113,991)	$ 10,775,192
TOTAL EXPENSES	6,585,809	3,868,675	(113,991)	10,340,493
CHANGE IN UNRESTRICTED NET ASSETS	353,457	81,242	-	434,699
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(51,316)	-	-	(51,316)
INCREASE IN NET ASSETS	**$ 302,141**	**$ 81,242**	**$ -**	**$ 383,383**

Termination of the City of Parkland Lease

In October 2015, the City of Parkland notified the Association of its intent to terminate the facility lease with the Association early (NOTE 11). During December 2015, the Association vacated the premises. As a result of the early lease termination, the Association abandoned leasehold improvement and furniture, fixtures and equipment with a net book value of approximately $175,000. The remaining furniture, fixtures and equipment located at the facility of approximately $30,000 has been moved to and used in the Association's various other facilities.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BROWARD COUNTY, INC.

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MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Young Men's Christian Association of Broward County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Young Men's Christian Association of Broward County, Inc. (the "Association"), which comprise the statements of financial position as of December 31, 2014, and 2013, and the related statements of activities, cash flows and functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of Broward County, Inc. as of December 31, 2014 and 2013, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2015 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering the Association's internal control over financial reporting and compliance.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
May 27, 2015

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 3,622,200	$ 2,890,372
Receivables		
Grants	687,015	712,512
Unconditional promises to give, net	184,257	111,646
Other receivables	34,737	37,234
TOTAL RECEIVABLES	906,009	861,392
Investments	87,281	86,287
Prepaid expenses, deposits and other current assets	474,954	681,771
TOTAL CURRENT ASSETS	5,090,444	4,519,822
Remainder trust held by third party	375,808	362,590
Endowment investments	17,444	17,444
Property and equipment, net	14,749,395	15,702,148
TOTAL ASSETS	$ 20,233,091	$ 20,602,004

LIABILITIES AND NET ASSETS	2014	2013
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 734,280	$ 868,898
Deferred revenue	483,422	416,767
Current portion of long-term debt	375,000	375,000
Current portion of capital lease obligations	380,264	385,793
Current portion of deferred lease allowances	8,276	8,276
TOTAL CURRENT LIABILITIES	1,981,242	2,054,734
Long-term debt, less current portion	5,781,250	6,156,250
Capital lease obligations, less current portion	155,622	535,566
Deferred rent	79,445	70,603
Deferred lease allowances, less current portion	22,758	31,034
TOTAL LIABILITIES	8,020,317	8,848,187
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
NET ASSETS		
Unrestricted	10,221,562	9,614,634
Temporarily restricted	1,972,999	2,120,970
Permanently restricted	18,213	18,213
TOTAL NET ASSETS	12,212,774	11,753,817
TOTAL LIABILITIES AND NET ASSETS	$ 20,233,091	$ 20,602,004

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BROWARD COUNTY, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2014	2013
CHANGES IN UNRESTRICTED NET ASSETS:		
Grant revenue	$ 10,740,394	$ 10,792,576
Membership dues	9,262,591	9,466,839
Program services	6,663,763	6,532,671
Contributions and donations	893,382	761,770
United Way	83,000	109,786
Special events	190,024	80,960
Investment income	1,699	10,095
Other income	234,539	340,172
Management fee income (NOTE 9)	431,127	-
Net assets released from restrictions	314,958	328,994
TOTAL UNRESTRICTED REVENUES, GAINS & OTHER SUPPPORT	28,815,477	28,423,863
EXPENSES:		
Program services	24,093,380	24,732,298
Management and support services	3,482,606	3,215,250
Fundraising	632,563	477,467
TOTAL EXPENSES	28,208,549	28,425,015
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	606,928	(1,152)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Increase in fair value of remainder trust held by third party	13,218	38,695
Net assets released from restrictions	(314,958)	(328,994)
Contributions	153,769	279,272
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(147,971)	(11,027)
INCREASE (DECREASE) IN NET ASSETS	458,957	(12,179)
NET ASSETS – BEGINNING OF YEAR	11,753,817	11,765,996
NET ASSETS – END OF YEAR	**$ 12,212,774**	**$ 11,753,817**

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BROWARD COUNTY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 458,957	$ (12,179)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,149,897	1,063,165
Amortization of leasehold interest in land	38,000	38,000
Amortization of deferred loan refinancing costs	2,952	2,952
Net realized and unrealized gain on investments	(14,917)	(48,790)
Bad debt expense	267,188	345,251
Changes in assets and liabilities:		
(Increase) decrease		
Grant receivables	25,497	92,507
Unconditional promise to give	(72,611)	35,379
Other receivables	(264,691)	(181,682)
Prepaid expenses deposits and other current assets	203,865	(174,741)
Remainder trust held by third party	(13,218)	(38,695)
Increase (decrease) in:		
Accounts payable and accrued expenses	(134,618)	(206,878)
Deferred revenue	66,655	21,865
Deferred rent	8,842	(3,046)
Deferred lease allowances	(8,276)	(13,448)
TOTAL ADJUSTMENTS	1,254,565	931,839
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,713,522	919,660
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(235,144)	(328,437)
Sales of investments, net	13,923	190,797
NET CASH USED IN INVESTING ACTIVITIES	(221,221)	(137,640)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital leases	(385,473)	(261,685)
Payments on long-term debt	(375,000)	(375,000)
NET CASH USED IN FINANCING ACTIVITIES	(760,473)	(636,685)
NET INCREASE IN CASH AND CASH EQUIVALENTS	731,828	145,335
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	2,890,372	2,745,037
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 3,622,200	$ 2,890,372

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BROWARD COUNTY, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31,

	2014	2013
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest expense	$ 376,661	$ 381,041
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Acquisition of equipment under capital lease	$ -	$ 643,456

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services								Support Services		
	Health Enhancement	Aquatics Program	Sports & Recreation	Summer Camp	Teen Leadership	Family Life	Community Services	Total Program Services	Management & Support Services	Fundraising	Total
Payroll	$ 997,927	$ 1,310,484	$ 2,160,546	$ 361,426	$ 213,114	$ 8,270,279	$ 382,050	$ 13,695,826	$ 1,712,727	$ 263,472	$ 15,672,025
Payroll taxes	134,777	74,976	149,327	258	10,610	633,457	38,380	1,041,785	233,493	40,115	1,315,393
Employee benefits	98,330	136,267	214,736	39,332	22,093	845,521	36,964	1,393,243	134,037	22,263	1,549,543
TOTAL PAYROLL EXPENSES	1,231,034	1,521,727	2,524,609	401,016	245,817	9,749,257	457,394	16,130,854	2,080,257	325,850	18,536,961
Supplies	28,031	50,693	305,439	83,387	116,381	989,410	20,540	1,593,881	22,149	174,701	1,790,731
Occupancy	228,977	372,102	622,254	120,910	59,787	1,911,731	78,815	3,394,576	192,795	905	3,588,276
Contract & professional services	-	1,478	70,848	18,068	3,711	235,541	-	329,646	204,761	-	534,407
Insurance	22,842	27,568	48,681	8,980	5,964	179,128	7,774	300,937	78,830	-	379,767
Finance charges	47,371	57,174	100,962	18,625	12,369	371,060	16,123	623,684	-	-	623,684
Support to Y-USA and other associations	-	11,424	708	-	-	742	-	12,874	276,893	711	290,478
Advertising & promotion	85,695	510	3,175	6,804	177	8,271	-	104,632	162,370	62,579	329,581
Telephone	3,798	6,899	5,562	379	1,472	29,847	2,184	50,141	25,265	2,913	78,319
Conferences & seminars	24	430	179	1,048	4,099	24,981	-	30,761	36,744	-	67,505
Other employee expenses	32,067	21,255	12,604	23,824	3,614	103,848	8,013	205,225	103,718	8,735	317,678
Equipment rental & repair	1,646	12,796	5,852	-	-	-	-	20,294	69,918	-	90,212
Postage	13,792	-	66	-	52	662	-	14,572	3,034	1,991	19,597
Contributions	-	-	-	-	172	648	-	820	10,040	-	10,860
Provision for bad debt	54,788	16,525	30,948	5,383	3,575	126,097	5,100	242,416	659	24,113	267,188
IT expense	452	10,007	-	-	-	11,192	-	21,651	35,692	3,438	60,781
IT reserve	-	-	-	-	-	-	-	-	26,496	-	8,131
Depreciation and amortization	76,945	92,868	163,994	30,252	20,091	602,715	26,188	1,013,053	148,217	26,627	1,187,897
TOTAL EXPENSES	$ 1,827,917	$ 2,206,208	$ 3,895,881	$ 718,676	$ 477,281	$ 14,345,286	$ 622,131	$ 24,093,380	$ 3,482,606	$ 632,563	$ 28,208,549

