YMCA of Greater Omaha

Financial Statements and
Independent Auditors' Report

December 31, 2017 and 2016

YMCA of Greater Omaha

Index

MIND WHAT MATTERS

INDEPENDENT AUDITORS' REPORT

Board of Directors
YMCA of Greater Omaha
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying statements of financial position of YMCA of Greater Omaha as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA of Greater Omaha as of December 31, 2017 and 2016, 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.

Lutz & Company, P.C.

April 2, 2018

YMCA of Greater Omaha

Statements of Financial Position

December 31, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,705,243	$ 2,041,903
Restricted Cash and Cash Equivalents	1,373,608	459,132
Current Portion of Contributions Receivable	743,247	7,673,091
Program Receivables	643,070	502,098
Marketable Securities	3,090,962	2,710,212
Prepaid Expenses	143,931	84,936
Total Current Assets	7,700,061	13,471,372
PROPERTY AND EQUIPMENT, NET	39,720,839	28,872,620
OTHER ASSETS		
Contribution Receivable, Less Current Portion	46,960	92,983
Other	22,767	28,676
Total Other Assets	69,727	121,659
TOTAL ASSETS	**$ 47,490,627**	**$ 42,465,651**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 899,979	$ 556,902
Current Portion of Capitalized Lease Obligations	7,998	68,608
Accounts Payable	1,366,400	682,241
Accrued Expenses	297,939	216,586
Deferred Revenue	678,016	624,631
Total Current Liabilities	3,250,332	2,148,968
LONG TERM LIABILITIES		
Long-Term Debt, Less Current Portion	11,805,055	8,683,810
Capital Lease Obligations, Less Current Portion	9,551	19,842
Total Long Term Liabilities	11,814,606	8,703,652
Total Liabilities	15,064,938	10,852,620
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	30,119,442	21,618,413
Temporarily Restricted	1,622,660	9,311,031
Permanently Restricted	683,587	683,587
Total Net Assets	32,425,689	31,613,031
TOTAL LIABILITIES AND NET ASSETS	**$ 47,490,627**	**$ 42,465,651**

See Notes to Financial Statements.

YMCA of Greater Omaha

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support				
Operating Contributions	$ 729,641	$ 179,511	$ -	$ 909,152
Grant Revenues	-	1,388,986	-	1,388,986
Allocations from United Way of the Midlands	-	496,853	-	496,853
Total Public Support	729,641	2,065,350	-	2,794,991
Revenues				
Program Service Fees	6,678,898	-	-	6,678,898
Membership Dues	10,858,796	-	-	10,858,796
Investment Return	377,710	-	-	377,710
Merchandise Sales	5,437	-	-	5,437
Miscellaneous	352,285	-	-	352,285
Loss on Sale of Equipment	(19,787)	-	-	(19,787)
Total Revenues	18,253,339	-	-	18,253,339
Net Assets Released From Restrictions	9,753,721	(9,753,721)	-	-
Total Revenues, Gains and Other Support	28,736,701	(7,688,371)	-	21,048,330
EXPENSES				
Program Services	18,136,689	-	-	18,136,689
Management and General	1,451,903	-	-	1,451,903
Fund Raising	388,321	-	-	388,321
Payment to National Organization	258,759	-	-	258,759
Total Expenses	20,235,672	-	-	20,235,672
Increase (Decrease) in Net Assets	8,501,029	(7,688,371)	-	812,658
Net Assets, Beginning of Year	21,618,413	9,311,031	683,587	31,613,031
Net Assets, End of Year	**$ 30,119,442**	**$ 1,622,660**	**$ 683,587**	**$ 32,425,689**

See Notes to Financial Statements.