The accompanying notes are an integral part of these financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF BROWARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services								Support Services		
	Health Enhancement	Aquatics Program	Sports & Recreation	Summer Camp	Teen Leadership	Family Life	Community Services	Total Program Services	Management & Support Services	Fundraising	Total
Payroll	$ 1,123,592	$ 1,433,656	$ 1,666,349	$ 370,258	$ 452,105	$ 9,048,177	$ 378,418	$ 14,472,555	$ 1,600,460	$ 245,544	$ 16,318,559
Payroll taxes	125,880	82,571	169,701	4,308	5,328	587,856	32,351	1,007,995	225,297	33,396	1,266,688
Employee benefits	116,232	162,959	211,177	47,118	54,054	995,384	40,282	1,627,206	139,410	21,911	1,788,527
TOTAL PAYROLL EXPENSES	1,365,704	1,679,186	2,047,227	421,684	511,487	10,631,417	451,051	17,107,756	1,965,167	300,851	19,373,774
Supplies	25,864	60,567	343,899	77,242	138,958	1,077,924	17,434	1,741,888	47,247	84,831	1,873,966
Occupancy	181,063	312,302	451,259	97,719	74,401	1,445,381	53,600	2,615,725	192,927	584	2,809,236
Contract & professional services	411	3,226	72,249	16,404	3,135	184,310	-	279,735	224,120	155	504,010
Insurance	30,609	35,835	49,944	12,761	12,474	231,200	9,061	381,884	22,675	-	404,559
Finance charges	49,586	58,053	81,404	18,050	20,208	374,543	14,679	616,523	10,948	-	627,471
Support to Y-USA and other associations	185	7,053	1,393	-	-	1,353	-	9,984	197,754	-	207,738
Advertising & promotion	104,525	3,263	1,941	11,074	1,008	33,821	-	155,632	127,902	37,173	320,707
Telephone	4,315	5,382	6,454	3,525	497	34,518	2,762	57,453	21,827	5,011	84,291
Conferences & seminars	741	1,951	1,083	-	3,556	54,422	876	62,629	28,587	6,717	97,933
Other employee expenses	30,697	17,155	15,705	28,443	2,714	167,989	9,142	271,845	92,671	14,104	378,620
Equipment rental & repair	88,312	14,431	6,934	-	-	2,531	-	112,208	49,209	-	161,417
Postage	3,543	-	21	-	-	1,393	-	4,957	4,389	1,474	10,820
Contributions	-	-	-	-	547	2,621	-	3,168	-	-	3,168
Provision for bad debt	26,670	31,223	43,516	9,708	10,868	203,585	7,895	333,465	4,115	7,671	345,251
IT expense	908	10,190	-	-	-	7,628	-	18,726	74,622	391	93,739
IT reserve	-	-	-	-	-	-	-	-	26,496	-	26,496
Miscellaneous	243	340	-	-	-	71	-	654	-	-	654
Depreciation and amortization	77,157	90,333	125,403	28,087	31,443	582,802	22,841	958,066	124,594	18,505	1,101,165
TOTAL EXPENSES	$ 1,990,533	$ 2,330,490	$ 3,248,432	$ 724,697	$ 811,296	$ 15,037,509	$ 589,341	$ 24,732,298	$ 3,215,250	$ 477,467	$ 28,425,015

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Young Men's Christian Association of Broward County, Florida, Inc. (the "Association") is a nonprofit corporation organized for the benefit of its members and the community with the purpose of putting Judeo-Christian principles in practice through programs that build healthy spirit, mind, and body for all.

Basis of Presentation and Net Assets

The financial statements of the Association have been prepared on the accrual basis of accounting and in accordance with accounting standards issued by the Financial Accounting Standards Board ("FASB"). The Association reports its three types of net assets as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations for which the assets must be maintained permanently by the Association.

Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash deposits and investment securities.

The Association places its cash deposits with creditworthy, high-quality financial institutions. At times cash balances may temporarily exceed the Federal Deposit Insurance Coverage insurance limit. The Association has not experienced any losses in such accounts.

The Association contracts with various agencies to provide after-school, holiday care, and a summer recreation program for children of Broward County, Florida. For the years ended December 31, 2014 and 2013 one agency provided approximately 34% and 37%, respectively, of the total support and revenues of the Association. Approximately 90% of the Association's revenues were generated by four family centers/locations for the years ended December 31, 2014 and 2013.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid, temporary investments purchased with an original maturity of three months or less to be cash equivalents. All of the Associations' cash and certificate of deposits are held at one financial institution which, at times, may exceed federally-insured limits individually. The Association has not experienced any losses and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. However, if a restriction is fulfilled in the same period in which the contribution is received, the Association reports the support as unrestricted.

Unconditional promises to give are initially recorded at fair value when received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of future collections. Conditional promises to give are recognized when the conditions have been substantially met.

The Association estimates an allowance for uncollectible promises to give based on the creditworthiness of its donors, aging of the individual balances receivable, recent payment history, contractual terms, and other qualitative factors such as the status of the relationship with the donor. Unconditional promises to give are written off when all collection procedures have been exhausted and the potential for recovery is considered remote.

Investments and Investment Return

Investments are stated at fair value (Notes 2 and 3). Realized and unrealized gains and losses are included in the change in unrestricted net assets. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned.

Property and Equipment

Property, and equipment are recorded at cost. Contributed uses of long-lived assets are recorded at the lesser of the fair rental value of the property or the fair value of the asset at the date of the contribution. Amortization of the leasehold interest in land is computed on the straight-line basis over the lesser of the life of the asset or the lease term. Depreciation of buildings and improvements, furniture, fixtures, and equipment are computed on the straight-line method over the estimated useful lives of the depreciable assets ranging from three to forty years. Expenditures for routine maintenance and repairs are expensed as incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used by the Association is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the future cash flows of the asset. No impairment was recognized for the years ended December 31, 2014 and 2013.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance that benefit future periods which primarily include insurances, rent and program supplies.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Membership dues are recognized as revenue ratably over the applicable membership term. Program services revenue is recognized when the underlying event has occurred. Contributed services and the related expenses are recognized at their fair value in the period of use. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed assets are recognized as revenue at its fair value on the date of the contribution. Grant revenue for program services is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed.

Deferred Revenue

Grant funding received in advance and membership dues and program fees collected in advance for the following year are recorded as deferred revenue at year end.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association are presented on the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time records and estimates made by management.

Rent Costs

Deferred Rent

The Association recognizes rent expense on a straight line basis when a lease contains predetermined, fixed escalations of minimum rentals. The difference between rent expense and the rental amount payable under the leases are recorded as liabilities and are reported under "Deferred rent" in the accompanying Statements of Financial Position. As of December 31, 2014 and 2013, the Association had approximately $79,000 and $71,000 of deferred rent expense, respectively, related to this difference.

Deferred Lease Allowances

The Association received a $90,000 lease incentive to improve its corporate office space upon inception of the lease in December 2010. The incentive was recorded as a liability and reported under "Deferred lease allowances" in the accompanying Statements of Financial Position and recognized on a straight-line basis over the term of the lease. As of December 31, 2014 and 2013, the Association had approximately $31,000 and $39,000 of deferred lease allowances, respectively.

Income Taxes

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Accordingly, no provision for income taxes has been recorded.

The Association recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Association files income tax returns. The Association is generally no longer subject to U.S. Federal examinations by tax authorities for fiscal years before 2011.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Revenue From Contracts With Customers

In May 2014, the FASB issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2017 and in interim periods in annual periods beginning after December 15, 2018. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Association is currently evaluating the effect the update will have on its financial statements.

Subsequent Events

The Association has evaluated subsequent events through May 27, 2015, which is the date the financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

2. INVESTMENTS

Investments as of December 31, 2014 and 2013 are summarized as follows:

Investment Type	2014	2013
Unrestricted		
Equity Securities	$ 1,600	$ 1,600
Mutual Funds	28,515	28,265
Total unrestricted	30,115	29,865
Restricted		
Mutual Funds	57,166	56,422
Total	$ 87,281	$ 86,287
Remainder trust held by third party	$ 375,808	$ 362,590
Endowment Fund:		
Mutual Funds	$ 17,444	$ 17,444

Net investment gains for the years ended December 31, 2014 and 2013 was $14,917 and $48,790, respectively. The 2014 net investment gain is comprised of $1,699 of interest and dividends and of $13,218 of net realized and unrealized gains. The 2013 net investment gain is comprised of $10,095 of interest and dividends and a $38,695 net realized and unrealized loss.

The Association received a contribution in the form of a term charitable irrevocable trust. The Association has the rights to income distributed by the trust and the assets held in the trust, at termination. Distributions from the trust reduce the asset reported and changes in fair value for the period are reported in the Statements of Activities.

3. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Equity securities - fair value is based on the quoted share of the market.

Mutual funds - fair value is based on the number of shares of an underlying fund multiplied by the closing value per share quoted by that fund and held by the Association at year end.

Remainder trust held by third party – The fair value of the trust is based on the fair value of the assets held by the trust, which approximates the net present value of the estimated future cash flows to be received from the trust.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

Items Measured at Fair Value on a Recurring Basis

The following tables represent the Association's financial instruments measured at fair value on a recurring basis at December 31, 2014 and 2013 for each of the fair value hierarchy levels:

		Fair Value Measurement at December 31, 2014		
Description	12/31/2014	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Equity securities	$ 1,600	$ 1,600	$ -	$ -
Mutual funds	103,125	103,125	-	-
Remainder trust held by third party	375,808	-	-	375,808
	$ 480,533	$ 104,725	$ -	$ 375,808

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Recurring Basis (Continued)

		Fair Value Measurement at December 31, 2013		
Description	**12/31/2013**	**Quoted Prices In Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**
Assets:				
Equity securities	$ 1,600	$ 1,600	$ -	$ -
Mutual funds	102,131	102,131	-	-
Remainder trust held by third party	362,590	-	-	362,590
	$ 466,321	$ 103,731	$ -	$ 362,590

Changes in fair value of Level 3 Investments

The following table sets forth a summary of changes in the fair value of the Association's Level 3 assets for the years ended December 31:

	2014	2013
Balance, beginning of year	$ 362,590	$ 323,895
Change in value of remainder trust	13,218	38,695
Balance, end of year	$ 375,808	$ 362,590

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are pledges to fund general operations and capital campaigns to raise funds for the Association's facilities.

At December 31, 2014 and 2013 the outstanding pledge balances were as follows:

	2014	2013
Pledges receivable	$ 363,866	$ 309,503
Allowance for doubtful accounts	(179,609)	(197,857)
Pledges receivable, net	$ 184,257	$ 111,646

Unconditional promises to give are primarily from individuals located in southeast Florida, and are reflected at the net present value of estimated future cash flows using an assumed discount rate that a market participant would use in pricing the asset. The difference between the discounted amount and the total amount promised will be recognized as contributions in future years.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at December 31,:

	2014	2013
Land	$ 427,246	$ 427,246
Construction in progress	8,167	5,500
Leasehold interest in Land (NOTE 11)	1,900,000	1,900,000
Buildings and improvements	19,507,940	19,497,458
Furniture, fixtures and equipment	3,135,074	2,875,943
Equipment under capital lease	1,312,451	1,312,451
	26,290,878	26,018,598
Less: accumulated depreciation and amortization Including amortization on capital leases of $883,636 and $525,456 as of December 31, 2014 and 2013, respectively	(11,541,483)	(10,316,450)
Property and equipment, net	**$ 14,749,395**	**$ 15,702,148**

Depreciation expense was approximately $1,150,000 (including amortization expense on capital leases of approximately $358,000) and $1,063,000 (including amortization expense on capital lease of approximately $322,000) for the years ended December 31, 2014 and 2013, respectively. Substantially all assets are pledged as collateral on debt and capital leases (NOTES 6 and 7).

6. LONG-TERM DEBT

On May 13, 2011, the Association negotiated bank financing in the amount of $8,000,000. Under terms of the financing agreements, the Association was granted a $500,000 line of credit with an interest rate equal to the greater of 4% per year or 375 basis points above the LIBOR rate (quoted 2 business days before the first day of each interest period) and a term loan of $7,500,000 with an interest rate of 5.12% per year until May 2012 and 5.55% thereafter through May 2021. The proceeds of the term loan were used to refinance the Association's Weston and Hollywood facility loans.

The Association's new loan agreement requires a debt service coverage ratio of not less than 1.10 to 1.0. The ratio is defined as the change in unrestricted net assets, plus depreciation and interest expense divided by current maturities of principal and interest on long-term debt and capital leases. Management believes the Association is in compliance with its debt covenants for the year ended December 31, 2014. The term loan is payable in monthly installments of $31,250, plus interest. Aggregate maturities on the term loan during the next five years and thereafter are as follows:

Years ending December 31,	
2015	$ 375,000
2016	375,000
2017	375,000
2018	375,000
2019	375,000
Thereafter	4,281,250
Total long-term debt	6,156,250
Less current portion of long-term debt	375,000
Long-term debt, less current portion	**$ 5,781,250**

The Association's property and equipment interest in the Weston and Hollywood facilities are pledged as collateral to the loan.

6. LONG-TERM DEBT (CONTINUED)

At December 31, 2014 and 2013, the loan balance outstanding was $6,156,250 and $6,531,250, respectively. Interest expense for the years ended December 31, 2014 and 2013 totalled approximately $358,000 and $348,000, respectively. The Association did not make any advances on the line of credit during the years ended December 31, 2014 and 2013.

7. CAPITAL LEASES

The Association leases certain equipment under capital leases expiring at various dates through 2017. As of December 31, 2014 the leased property has a recorded cost of approximately $1,312,000 and total accumulated depreciation of approximately $884,000. As of December 31, 2013 the leased property has a recorded cost of approximately $1,312,000 and total accumulated depreciation of approximately $525,000. Interest expense incurred on the capital leases was approximately $18,000 and $36,000 for the years ended December 31, 2014 and 2013, respectively.

Minimum future lease payments under capital leases as of December 31, 2014 are as follows:

Years ending December 31,	
2015	$ 393,458
2016	140,567
2017	17,914
Total future minimum lease payments	551,939
Less: amount representing interest	16,053
Present value of future minimum lease payments	535,886
Less: current maturities	380,264
Long-term portion	$ 155,622

8. NET ASSETS

Temporarily restricted net assets consist of the following as of December 31,:

	2014	2013
Purpose restricted contribution	$ 57,166	$ 132,358
Time restricted pledges	153,025	201,022
Remainder trust held by third party	375,808	362,590
Leasehold interest in land (NOTE 11)	1,387,000	1,425,000
	$ 1,972,999	$ 2,120,970

The permanently restricted net assets represent investments held in perpetuity for which the income can be used to support the operations of the Association. At December 31, 2014 and 2013, the Association had permanently restricted net assets of $18,213.

9. RELATED PARTY TRANSACTIONS

YMCA of Greater Miami, Inc.

In April 2014, the Association entered into a management agreement with the YMCA of Greater Miami, Inc. ("Miami YMCA"). The agreement allowed the Association to charge the Miami YMCA for shared costs related to the salaries of the CEO, CFO, and other employees. For the year ended December 31, 2014, the total revenue derived from the agreement was approximately $431,000 and is reflected as "Management fee income" on the Statements of Activities.

YUSA

In accordance with the affiliation agreement with the YMCA of the USA, a percentage of substantially all unrestricted support is remitted to the national organization. For the years ended December 31, 2014 and 2013 a total of approximately $249,000 and $206,000 respectively, was remitted to the national organization.

Board Members

A board member of the Association provided goods and services and was paid approximately $12,000 during the year ended December 31, 2013.

10. PENSION PLAN

The Association participates in a defined contribution retirement plan covering all employees. Contributions to the plan are made at stated percentages of each eligible employee's compensation, which was 12% during the years ended December 31, 2014 and 2013. Total contributions were approximately $866,000 and $760,000, for the years ended December 31, 2014 and 2013, respectively.

11. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Association leases office space, office equipment, and software under non-cancellable operating lease agreements with terms expiring at various dates through March 2020. Approximate minimum future rental payments under these non-cancellable lease agreements as of December 31, 2014 are as follows:

Years ending December 31,	
2015	$ 731,000
2016	645,000
2017	625,000
2018	474,000
2019	139,000
Thereafter	24,000
	$ 2,638,000

Total rental expense for the years ended December 31, 2014 and 2013 was $662,000 and $636,000, respectively.

In 2001, the Association entered into a land lease agreement for its Weston facility which is recorded in the accompanying financial statements as a leasehold interest in land. The agreement was effective from May 1, 2001 with a termination date through December 1, 2050; this includes the period for which the lessee can exercise its option to extend lease terms, for an annual payment of $1.

The fair value of the land lease met the definition of a contribution of long-lived assets and was recorded as a leasehold interest in land on the date of the contribution, valued at $1,900,000, representing the lesser of the fair rental value of the lease or the fair value of the land. At December 31, 2014 and 2013 the unamortized balance of the leasehold interest is $1,387,000 and $1,425,000, respectively (NOTES 5 and 8).

11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

In 2008, the Association entered into a five year lease agreement with the City of Parkland for its Parkland facility. The lease commenced January 1, 2008. As per the terms of the lease, the lease automatically renewed on January 1, 2013 for an additional three year period ending on January 1, 2016. The terms of the lease agreement allow for the Association to receive an annual waiver of rental expense in the event that certain revenue amounts are not generated from operations of the facility. The Association received an annual rent waiver of $100,000 for the 12 month period ended September 30, 2014. The Association has accrued the first quarterly rental payment of $25,000 due under this lease agreement for the three month period ended December 31, 2014. It is possible that this payment will be waived in the following year.

In 2009, the Association entered into a 10 year operating lease agreement with the City of Pembroke Pines, Florida for the Pembroke Shores Gymnasium Facility and Pembroke Falls Aquatic Center. The lease commenced on November 1, 2009. For the first three (3) years of the gymnasium lease the Association will pay $25 from each sport program registration in lieu of fixed monthly rental payments. The Association will lease the aquatic center for an annual rental payment of $1, plus $25 for each aquatic program registration. After year three of the lease, the Association will also become responsible for the utility expense of the Facility over and above program registration obligations for the remainder of the lease.

Litigation, Claims, and Assessments

In the ordinary course of business, the Association is exposed to various claims, threats, and legal proceedings, some of which are initiated by the Association. In management's opinion, the outcome of all such existing matters will not have a material impact on the Association's financial position and results of operations.

Grants

The Association may be vulnerable to loss of funding from various agencies. In addition, the receipt of governmental funding is subject to audit by such agencies, the outcome of which is not known until the audits are completed. Management is aware of these risks and has contingency plans available.

Risk Management

The Association is exposed to various risks of losses related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Association has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

12. SUBSEQUENT EVENTS

On April 1, 2015, the Association and the YMCA of Greater Miami, Inc. entered into a merger agreement to assist both Associations to maximize the YMCA service they provide to their communities. The board of directors of both the Association, and the YMCA of Greater Miami Inc. have each adopted and exercised the execution of this agreement. The new name of the merged Associations shall be the Young Men's Christian Association of South Florida, Inc. and shall operate under the tax identification number of YMCA of Greater Miami.

12. SUBSEQUENT EVENTS (CONTINUED)

We have presented below the pro-forma of the statement of financial position and statement of activities, which show how consolidated financial statements of the Association and YMCA of Greater Miami, Inc. would appear at December 31, 2014. The information presented for YMCA of Greater Miami, Inc. was extracted from the YMCA Miami audited financial statements for the year ended December 31, 2014. Those statements were audited by a separate accounting firm. The report of the audited YMCA Miami expressed an unmodified opinion on April 30, 2015.