YMCA of Greater Omaha

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support				
Operating Contributions	$ 911,172	$ 158,960	$ -	$ 1,070,132
Capital Campaign Contributions	-	457,475	-	457,475
Grant Revenues	95,301	913,425	-	1,008,726
Allocations from United Way of the Midlands	-	492,771	-	492,771
Total Public Support	1,006,473	2,022,631	-	3,029,104
Revenues				
Program Service Fees	5,537,930	-	-	5,537,930
Membership Dues	10,361,296	-	-	10,361,296
Investment Return	132,579	-	-	132,579
Merchandise Sales	3,007	-	-	3,007
Miscellaneous	330,763	-	-	330,763
Loss on Sale of Equipment	(1,961)	-	-	(1,961)
Total Revenues	16,363,614	-	-	16,363,614
Net Assets Released From Restrictions	5,927,550	(5,927,550)	-	-
Total Revenues, Gains and Other Support	23,297,637	(3,904,919)	-	19,392,718
EXPENSES				
Program Services	16,647,675	-	-	16,647,675
Management and General	1,326,059	-	-	1,326,059
Fund Raising	606,777	-	-	606,777
Payment to National Organization	240,088	-	-	240,088
Total Expenses	18,820,599	-	-	18,820,599
Increase (Decrease) in Net Assets	4,477,038	(3,904,919)	-	572,119
Net Assets, Beginning of Year	17,141,375	13,215,950	683,587	31,040,912
Net Assets, End of Year	**$ 21,618,413**	**$ 9,311,031**	**$ 683,587**	**$ 31,613,031**

See Notes to Financial Statements.

YMCA of Greater Omaha

Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 812,658	$ 572,119
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation	1,516,570	1,646,851
Loss on Sale of Equipment	19,787	1,961
Realized and Unrealized Gain on Marketable Securities	(333,392)	(101,848)
Forgiveness of Long-Term Debt	(3,810)	(3,628)
Contributions Restricted for Capital Additions	-	(457,475)
Decrease (Increase) in Current Assets:		
Contributions Receivable	6,975,867	2,416,818
Program Receivables	(140,972)	(90,508)
Prepaid Expenses	(58,995)	(29,828)
Other Assets	5,909	13,357
Increase (Decrease) in Current Liabilities:		
Accounts Payable	684,159	210,334
Accrued Expenses	81,353	21,293
Deferred Revenue	53,385	(18,648)
Net Cash Provided by Operating Activities	9,612,519	4,180,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Marketable Securities	(768,082)	(3,565,906)
Proceeds from Sale of Marketable Securities	720,724	3,765,351
Purchase of Property and Equipment	(8,362,611)	(4,779,345)
Net Cash Used in Investing Activities	(8,409,969)	(4,579,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Long-Term Debt	(553,833)	(644,529)
Repayments of Capitalized Lease Obligation	(70,901)	(188,425)
Capital Campaign Contributions	-	457,475
Net Cash Used in Financing Activities	(624,734)	(375,479)
Net Increase (Decrease) in Cash and Cash Equivalents	577,816	(774,581)
Cash and Cash Equivalents, Beginning of Year	2,501,035	3,275,616
Cash and Cash Equivalents, End of Year	**$ 3,078,851**	**$ 2,501,035**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 296,098	$ 365,766
NONCASH INVESTING AND FINANCING ACTIVITIES		
Long-Term Debt Incurred to Purchase Property and Equipment	$ 4,021,965	$ -

See Notes to Financial Statements.