The consolidated statement of financial position as of December 31, 2014:

	YMCA Broward County, Inc. 12/31/2014	YMCA of Greater Miami, Inc. 12/31/2014	Eliminations	Consolidated
TOTAL ASSETS	$ 20,233,091	$ 24,664,515	$ -	$ 44,897,606
TOTAL LIABILITIES	8,020,317	18,806,860	-	26,827,177
TOTAL NET ASSETS	12,212,774	5,857,655	-	18,070,429
TOTAL LIABILITIES AND NET ASSETS	**$ 20,233,091**	**$ 24,664,515**	**$ -**	**$ 44,897,606**

The consolidated statement of activities for the year ended December 31, 2014:

	YMCA Broward County, Inc. 12/31/2014	YMCA of Greater Miami, Inc. 12/31/2014	Eliminations	Consolidated
TOTAL REVENUES	$ 28,815,477	$ 15,946,233	$ (431,127)	$44,330,583
TOTAL EXPENSES	28,208,549	16,135,933	(431,127)	43,913,355
CHANGE IN UNRESTRICTED NET ASSETS	606,928	(189,700)	-	417,228
DECREASE IN RESTRICTED NET ASSETS	(147,971)	(21,266)	-	(169,237)
INCREASE (DECREASE) IN NET ASSETS	**$ 458,957**	**$ (210,966)**	**$ -**	**$ 247,991**

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

YOUNG MEN'S CHRISTIAN ASSOCIATION
OF BROWARD COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor, Pass-through Grantor, Program or Cluster Title	CFDA Number	Contract/ Grant Number	Expenditures
U.S. Department of Education			
Pass-through Children's Services Council of Broward County:			
Twenty-first Century Community Learning Center Program	84.287	13-2302/15-2302	$ 168,321
Twenty-first Century Community Learning Center Program	84.287	13-2308/14-2308	319,410
Pass-through School Board of Broward County:			
Twenty-first Century Community Learning Center Program	84.287	N/A	168,300
Total U.S. Department of Education			**656,031**
U.S. Department of Agriculture			
Pass-through Florida Department of Agriculture and Consumer Services:			
Summer Food Program for Children	10.559	018639	60,678
Total U.S. Department of Agriculture			**60,678**
U.S. Department of Health and Human Services			
Pass-through Broward Regional Planning Council:			
Community Transformation	93.531	N/A	60,499
Pass-through Opportunities Industrialization Center of Broward County:			
Teenage Pregnancy Prevention Program	93.297	N/A	36,809
Pass- through Center for Disease Control and Prevention:			
Pioneering Healthier Communities	93.283	N/A	92,763
Total U.S. Department of Health and Human Services			**190,071**
Total Expenditures of Federal Awards			**$ 906,780**

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. GENERAL

The Schedule of Expenditures of Federal Awards included herein represents all of the Federal awards of the Association during the year ended December 31, 2014.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting and includes expenses incurred by the Association during the year ended December 31, 2014.

3. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal awards activities of the Association during its fiscal year January 1, 2014 to December 31, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Young Men's Christian Association of Broward County, Inc.

We have audited, in accordance with the 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 Comptroller General of the United States, the financial statements of the Young Men's Christian Association of Broward County, Inc. (the "Association")(a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
May 27, 2015

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Young Men's Christian Association of Broward County, Inc.

Report on Compliance for Each Major Federal Program

We have audited the Young Men's Christian Association of Broward County, Inc.'s (the "Association") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended December 31, 2014. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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To the Board of Directors
Young Men's Christian Association of Broward County, Inc.
Page Two

Report on Internal Control Over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Fort Lauderdale, Florida
May 27, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ Yes _X_ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes _X_ None reported
Noncompliance material to financial statements noted?	____ Yes _X_ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____ Yes _X_ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes _X_ None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ Yes _X_ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.287	Twenty-first Century Community Learning Center Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	_X_ Yes ____ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FEDERAL PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

The Young Men's Christian Association of Greater Miami, Inc.

Financial Statements and Independent Auditor's Reports Required by *Government Auditing Standards* and OMB Circular A-133 and Schedule of Expenditures of Federal Awards and State Financial Assistance

Years Ended December 31, 2014 and 2013

BDO

The Young Men's Christian Association of Greater Miami, Inc.

Financial Statements and Independent Auditor's Reports Required by *Government Auditing Standards* and OMB Circular A-133 and Schedule of Expenditures of Federal Awards and State Financial Assistance

Years Ended December 31, 2014 and 2013

The Young Men's Christian Association of Greater Miami, Inc.

Contents

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1111 Brickell Avenue,
Suite 2801
Miami, FL 33131

Independent Auditor's Report

To the Board of Directors
The Young Men's Christian Association of Greater Miami, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Young Men's Christian Association of Greater Miami, Inc. (the "Association"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

BDO

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Young Men's Christian Association of Greater Miami, Inc. as of December 31, 2014 and 2013, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 30, 2015 on our consideration of The Young Men's Christian Association of Greater Miami, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering The Young Men's Christian Association of Greater Miami, Inc.'s internal control over financial reporting and compliance.

BDO USA, LLP

Certified Public Accountants

Miami, Florida
April 30, 2015

The Young Men's Christian Association of Greater Miami, Inc.

Statements of Financial Position

December 31,		2014		2013
Assets				
Current assets				
Cash and cash equivalents	$	475,194	$	484,391
Accounts receivable, net of allowance for doubtful accounts of 8,000 in 2014 and 2013		607,613		603,400
Pledges receivable, net of allowance for uncollectible pledges of $57,513 and $16,133 in 2014 and 2013, respectively		276,040		289,361
Investments		2,902,348		3,092,669
Prepaid insurance		530,752		550,000
Other current assets		79,652		82,956
Total current assets		4,871,599		5,102,777
Pledges receivable, net of current portion		17,360		33,300
Property and equipment, net		19,578,179		20,289,112
Other assets		197,377		251,980
Total assets	$	24,664,515	$	25,677,169
Liabilities and net assets				
Current liabilities				
Accounts payable	$	432,954	$	560,585
Accrued payroll		96,091		89,568
Other accrued expenses		264,926		280,573
Line of credit		1,450,000		1,500,000
Short-term borrowings (Insurance payable)		347,257		423,583
Deferred revenue		76,040		65,472
Deferred rental income		108,263		108,263
Current portion of industrial revenue bonds		322,000		308,000
Current portion of notes payable		168,214		193,859
Total current liabilities		3,265,745		3,529,903
Interest rate swap		178,243		224,330
Long term obligation		29,383		43,383
Notes payable, net of current portion		676,240		832,036
Industrial revenue bonds, net of current portion		8,425,000		8,747,000
Deferred rental income, net of current portion		6,232,249		6,340,513
Total liabilities		18,806,860		19,717,165
Commitments and Contingencies				
Net assets				
Unrestricted		5,806,945		5,888,028
Permanently restricted		50,710		71,976
Total net assets		5,857,655		5,960,004
Total liabilities and net assets	$	24,664,515	$	25,677,169

See accompanying summary of accounting policies and notes to financial statements.

The Young Men's Christian Association of Greater Miami, Inc.

Statements of Activities and Changes in Net Assets

	2014				2013			
Year ended December 31,	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Program Revenues								
Program service fees	$ 7,355,076	$ -	$ -	$ 7,355,076	$ 7,070,967	$ -	$ -	$ 7,070,967
Membership dues	5,225,835	-	-	5,225,835	4,167,865	-	-	4,167,865
Government grants	2,164,370	-	-	2,164,370	2,630,112	-	-	2,630,112
Gifts, bequests and other grants	856,954	-	-	856,954	1,253,816	-	-	1,253,816
United Way	195,195	-	-	195,195	177,704	-	-	177,704
Investment income	81,806	-	-	81,806	170,527	-	2,529	173,076
Rental income	108,263	-	-	108,263	108,263	-	-	108,263
Total support and revenue	15,987,499	-	-	15,987,499	15,579,274	-	-	15,581,803
Net Assets Released from Restrictions								
Expiration of time and purpose restrictions	21,266	-	(21,266)	-	-	-	-	-
Total	16,008,765	-	(21,266)	15,987,499	15,579,274	-	-	15,581,803
Expenses								
Program services	13,328,941	-	-	13,328,941	14,017,318	-	-	14,017,318
Support services	2,806,992	-	-	2,806,992	2,599,026	-	-	2,599,026
Total functional expenses	16,135,933	-	-	16,135,933	16,616,344	-	-	16,616,344
Change in fair value of interest rate swap	(46,085)	-	-	(46,085)	(187,422)	-	-	(187,422)
Total expenses	16,089,848	-	-	16,089,848	16,428,922	-	-	16,428,922
Change in net assets	(81,083)	-	(21,266)	(102,349)	(849,648)	-	2,529	(847,119)
Net assets at beginning of year	5,888,028	-	71,976	5,960,004	6,737,676	-	69,447	6,807,123
Net assets at end of year	$ 5,806,945	$ -	$ 50,710	$ 5,857,655	$ 5,888,028	$ -	$ 71,976	$ 5,960,004

See accompanying summary of accounting policies and notes to financial statements.

The Young Men's Christian Association of Greater Miami, Inc.