YMCA of Greater Omaha

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Grand Total
Salaries	$ 3,799,685	$ 4,064,877	$ 260,035	$ 8,124,597	$ 756,219	$ 156,347	$ 912,566	$ 9,037,163
Employee Health and Retirement Benefits	351,939	357,436	25,130	734,505	120,960	19,413	140,373	874,878
Payroll Taxes	292,744	319,553	15,055	627,352	49,986	10,866	60,852	688,204
Total Salaries and Related Expenses	4,444,368	4,741,866	300,220	9,486,454	927,165	186,626	1,113,791	10,600,245
Professional Fees and Contract Services	510,326	239,511	19,321	769,158	79,298	134,043	213,341	982,499
Supplies	825,263	229,339	49,529	1,104,131	41,081	1,841	42,922	1,147,053
Telephone and Internet	68,297	125,319	3,593	197,209	31,313	3,662	34,975	232,184
Postage and Shipping	135,787	219,638	7,695	363,120	2,207	-	2,207	365,327
Occupancy Expenses	1,469,350	1,369,619	80,902	2,919,871	168,221	75	168,296	3,088,167
Purchases, Maintenance and Rental of Equipment	80,616	172,155	2,297	255,068	47,297	374	47,671	302,739
Marketing	135,855	374,918	46	510,819	2,931	25,061	27,992	538,811
Travel and Transportation	96,248	42,856	13,303	152,407	20,291	5,668	25,959	178,366
Meetings and Conferences	32,254	43,215	3,337	78,806	15,577	9,351	24,928	103,734
Insurance	20,056	19,586	2,591	42,233	6,735	-	6,735	48,968
Miscellaneous	237,113	185,305	10,517	432,935	100,636	21,620	122,256	555,191
Total Other Expenses	3,611,165	3,021,461	193,131	6,825,757	515,587	201,695	717,282	7,543,039
Total Expenses Before Depreciation and Interest Expense	8,055,533	7,763,327	493,351	16,312,211	1,442,752	388,321	1,831,073	18,143,284
Depreciation	758,529	704,484	44,834	1,507,847	8,723	-	8,723	1,516,570
Interest	159,129	148,079	9,423	316,631	428	-	428	317,059
Total Functional Expenses	**$ 8,973,191**	**$ 8,615,890**	**$ 547,608**	**$18,136,689**	**$ 1,451,903**	**$ 388,321**	**$ 1,840,224**	**$19,976,913**

YMCA of Greater Omaha

Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services				Supporting Services			
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Grand Total
Salaries	$ 2,967,433	$ 4,222,825	$ 209,737	$ 7,399,995	$ 661,455	$ 160,569	$ 822,024	$ 8,222,019
Employee Health and Retirement Benefits	243,599	346,518	23,780	613,897	89,562	15,243	104,805	718,702
Payroll Taxes	232,418	320,249	15,791	568,458	54,191	14,665	68,856	637,314
Total Salaries and Related Expenses	3,443,450	4,889,592	249,308	8,582,350	805,208	190,477	995,685	9,578,035
Professional Fees and Contract Services	406,714	229,663	10,864	647,241	77,987	166,205	244,192	891,433
Supplies	631,023	230,714	55,128	916,865	33,933	8,642	42,575	959,440
Telephone and Internet	59,214	129,518	3,022	191,754	25,273	2,143	27,416	219,170
Postage and Shipping	1,764	3,320	122	5,206	4,248	1,400	5,648	10,854
Occupancy Expenses	1,110,505	1,514,531	69,646	2,694,682	152,813	-	152,813	2,847,495
Purchases, Maintenance and Rental of Equipment	91,041	160,675	3,792	255,508	30,406	1,160	31,566	287,074
Marketing	179,441	396,551	2,257	578,249	1,721	87,422	89,143	667,392
Travel and Transportation	87,873	47,731	5,288	140,892	28,364	4,256	32,620	173,512
Meetings and Conferences	24,157	48,092	1,737	73,986	15,126	23,616	38,742	112,728
Insurance	28,203	36,429	3,882	68,514	10,172	-	10,172	78,686
Miscellaneous	251,868	226,248	11,220	489,336	127,194	121,456	248,650	737,986
Total Other Expenses	2,871,803	3,023,472	166,958	6,062,233	507,237	416,300	923,537	6,985,770
Total Expenses Before Depreciation and Interest Expense	6,315,253	7,913,064	416,266	14,644,583	1,312,445	606,777	1,919,222	16,563,805
Depreciation	724,236	863,286	45,750	1,633,272	13,579	-	13,579	1,646,851
Interest	163,972	195,489	10,359	369,820	35	-	35	369,855
Total Functional Expenses	**$ 7,203,461**	**$ 8,971,839**	**$ 472,375**	**$16,647,675**	**$ 1,326,059**	**$ 606,777**	**$ 1,932,836**	**$18,580,511**

1. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is set forth below.

Nature of Activities

The YMCA of Greater Omaha (the Organization) is a nonprofit association governed by a Board of Directors. The Organization is a human services association whose mission is to put Christian principles into practice through programs that build healthy spirit, mind and body for all.

The following is a description of the key areas of the Organization:

Youth Development – Aims to nurture the potential of every child and teen through programs such as childcare, education and leadership, swim, and camp.