Statements of Functional Expenses

Year ended December 31, 2014	Program Services					Total Program Services	Support Services			Total
	Aquatics	Camp	Family Life	Health Enrichment	Sports		Management & General	Fund Raising	Total Support Services	
Salaries and related benefits:										
Salaries	$ 209,464	$ 933,826	$ 3,763,098	$ 1,707,413	$ 216,622	$ 6,830,423	$ 899,987	$ 151,274	$ 1,051,261	$ 7,881,684
Health and retirement benefits	8,972	40,492	349,413	101,207	20,528	520,612	153,182	4,059	157,241	677,853
Payroll taxes and workers compensation	21,781	94,140	399,132	172,257	22,743	710,053	101,233	15,459	116,692	826,745
Total salaries and related benefits	240,217	1,068,458	4,511,643	1,980,877	259,893	8,061,088	1,154,402	170,792	1,325,194	9,386,282
Professional services	32,177	90,199	289,952	132,803	68,887	614,018	629,467	122,906	752,373	1,366,391
Occupancy	16,569	130,227	486,743	139,238	25,141	797,918	235,899	1,134	237,033	1,034,951
Supplies	12,256	117,197	550,462	71,136	80,681	831,732	23,085	4,444	27,529	859,261
Insurance	11,920	64,325	244,233	90,194	16,630	427,302	57,827	-	57,827	485,129
Interest	10,897	58,801	207,860	82,450	15,203	375,211	-	-	-	375,211
Admission fees & bus trips	5,030	255,120	30,948	1,423	262	292,783	-	-	-	292,783
Repairs and maintenance	16,201	20,978	94,481	57,109	5,610	194,379	51,164	-	51,164	245,542
Telephone	2,311	11,175	121,041	15,670	2,889	153,086	37,783	829	38,612	191,638
Conferences and meetings	2,880	33,875	87,641	8,911	3,014	136,321	25,822	12,556	38,378	174,699
Printing and promotion	941	32,671	22,044	53,573	2,597	111,826	17,998	9,162	27,160	138,986
Membership dues	959	14,334	60,358	49,691	5,455	130,797	19,376	580	19,956	150,753
Bank charges	2,486	13,414	49,110	21,160	3,468	89,638	77,569	359	77,928	167,566
Other	2,945	14,548	48,254	8,359	7,181	81,287	5,537	2,488	8,025	89,312
Local transportation	1,440	13,176	47,717	5,526	4,272	72,131	11,425	2,871	14,296	86,427
Donations	-	-	-	-	-	-	22,064	-	22,064	22,064
Pledge write-off	-	-	-	-	-	-	-	41,180	41,180	41,180
Total expenses before depreciation and amortization	359,229	1,938,498	6,852,487	2,718,120	501,183	12,369,517	2,369,418	369,301	2,738,719	15,108,236
Depreciation	26,502	143,012	505,536	200,527	36,974	912,551	68,273	-	68,273	980,824
Amortization	1,361	7,346	25,967	10,300	1,899	46,873	-	-	-	46,873
Total functional expenses	$ 387,092	$ 2,088,856	$ 7,383,990	$ 2,928,947	$ 540,056	$ 13,328,941	$ 2,437,691	$ 369,301	$ 2,806,992	$ 16,135,933

See accompanying summary of accounting policies and notes to financial statements.

The Young Men's Christian Association of Greater Miami, Inc.

Statements of Functional Expenses

	Program Services						Support Services			
Year ended December 31, 2013	Aquatics	Camp	Family Life	Health Enrichment	Sports	Total Program Services	Management & General	Fund Raising	Total Support Services	Total
Salaries and related benefits:										
Salaries	$ 240,114	$ 880,658	$ 4,234,318	$ 1,727,024	$ 303,879	$ 7,385,993	$ 1,080,612	$ 138,312	$ 1,218,924	$ 8,604,917
Health and retirement benefits	11,730	40,293	395,798	100,558	27,394	575,773	162,500	6,569	169,069	744,842
Payroll taxes and workers compensation	27,961	99,340	503,103	187,322	33,196	850,922	100,340	13,798	114,138	965,060
Total salaries and related benefits	279,805	1,020,291	5,133,219	2,014,904	364,469	8,812,688	1,343,452	158,679	1,502,131	10,314,819
Professional services	46,136	67,454	295,915	115,954	67,158	592,617	549,917	141,362	691,279	1,283,896
Occupancy	21,634	135,186	573,501	169,212	34,989	934,522	87,823	7	87,830	1,022,352
Supplies	36,890	80,717	631,254	87,535	90,808	927,204	13,810	2,270	16,080	943,284
Insurance	10,215	40,279	241,553	65,063	15,095	372,205	49,548	-	49,548	421,753
Interest	10,778	42,499	190,517	74,207	15,927	333,928	-	-	-	333,928
Admission fees & bus trips	2,745	202,931	30,730	299	3,609	240,314	-	-	-	240,314
Repairs and maintenance	8,159	15,859	80,129	54,185	5,778	164,110	24,018	2,329	26,347	190,457
Telephone	3,373	13,495	120,401	22,082	4,984	164,335	17,270	1,335	18,605	182,940
Conferences and meetings	3,713	10,902	94,785	13,428	3,539	126,367	18,636	19,039	37,675	164,042
Printing and promotion	1,816	32,927	42,620	56,931	5,371	139,665	8,660	6,116	14,776	154,441
Membership dues	773	6,569	70,720	46,704	6,569	131,335	17,980	230	18,210	149,545
Bank charges	2,199	8,672	43,110	16,333	3,250	73,564	51,850	245	52,095	125,659
Other	3,079	14,972	42,165	9,099	14,820	84,135	9,837	1,755	11,592	95,727
Local transportation	1,035	12,065	51,830	7,855	2,542	75,327	7,810	2,339	10,149	85,476
Pledge write-off	-	-	-	-	-	-	3,000	-	3,000	3,000
Total expenses before depreciation and amortization	432,350	1,704,818	7,642,449	2,753,791	638,908	13,172,316	2,203,611	335,706	2,539,317	15,711,633
Depreciation	26,197	103,297	463,066	166,856	38,712	798,128	59,709	-	59,709	857,837
Amortization	1,539	6,067	27,195	9,799	2,274	46,874	-	-	-	46,874
Total functional expenses	$ 460,086	$1,814,182	$ 8,132,710	$ 2,930,446	$ 679,894	$14,017,318	$ 2,263,320	$ 335,706	$ 2,599,026	$ 16,616,344

The Young Men's Christian Association of Greater Miami, Inc.

Statements of Cash Flows

Year ended December 31,		2014		2013
Cash flows from operating activities				
Change in net assets	$	(102,349)	$	(847,119)
Adjustments to reconcile change in net assets to cash provided by operating activities:				
Net unrealized and realized (gains) on investments		(12,783)		(81,090)
Depreciation		980,824		857,837
Amortization of long term financing assets		46,873		46,874
Pledge write-off		41,180		3,000
Change in fair value of interest rate swap		(46,085)		(187,422)
Changes in operating assets and liabilities:				
Accounts receivable		(4,213)		43,066
Pledges receivable		(11,920)		(82,781)
Prepaid insurance		19,248		503,579
Other current assets		3,304		(58,041)
Other assets		7,730		(60,344)
Accounts payable, accrued payroll and other accrued expenses		(136,983)		267,731
Deferred rental income		(108,263)		(108,263)
Deferred revenue		10,568		(183,625)
Net cash provided by operating activities		687,131		113,402
Cash flows for investing activities:				
Proceeds from sales of investments		1,378,140		1,915,036
Purchases of investments		(1,175,041)		(1,980,208)
Acquisition of property and equipment		(246,495)		(3,395,769)
Net cash used in investing activities		(43,396)		(3,460,941)
Cash flows for financing activities:				
Repayments of short-term borrowings		(76,326)		(474,462)
Changes in reserves on deposits		-		2,528,217
Repayments on revenue bonds		(308,000)		(294,894)
Proceeds from line of credit		100,000		2,600,000
Payments on line of credit		(150,000)		(1,500,000)
Proceeds from long term obligation		(13,770)		750
Issuance of additional South Dade note payable		(26,000)		639,689
Repayment of notes payable		(178,836)		(185,808)
Net cash (used in) provided by financing activities		(652,932)		3,313,492
Net decrease in cash and cash equivalents		(9,197)		(34,047)
Cash and cash equivalents, beginning of year		484,391		518,438
Cash and cash equivalents, end of year	$	475,194	$	484,391
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	$	375,211	$	375,375
Supplemental disclosure of non-cash activities:				
Short-term borrowings to finance general liability insurance	$	557,770	$	585,361
Financing for the acquisitions of property and equipment	$	22,795	$	444,582

See accompanying summary of accounting policies and notes to financial statements.

The Young Men's Christian Association of Greater Miami, Inc.

Summary of Accounting Policies

Nature of Activities

The Young Men's Christian Association (the "YMCA") was founded on June 6, 1844, in London, England. Since establishment of the first branch in Boston, Massachusetts in 1851, the YMCA has grown into one of the largest community service organizations in the United States.

The Young Men's Christian Association of Greater Miami, Inc. (the "Association") was established in the State of Florida in 1916. The Association services the residents of Miami-Dade and Monroe Counties in the State of Florida. Services are provided regardless of ethnic background or economic level. The nature and purpose of the Association's primary program services are as follows:

Aquatics

Instructional swimming, lifesaving, stroke clinics, water safety certification and therapeutic aquatics are provided.

Camp

Summer camp programs for children aged seven to fifteen and specialty camp, serving children with cancer, diabetes and other health related programs are provided.

Family Life

Child care and after school care for children are provided. Contracted child care services are provided through government funded programs to low-income families.

Family oriented programs designed to strengthen relationships, between parents and children are provided.