Healthy Living – Aims to improve the community's health and well-being through programs that focus on family time, well-being and fitness, sports and recreation.

Social Responsibility – Incorporates giving back and providing support to our neighbors with programs that include social services, volunteerism and advocacy.

Financial Statement 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. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to grant or donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to grant or donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to grant or donor-imposed stipulations that they be maintained permanently by the Organization, and primarily consist of the historical dollar value of grants and contributions to establish or add to donor-restricted endowment funds.

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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all investments with an original maturity of three months or less to be cash and cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents includes cash restricted by donors for the capital campaign.

Contributions Receivable

Contributions receivable consist primarily of pledges and grants. The receivables are carried at original pledge or grant amount, are unsecured and due upon terms of the pledge or grant. The Organization considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Program Receivables

Program receivables are carried at original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering financial condition, credit history, and current economic conditions. Program receivables are written off when deemed uncollectible. Recoveries are recorded when received.

Marketable Securities

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included as an increase or decrease to unrestricted net assets unless the income or loss is restricted by donor or law. Marketable securities are carried at fair value (See Notes 3 and 4). Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

Concentration of Credit and Market Risk

The Organization's financial instruments consisting of cash and cash equivalents and investments potentially expose them to concentrations of credit and market risk.

The Organization maintains both its unrestricted and restricted cash and cash equivalents in bank accounts in which the balances sometimes exceed federally insured limits. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) which covers interest bearing and non-interest bearing accounts up to $250,000 per bank under the FDIC's general deposit insurance rules. At December 31, 2017 and 2016 there were cash balances in excess of FDIC limits at the bank of approximately $3,800,000 and $1,764,000, respectively.

The Organization invests in a professionally managed portfolio that contains marketable investment securities. Such investments are exposed to various risks such as credit and market. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings	5 - 40
Equipment	5 - 15
Land Improvements	10 - 25
Software	5

Projects in progress are recorded at cost and no depreciation is recorded until the assets are placed in service.

Revenue Recognition

Public Support and Contributions

Public support is considered to be available for unrestricted use unless specifically restricted by the donor. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets. Donated properties and materials are recorded as public support at their estimated fair value at the date of donation.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value determined using the discounted present value of the estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Membership and Program Revenue Recognition
Membership dues are recognized as revenue on the straight-line method over the life of the membership period. Revenue from Organization programs is recognized over the duration of the offered programs.

Deferred Revenue
Deferred revenue represents billings and payments to the Organization for membership fees and other program fees received for future periods. As amounts are earned they are taken to income on a monthly basis.

Functional Expense Allocation

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All fundraising expenses include an allocation of Organization services expense.

Income Taxes

The Organization is exempt from federal income taxes as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

The financial statements will not reflect a provision for income taxes except for the tax on unrelated business income. As of December 31, 2017 and 2016, the Organization had no tax liability for unrelated business income.

The Organization follows the provisions of FASB Codification Topic 740-10 related to uncertain income tax positions. Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain positions that are material to the financial statements.

The Organization is no longer subject to income tax examinations by federal, state, or local tax authorities for years before December 31, 2014.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through April 2, 2018. See Note 7 for a description of a subsequent event.

2. Contributions Receivable

Contributions receivable at December 31 includes the following:

		2017		2016
Contributions Receivable Due in:				
Less than One Year	$	743,247	$	7,673,091
Two to Four Years		51,282		100,559
		794,529		7,773,650
Less Discount to Present Value		4,322		7,576
Present Value of Contributions Receivable		790,207		7,766,074
Less Current Portion		743,247		7,673,091
Contributions Receivable, Less Current Portion	$	46,960	$	92,983

3. Marketable Securities

Marketable securities at December 31 consists of the following:

		Cost		Gross Unrealized Gains		Gross Unrealized Losses		Fair Value
2017								
Money Market Funds	$	104,472	$	-	$	-	$	104,472
Beneficial Interest in Assets Held by Community Foundation		28,139		3,251		-		31,390
Mutual Funds		2,656,347		315,282		(16,529)		2,955,100
Total Marketable Securities	$	2,788,958	$	318,533	$	(16,529)	$	3,090,962
2016								
Money Market Funds	$	149,289	$	-	$	-	$	149,289
Beneficial Interest in Assets Held by Community Foundation		27,588		278		-		27,866
Mutual Funds		2,479,406		89,606		(35,955)		2,533,057
Total Marketable Securities	$	2,656,283	$	89,884	$	(35,955)	$	2,710,212

4. Fair Value Measurements

FASB Codification Topic 820-10 on *Fair Value Measurements* (FASB 820-10) establishes a framework for measuring fair value and 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 below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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, and
- 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 input 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 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, 2017 and 2016.