Nutrition program and meals are provided through a federally funded program to children participating in the Association's child care programs.

Health Enrichment

Adult Physical Wellness, Aerobic and other wellness programs are provided at four branches.

Sports

Youth and adult sports recreational leagues in baseball, basketball, soccer and various other sports are provided.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, Accounting for Contributions Received and Contributions Made, contributions received by the Association are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and or nature of any donor restrictions as follows:

Unrestricted net assets

Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets

Temporarily restricted net assets contain donor-imposed restrictions that may or will be met, either by actions of the Association and or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported as "net assets released from restrictions" in the accompanying statements of activities and changes in net assets.

Permanently restricted net assets

Permanently restricted net assets contain donor-imposed restrictions that they be maintained permanently by the Association. Generally, the donors of the assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes.

Concentrations of Credit and Market Risk

Financial instruments, which potentially subject the Association to significant concentrations of credit risk, consist principally of cash and cash equivalents, and investments. The majority of the Association's cash balance is in non-interest bearing accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. None of the Association's non-interest bearing cash accounts exceeded federally insured limits of $250,000 as of December 31, 2014 and 2013.

The Association invests in a variety of publicly traded investment vehicles, including common stocks, government and money market funds totaling $2,902,348 and $3,092,669 as of December 31, 2014 and 2013, respectively. Management seeks to mitigate risks inherent in the Association's investment portfolio by investing primarily in highly-rated financial instruments and through regular monitoring of the Association's investment portfolio.

The Association receives a significant portion of its revenue from a government sponsored child care program. Under the program, administered by Miami-Dade County (the "County"), the County subsidizes the cost of certain child care programs for eligible County residents. During the years ended December 31, 2014 and 2013, revenue earned under this program totaled approximately $1,279,000 and $1,367,000, respectively. Changes in the County's available funding sources, local economic conditions, or changes in political priorities can have an adverse effect on-the Association's financial condition. The activities are funded on an incurred cost basis. Therefore, risk managed by the management through various contract terms. Additionally, management works to reduce its risk associated with this program by marketing and developing other programmatic activities to supplement and improve the Association's overall financial strength.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consisted of cash held in checking and money market accounts at December 31, 2014 and 2013.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to changes in net assets and a credit to a valuation allowance based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection effort and which are not covered are written off through a charge to the valuation allowance and a credit to the related receivables.

Promises to Give/Pledges

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount rate on those amounts is 8% which is the rate applicable to the year in which the promises were received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance for uncollectible contributions is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund raising activity.

Donated Services

Many individuals have donated time and services to advance the Association's programs and objectives. The value of these services has not been recorded in the accompanying financial statements because they do not meet the criteria to be recorded in the financial statements under generally accepted accounting principles (GAAP).

The Young Men's Christian Association of Greater Miami, Inc.

Summary of Accounting Policies

Grant Revenue

Revenue received from grants is determined to be exchange transactions recognized as services are provided by the Association.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statements of financial position. Investments as of December 31, 2014 and 2013 consist of equity securities in common stock, debt securities in corporate bonds, and mutual funds. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the accompanying statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

The Association classifies its investments as a current asset in the accompanying statements of financial position due to the fact that these investments are available to be liquidated in an active market in order to meet the short term needs of the Association.

Fair Value Measurements

The Association uses the framework established by GAAP which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The estimated fair values of cash and cash equivalents, accounts receivable, pledges receivable, accounts payable, accrued expenses, line of credit and short-term borrowings approximate carrying amounts as of December 31, 2014 and 2013 based on the short-term nature and maturity of these instruments.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Equity Securities: Securities traded on a national exchange or on the national market system of NASDAQ are valued at their last reported sale price.

Bonds/Fixed Income Securities: The fair value of bonds/fixed income securities are based on quoted prices in active markets.

Mutual Funds: Mutual funds are valued at their net asset values, which are determined daily and are quoted or a national exchange.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Interest Rate Swap

The Association entered into an interest rate swap to hedge against interest rate fluctuations; benefit from interest rate fluctuations; obtain better interest rate terms than it would have been able to get without the swap; or manage the interest, cost, and risk associated with it outstanding debt with the industrial revenue bond discussed in Note 6. The Association entered into the interest rate swap on August 25, 2011 (Note 6). The valuation assumption may significantly affect the accuracy of the fair value of the instrument.

Property and Equipment

Land, buildings and equipment are recorded at historical cost. The Association follows the practice of capitalizing all expenditures for buildings and equipment in excess of $500 and has a life that exceed one year. The fair value of donated fixed assets is capitalized based on fair value on the date of gift. Depreciation is provided over the estimated useful lives of the assets, ranging from 5 to 30 years, on a straight-line basis.

Use of Estimates in the Preparation of Financial Statements

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

Income Taxes

The Association is a non-profit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes. The Association is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code of 1986, except for any income that may be a result of unrelated business transactions.

The Association must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Association does not believe that it has any material uncertain tax positions and accordingly has not recognized any liability for unrecognized tax benefits. The Association has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Association has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. The Association believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011. However, the Association is still open to examination by taxing authorities from fiscal year 2011 forward.

Functional Expenses

The Association records expenses primarily by program or support services. Certain administrative expenses which benefit all programs are allocated to programs based on the percentage of each program's direct expenses to total program direct expenses.

Subsequent Events

The Association has evaluated the accounting and disclosure requirements for subsequent events through April 30, 2015, the date the financial statements were available to be issued.

Effective April 1, 2015, the Young Men's Christian Association (YMCA) of Greater Miami entered into a merger agreement with YMCA of Broward County in which the YMCA of Greater Miami is the surviving corporation while YMCA of Broward County will cease to exist upon filing of the Articles of Merger. On March 25, 2015, the Articles of Incorporation of the YMCA of Greater Miami was amended and restated changing its corporate name into YMCA of South Florida, Inc. The purposes of the Associations were not amended in the merger, and the officers and directors of the YMCA of South Florida is comprised of the combined board of directors and officers of YMCA of Greater Miami and YMCA of Broward County. The accounting for the merger utilized the carryover accounting method where all assets and liabilities of both Associations were combined at merger effective date in accordance with GAAP.

1. Pledges Receivable

Pledges receivable consists primarily of pledges received in conjunction with the Association's capital campaign. Pledges are scheduled for receipt over approximately two to three years. Pledge commitments in excess of one year are discounted to reflect the present value of the pledge and an allowance for uncollectible pledges is provided in accordance with Association policy. Pledges receivable are as follows:

December 31,		2014		2013
Less than one year	$	333,553	$	305,694
Due in one to two years		20,000		34,000
Less: discount		(2,640)		(700)
Less: allowance for uncollectible pledges		(57,513)		(16,333)
Pledges receivable, net	$	293,400	$	322,661

2. Investments

Investments at estimated fair value, consist of the following:

December 31,		2014		2013
Bonds /Fixed income securities				
Investment Grade Taxable	$	1,946,416	$	1,957,821
Global High Yield Taxable		126,543		152,827
Equity Securities:				
U.S. Large Cap		497,917		586,627
U.S. Mid Cap		41,391		56,918
U.S. Small Cap		71,772		46,386
International		78,111		128,627
Emerging Market		51,316		56,603
Mutual Funds				
Public REITs		56,941		42,231
Commodities		21,881		33,823
Others		10,060		30,806
	$	2,902,348	$	3,092,669

Investment income consists of the following:

Year ended December 31,		2014		2013
Realized gains, net	$	15,429	$	49,425
Unrealized gain, net		(12,783)		(81,090)
Interest income		79,160		204,741
Total net investment income for the year	$	81,806	$	173,076

Risks and Uncertainties

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position. The Association, through its investment advisor, monitors the Association's investments and the risks associated therewith on a regular basis, wherein the Association believes that this process minimizes those risks.

Fair Value

The Association's investments that are recorded at fair value have been categorized based upon a fair value hierarchy and the Association's accounting policies as disclosed in Note 1. The following tables present information about the Association's assets and liabilities measured at fair value as of December 31, 2014 and 2013:

As of December 31, 2014

Assets	Quoted prices in active markets for identical assets (Level 1)	Significant other observable in puts (Level 2)	Significant unobservable inputs (Level3)	Total
Bonds /Fixed income securities:				
Investment Grade Taxable	$ 1,946,416	$ -	$ -	$ 1,946,416
Global High Yield Taxable	126,543	-	-	126,543
Equity Securities:				
U.S. Large Cap	497,917	-	-	497,917
U.S. Mid Cap	41,391	-	-	41,391
U.S. Small Cap	71,772	-	-	71,772
International	78,111	-	-	78,111
Emerging Market	51,316	-	-	51,316
Mutual Funds:				
Public REITs	56,941	-	-	56,941
Commodities	21,881	-	-	21,881
Others	10,060	-	-	10,060
Total	$ 2,902,348	$ -	$ -	$ 2,902,348
Liabilities				
Interest rate swap	$ -	$ 178,243	$ -	$ 178,243

As of December 31, 2013

Assets	Quoted prices in active markets for identical assets (Level 1)	Significant other observable in puts (Level 2)	Significant unobservable inputs (Level3)	Total
Bonds /Fixed income:				
Investment Grade Taxable	$ 1,957,821	$ -	$ -	$ 1,957,821
Global High Yield Taxable	152,827	-	-	152,827
Equity Securities:				
U.S. Large Cap	586,627	-	-	586,627
U.S. Mid Cap	56,918	-	-	56,918
U.S. Small Cap	46,386	-	-	46,386
International	128,627	-	-	128,627
Emerging Market	56,603	-	-	56,603
Mutual Funds				
Public REITs	42,231	-	-	42,231
Commodities	33,823	-	-	33,823
Others	30,806	-	-	30,806
Total	$ 3,092,669	$ -	$ -	$ 3,092,669
Liabilities				
Interest rate swap	$ -	$ 224,330	$ -	$ 224,330

3. Property and Equipment

Property and equipment consists of the following at December 31:

	2014	2013
Land	$ **2,698,840**	$ 2,698,840
Buildings and improvements	**19,080,889**	19,022,685
Furniture and equipment	**2,317,470**	2,185,976
Construction in progress	**80,193**	-
Total	**24,177,392**	23,907,501
Less: accumulated depreciation	**(4,599,213)**	(3,618,389)
Property and equipment, net	$ **19,578,179**	$ 20,289,112

4. Leases

YMCA Downrite Park

On December 1, 2005, the Association entered into a lease agreement (the "Agreement") with the City of South Miami (the "City") providing for the use of parcel of land and facilities through August 31, 2055 at a base rent of one dollar per year.