Money Market and Mutual Funds: Valued at the net asset value of the underlying investments.

Beneficial Interest in Assets Held by Community Foundation: Valued using pricing models and quoted prices of securities with similar characteristics.

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 Organization 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 following table presents by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31, 2017.

	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 104,472	$ -	$ -	$ 104,472
Beneficial Interest in Assets Held by Community Foundation	-	31,390	-	31,390
Mutual Funds:				
Fixed Income	870,778	-	-	870,778
Large-Cap Equity	1,156,962	-	-	1,156,962
Small-Cap Equity	317,032	-	-	317,032
International Equity	610,328	-	-	610,328
Total Mutual Funds	2,955,100	-	-	2,955,100
Total at Fair Value	$ 3,059,572	$ 31,390	$ -	$ 3,090,962

The following table presents by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31, 2016.

	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 149,289	$ -	$ -	$ 149,289
Beneficial Interest in Assets Held by Community Foundation	-	27,866	-	27,866
Mutual Funds:				
Fixed Income	884,939	-	-	884,939
Large-Cap Equity	1,025,307	-	-	1,025,307
Small-Cap Equity	379,664	-	-	379,664
International Equity	243,147	-	-	243,147
Total Mutual Funds	2,533,057	-	-	2,533,057
Total at Fair Value	$ 2,682,346	$ 27,866	$ -	$ 2,710,212

5. Property and Equipment, Net

Property and equipment at December 31 consists of the following:

	2017	2016
Land	$ 3,363,232	$ 3,363,232
Buildings	$ 40,970,417	$ 40,585,698
Equipment	$ 3,995,127	$ 3,973,513
Land Improvements	$ 1,562,941	$ 1,535,615
Software	$ 502,525	$ 541,047
Projects in Progress	$ 16,192,566	$ 4,436,718
Total Cost	66,586,808	54,435,823
Less Accumulated Depreciation	$ 26,865,969	$ 25,563,203
Net Book Value	$ 39,720,839	$ 28,872,620

6. Financing Arrangement

The Organization's financing arrangement consists of a $750,000 unsecured revolving bank line of credit due October 2018 with interest payable monthly at 1% below the bank's index rate. There were no amounts outstanding against this line of credit at December 31, 2017 or 2016.

7. Long-Term Debt

Long-term debt at December 31 consists of the following:

	2017	2016
Note payable to the Barbara L. Richardson Trust, payable in monthly installments of $888, including interest at 6%, collateralized by certain land and building. This note was paid in full subsequent to December 31, 2017.	$ 21,603	$ 31,399
Note payable to the City of Council Bluffs, with interest discounted at 5%, collateralized by certain land and buliding. The note was forgiven in annual $4,000 increments over an 8-year period due to the Association retaining title to the related land and building. This note was fully forgiven in 2017.	-	3,810

	2017	2016
Note payable to a bank, payable in monthly installments of $50,296, including interest at 3.40%, through January 2022 when a balloon payment is due, collateralized by the Armbrust, Southwest, Maple and Sarpy buildings.	$ 8,429,664	$ 8,704,760
Note payable to a bank, payable in monthly installments of $23,611, including interest at 3.75%, through October 2018, collateralized by certain equipment.	231,802	500,743
Note payable to a bank, payable in monthly installments of $22,798, including interest at 3.83%, through October 2022 when a balloon payment is due, collateralized by the Council Bluffs building.	4,021,965	-
Total Long-Term Debt	12,705,034	9,240,712
Less Current Portion	899,979	556,902
Long-Term Debt, Less Current Portion	$ 11,805,055	$ 8,683,810