The Agreement contained provisions for the construction of a new facility by the Association with funds obtained by the City through participation in the Florida League of Cities Municipal Loan Program (the Loan Program) through debt financing of up to $8,000,000.

In January 2013, the City sued the Association claiming that it reneged on their lease agreement by failing to build a new community center and the Association countered that the City failed to deliver the funds it promised for the construction.

In April 2014, the City and the Association entered into a settlement agreement providing for the termination of the lease agreement and waiving the City's claim for rent, maintenance, and other lease expenses, and both parties' claims for damages. Each party agreed to execute mutual release of all claims either may have against each other from the beginning of the date of the signing of the release.

YMCA Allapattah and Carver Land Agreements

During the year ended December 31, 2006, the Association entered into land lease agreements with 410 NW LLC to construct affordable housing living developments, including limited commercial space on properties commonly known as the Allapattah and Carver properties. The leases provided for the construction to be conducted in phases with the Association receiving rental income over a period of sixty-five years. In addition, the Allapattah lease agreement provided for the construction of a new YMCA branch within the overall Allapattah project.

During the year ended December 31, 2008, the Association entered into amended land lease agreements with Village Carver Phase I LLC, Village Allapattah Phase PLLC and Village Allapattah Phase II LLC (collectively, the Developers). Under the terms of the Allapattah agreements, the Developer agreed to prepay $3,060,000 as full and complete payment under the land lease agreements. During the year ended December 31, 2009, the Developer paid $2,500,000. During 2010, the Association collected the remaining $560,000.

Similarly, during the year ended December 31, 2009, the Developer entered into an agreement to prepay $2,012,000 as full and complete payment under the land lease agreement for the Carver Phase I project, subject to the parties completing certain conditions. Rental payments made by the Developer in 2008 and 2009 totaling $202,352 were applied toward amounts due under the agreement. In March 2010, the contract provisions were met and the Developer paid $1,810,217 representing full and complete payment under the agreement.

The Developer began making quarterly payments in conjunction with the development of Carver Phase II in accordance with the original Carver land lease agreement. The agreement provides for quarterly installments totaling $108,000 a year, with scheduled 5% increases in rent every five years over the life of the lease. On February 23, 2010, the Phase II agreement was modified to allow the Developer to prepay the lease. As a result, the Association collected $1,987,000 in 2010 as full and complete payment under the land lease agreement for the Carver Phase II project.

Deferred rental income under all agreements totaled $6,340,512 and $6,448,776 as of December 31, 2014 and 2013, respectively. As a result of these agreements the Association, will recognize $108,263 annually in the future as rental income for the remaining 65 years.

Lease Commitments

The future lease payments under operating leases as of December 31, are as follows:

Year ending December 31,		
2014	$	238,000
2015		245,000
2016		252,000
2017		259,000
2018		267,000
Thereafter		254,000
	$	1,515,000

Rental expense under all operating leases totaled approximately $227,000 for the years ended December 31, 2014 and 2013, respectively.

The Association is charged a monthly rent expense by Miami Dade County Public Schools for use of County facilities in the course of administering the child care programs. Such commitments are month to month and are cancelable by either party with minimal notice. During the years ended December 31, 2014 and 2013, rent expense totaled approximately $210,000 and $234,000, respectively.

5. Short-Term Borrowings

Short-term borrowings consist of the following as of December 31:

	2014	2013
Premium finance agreement with a finance company in the amount of $116,503 and $108,522 for 2014 and 2013, respectively, to finance the Association's property insurance coverage. Amounts outstanding under the agreement bear interest at 5.4%, and ten installments of principal and interest totaling $9,583 and $11,227, respectively.	$ 86,224	$ 100,104
Premium finance agreement with a finance company in the amount of $185,146 and $180,934 for 2014 and 2013, respectively, to finance the Association's General Liability insurance coverage. The finance agreement contains an effective interest of 1.3% and is payable in nine installments totaling $19,715 and $20,104, respectively.	177,432	180,934
Premium finance agreement with a finance company in the amounts of $242,375 and $295,905 for 2014 and 2013, respectively to finance the Association's workers compensation insurance. Monthly installments totaling $20,181 and $24,627, respectively.	80,926	139,500
Other	2,655	3,045
Short-term borrowings	$ 347,237	$ 423,583

Line of Credit

The Association has a $2,500,000 line of credit with a bank, with interest at the bank's LIBOR daily floating rate plus 1.75% and 1.91%, as of December 31, 2014 and 2013, respectively, interest payable monthly. Amounts outstanding under the line of credit are secured by the Association's investments. As of December 31, 2014 and 2013, the Association had an outstanding obligation of $1,450,000 and $1,500,000, respectively.

6. Notes Payable and Industrial Revenue Bonds

Notes payable consist of the following as of December 31:

	2014	2013
Note payable with a finance company totaling $56,490, with interest at 13.8%, principal and interest payable in quarterly installments of $3,625 through October 2014 (maturity date), balloon payment totaling $5,649 due upon maturity, secured by specific equipment.	$ -	$ 18,259
Note payable with a finance company totaling 111,028 with interest at 8.9%, principal and interest payable in monthly installments of $2,286 through February 2015, secured by specific equipment.	4,522	30,280
Note payable with a finance company totaling $22,795, with interest at 5.99%, principal and interest in monthly installment of $693 through April 2017, secured by specific equipment.	18,067	-
Note payable with a finance company totaling $38,373, with interest at 6.2%, principal and interest payable in monthly installments of $1,165 through April 2014, secured by specific equipment.	-	4,600
Note payable with a finance company totaling $444,582, with interest at 4.2%, principal and interest payable in monthly installments of $11,377 through January 2016, and then $2,908 through January 2018 secured by specific equipment.	208,177	333,067
Note payable with a bank totaling $650,000, with variable interest rate of the Bank's prime rate plus 1.0% per annum to be adjusted monthly as the Bank's prime rate changes. Payable in consecutive monthly installments of principal commencing on September 1, 2013 and continued on the same day of each calendar period thereafter, in 51 equal payments of $2,167. Accrued interest is payable monthly commencing on September 1, 2013 and continued on the same day of each calendar period thereafter, with one final payment of all remaining principal and accrued interest due on December 1, 2017. Collateral: second mortgage on the project (South Dade YMCA)	613,688	639,689
Total notes payable	844,454	1,025,895
Less: current portion	(168,214)	(193,859)
Notes payable, net of current portion	$ 676,240	$ 832,036

Maturities of notes payable as of December 31, 2014 are as follows:

Year ending		Total
2015	$	168,214
2016		74,932
2017		600,066
2018		1,242
Total	$	844,454

The fair value of notes payable approximates carrying value since imputed and/or stated interest rates are similar to rates currently available to the Association for debt with similar terms and remaining maturities.

Industrial Revenue Bonds

In December 15, 2010, the Association executed a loan agreement with the Miami-Dade County Industrial Development Authority ("Issuer") in conjunction with the issuance of the Tax-exempt Industrial Revenue Bonds ("Bonds"), par value of $9,350,000 with variable interest. The proceeds were used for the construction of a new approximately 35,000 square foot fitness center located in South Dade. The Bonds were secured by such property. As part of the loan agreement, the Association agreed to invest approximately $2.0 million of private or its own its funds in the construction before drawings on the Bonds.

As of December 31, 2012, $9,349,894 was drawn on the bonds and was used to fund the construction of the South Dade Center. The bonds bear a variable interest rate of 2% above the prime rate (LIBOR) or 6% per annum (effective rate 3.5% and 3% as of December 31, 2014 and 2013, respectively). The carrying value of the Bonds is recorded at amortized cost as of December 31, 2014 and 2013 as variable interest rates are linked to market rates.

The Association is required to meet financial and non-financial covenants provided by the Bond agreement. The Bonds can be called by the Issuer upon non-compliance with these covenants.

Costs related to the Bonds issuance amounted to approximately $327,000 which will be amortized over the life of the Bonds. The balance of unamortized bond issuance costs as of December 31, 2014 and 2013 was approximately $145,000 and $191,000, respectively.

In conjunction with the Bonds, the Association entered into an interest rate swap dated August 25, 2011 to hedge its exposure to interest rate fluctuations by fixing the interest rate at 1.45%. The interest rate swap is a forward swap which began in December 2012 and the agreement expires in December 2017. During the years ended December 31, 2014 and 2013, the Association recognized an unrealized gain of approximately $46,000 and $187,000, respectively, which is included as a "change in fair value of interest rate swap" in the accompanying statements of activities and changes in net assets. If the interest rate swap is held to maturity, as is management's intention, the cumulative effect of this liability on the change in net assets would be zero. The interest rate swap agreement exposes the Association to credit loss in the event of non-performance by the counterparty. However, the Association does not anticipate non-performance by the counterparty.

In conjunction with the Bonds, on August 6, 2013 the Association entered into a promissory note with a financial institution for the purpose of completing construction of the South Dade facility with the principal balance not to exceed $650,000. Repayment terms are 25 years, with a floating rate per annum equal to prime rate plus 1% (approximately 4.25%).

The maturity schedule of the Bonds as of December 31, 2014 are as follows:

Year ending		Total
2015	$	322,000
2016		339,000
2017		353,000
2018		368,000
2019		389,000
Thereafter		6,976,000
Total	$	8,710,000

7. Endowment Net Asset Classification

The Association's endowments consisted of primarily of permanently restricted endowment funds from contributions received from donors who have instructed the Association that the corpus of their gifts remain in perpetuity while the income from such gifts be used to support the operations of the Association. The Board may allow additional contributors to make gifts that would support the operations of the Association. These gifts are recorded as permanently restricted in the consolidated statements of financial position.

The Board of Directors of the Association has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment, and (c) investment income generated by the endowment.

The Association will administer and invest the funds directly or through its agents as directed by the Finance and Administration Committee and approved by the Board all of the assets of the endowments. The Association has adopted investment and spending policies for endowment assets to provide a predictable stream of funding to programs supported by its endowments. Distributions from permanently restricted endowment fund will be calculated using a three year rolling average of the asset balance held, not to exceed three (3%). The general objectives of the investment policy include: achieving optimal long-term return within an acceptable volatility/risk level, providing growth and maintaining safety of the principal.

As of December 31, 2014 and 2013, endowment net assets mainly consisted of permanently restricted net assets amounting to $50,710 and $71,976, respectively.

Changes to endowment net assets for the year ended December 31, 2014 are as follows:

Year ended December 31, 2014	Permanently Restricted
Endowment net assets, December 31, 2013	$ 71,976
Returned contribution	(21,266)
Endowment net assets, December 31, 2014	$ 50,710

Changes to endowment net assets for the year ended December 31, 2013 are as follows:

Year ended December 31, 2013	Permanently Restricted
Endowment net assets, December 31, 2012	$ 69,447
Endowment investment realized gain	2,529
Endowment net assets, December 31, 2013	$ 71,976

8. Retirement Plan

The Association participates in a defined contribution plan for all eligible employees which are administered by the National Association Retirement Fund, Inc. (the "Plan"). The Plan is non-contributory, with the Association contributing 8.0% of employees' salaries to the Plan. For the years ended December 31, 2014 and 2013, contributions to the Plan totaled approximately $314,000 and $351,000, respectively.

9. Commitments and Contingencies

Litigation

The Association is involved in various asserted and unasserted potential litigation in the normal course of business. Management believes the resolution of these matters will not have a material effect on the Association's financial position or the results of its operations.

Contingencies

The Association receives funds from various grantor agencies which are subject to audit. Management believes the Association has complied with the grantor compliance requirements and the effects of adjustments that may arise from potential grantor audits are not significant to the accompanying financial statements.

Reports on Compliance

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Independent Auditor's 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*

To the Board of Directors
The Young Men's Christian Association of Greater Miami, Inc.
Miami, Florida

We have audited, in accordance with the 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 Comptroller General of the United States, the financial statements of The Young Men's Christian Association of Greater Miami, Inc. (the "Association"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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 deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Certified Public Accountants

Miami, Florida
April 30, 2015

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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance

To the Board of Directors
The Young Men's Christian Association of Greater Miami, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited The Young Men's Christian Association of Greater Miami, Inc. (the "Association") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Association's major federal programs for the year ended December 31, 2014. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Association's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

BDO

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may assist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-01 that we consider to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Certified Public Accountants

Miami, Florida
April 30, 2015

The Young Men's Christian Association of Greater Miami, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year ended December 31, 2014

Federal or State Agency/Project Title/Pass Through Agency	CFDA / CFSA Numbers	Contract Number	Federal / State Expenditures
U.S. Department of Health and Human Services			
School Readiness Program			
Pass-through:			
Miami-Dade County - Department of Human Service & Child Development			
Pass-through:			
Early Learning Coalition - Agency For Workforce Innovation			
CCDF Cluster:			
Child Care Development Block Grant (CCDF)	93.575	-	$ 401,099
Child Care Development Mandatory/ Matching funds of the Child Care and Development Fund	93.596	-	355,827
Total Child Care Development Fund Cluster			756,926
Temporary Assistance to Needy Families (TANF)	93.558	-	317,330
Social Service Block Grant (SSBG)	93.667	-	1,075
Total U.S. Department of Health and Human Services			1,075,331
U.S. Department of Education			
21 Century Community Learning Program			
Pass-through:			
Florida Department of Education			
21 Century Community Learning Center	84.287	13K-2443A-4PCC1	248,837
21 Century Community Learning Center	84.287	13K-2445B-5PCC1	41,601
21 Century Community Learning Center	84.287	13K-2443B-5PCC2	43,504
Total U.S. Department of Education			333,942
U.S. Department of Agriculture			
Child and Adult Food Program			
Pass-through			
State of Florida - Department of Health			
Nutrition Program for Preschool	10.558	S-573	333,464
Total U.S. Department of Agriculture			333,464
Total expenditures of federal awards			1,742,737
Agency for Workforce Innovation and the Florida Department of Education			
Miami-Dade County - Department of Human Service & Child Development			
Pass-through:			
Early Learning Coalition - Agency For Workforce Innovation			
Voluntary Pre-Kindergarten Education Program (VPK)	75.007	-	203,554
Total expenditures of state financial assistance			203,554
Total expenditures			$ 1,946,291

See Note to Schedule of Expenditures of Federal Awards and State Financial Assistance

The Young Men's Christian Association of Greater Miami, Inc.
Note to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year ended December 31, 2014

Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of The Young Men's Christian Association of Greater Miami, Inc. and is presented on the accrual basis of accounting. The information in this schedule is prepared in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

The Young Men's Christian Association of Greater Miami, Inc.
Schedule of Findings and Questioned Costs
For the Year ended December 31, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued	Unqualified	
Internal control over financial reporting:		
• Material weaknesses identified?	___yes	_X_no
• Significant deficiencies identified not considered to be material weaknesses?	___yes	_X_none reported
• Non-compliance material to financial statements noted?	___yes	_X_no

Federal Programs:

Internal control over major program:		
• Material weaknesses identified?	___yes	_X_no
• Significant deficiencies identified not considered to be material weaknesses?	_x_yes	___none reported
Type of auditor's report issued on compliance of major program?	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the requirements of OMB Circular A-133?	_x_yes	___no

Identification of major programs:

CFDA Numbers	Name of Federal Program
93.575 and 93.596	Child Care Development Fund Cluster
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	___yes	_X_no

SECTION II - FINANCIAL STATEMENT FINDINGS

During the audit of the year ended December 31, 2014, there are no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

Finding Number 2014-01

CFDA Number/Title 93.575/93.596 Child Care and Development Fund Cluster
93.558 Temporary Assistance for Needy Families

Federal Agency/ Passthrough Entity U.S. Department of Health and Human Services/ Early Learning Coalition

Criteria In accordance with Section 41 of the Provider Contract for School Readiness Funded Services agreement entered into by the Association with the Early Learning Coalition (ELC), the Association is required to review the reimbursement summary provided with the monthly reimbursement check. It also stated that the Association is required to report any discrepancy, overpayment, or underpayment within 45 days from the date the reimbursement was deposited or mailed.

Condition We noted instances of overpayment made by ELC on children not attending child care program of the Association and the overpayments were not reported to ELC within the stipulated timeframe.

Known Questioned Costs $485

Context There were five instances out of one hundred (100) sampled in our testing of child care reimbursement where the Association received payments of $485 from ELC on children who were not enrolled to participate in the YMCA child care programs.

Effect Reimbursement of ineligible costs and noncompliance with the requirement to report any discrepancy within 45 days.

Cause The process of accurately reporting the attendance list and student status are working effectively as we noted during the audit that the children with above exception were properly tagged as "terminated" in the YMCA-ELC portal. The Association was not supposed to receive any payments on these kids as they were correctly labeled in the portal; however, ELC processed and remitted payments to the Association.

The Association performs monthly reconciliation of the payments received from ELC and attendance list based on the aggregated amount received by each YMCA facility; it does not perform reconciliation on detailed level based on individual child program recipient.

In addition, discrepancies on a monthly basis are not being reported to ELC due to immateriality of the amounts involved.

Recommendation	We recommend that the Association reevaluate its policies and procedures to ensure that it performs monthly reconciliation of the ELC reimbursement on a per child basis to ensure that no over (under) payments of child care services. We also recommend that the Association report on a timely basis all discrepancies to ELC regardless of the amount.
Management Response	The YMCA agrees with the auditors comment, and the following action will be taken to improve the internal control over ELC payments. Management will assign a team to perform monthly reconciliation of the ELC reimbursement at a per child basis to identify any overpayments related to children who have been reported as absent but payment was processed by ELC. This team will also notify YMCA management and ELC of any overpayments received for non-participants. The YMCA will work closely with ELC management to refine this new procedure by discussing alternative methods of receiving payments data and to use technology to abstract from a master file in order to facility a comparison of records. The YMCA will contact the ELC to follow up on refunding the above identified error of $485 overpayment.