The aggregate maturities of long-term debt for the years ending after December 31, 2017 are as follows:

Year Ending December 31,	
2018	$ 899,979
2019	461,617
2020	477,243
2021	495,715
2022	10,370,480
	$ 12,705,034

8. Capitalized Lease Obligations

The Organization has entered into a capitalized equipment lease, payable in monthly installments totaling $720, including imputed interest at 5.00%, maturing in March 2019, collateralized by the equipment being leased. The cost of capitalized leased equipment was $45,396 and $322,717 at December 31, 2017 and 2016, respectively, which is being depreciated over their useful lives. Accumulated depreciation on this equipment was $31,777 and $179,340 at December 31, 2017 and 2016, respectively. Depreciation expense was $9,079 and $64,546 for the years ended December 31, 2017 and 2016, respectively. The lease contains a purchase option, which has generally been set at prices approximating the expected fair value for the equipment at the expiration of the lease term.

Future minimum lease payments for the years ending after December 31, 2017 are as follows:

Year Ending December 31,		
2018	$	8,640
2019		9,657
		18,297
Less Amounts Representing Interest		748
Present Value of Future Minimum Lease Payment		17,549
Less Current Portion		7,998
Capitalized Lease Obligations, Less Current Portion	$	9,551

9. Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets at December 31 consist of the following:

		2017		2016
Capital Campaign	$	508,265	$	8,444,703
Sustaining Campaign		173,709		138,609
Diabetes Grant		-		44,588
United Way Allocation:				
Youth Development		193,952		193,952
Healthy Living		20,830		19,830
Social Responsibility		56,920		41,920
Other - Grants		668,984		427,429
	$	1,622,660	$	9,311,031

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors during the years ended December 31 consists of the following:

	2017	2016
Operating:		
Sustaining Campaign	$ 138,609	$ 213,987
United Way Allocation	480,853	602,578
Other	1,220,241	977,525
Total Operating	1,839,703	1,794,090
Capital Campaign	7,914,018	4,133,460
	$ 9,753,721	$ 5,927,550

Permanently restricted net assets (see Note 10) at December 31, the income from which is expendable for program services, consist of the following:

	2017	2016
Peter Kiewit Trust	$ 500,000	$ 500,000
Marshall Trust	103,587	103,587
Henry Ogram Trust	75,000	75,000
Credit Shelter Family Trust	5,000	5,000
	$ 683,587	$ 683,587

10. Endowment Funds

The Organization's endowment consists of certain funds established for various donor-restricted purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows the provisions of the State of Nebraska Prudent Management of Institutional Funds Act (SPMIFA). SPMIFA requires the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

As there are no donor-restrictions on interest and dividends from the Marguerite Marshall Trust or the Peter Kiewit Endowment, income earned on these endowments is available annually to be spent on operations and is reflected in unrestricted net asset activity. Donor restrictions on the Henry C. Ogram Trust require that all earnings be spent on Needy Children at the YMCA Camp. Income from this endowment is available annually to be spent on day camp scholarships and is reflected in temporarily restricted net assets until all scholarships have been awarded. As of December 31, 2017, all scholarships had been awarded according to the decedent's wishes and no earnings were held in temporarily restricted net assets.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets included those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods. Under the Organization's policies, endowment assets are invested in a manner that is intended to preserve inflation adjusted values and provide annual budgetary support that is both stable and growing.

To satisfy its long-term rate of return objective, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and a current yield (interest and dividends). The Organization targets a diversified asset allocation, including, but not limited to, equity and fixed income instruments.

All permanently restricted funds are required to be retained permanently by explicit donor stipulation or SPMIFA and the composition of these net assets are set forth in Note 9.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature, if any, would be reported in unrestricted net assets. These deficiencies could result from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Organization. Subsequent gains that would restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	Unrestricted	Permanently Restricted	Total
Endowment, Beginning of Year	$ 2,026,625	$ 683,587	$ 2,710,212
Contributions	3,464	-	3,464
Investment Return			
Investment Income, Net	44,319	-	44,319
Realized and Unrealized Gains (Losses) on Investments, Net	333,392	-	333,392
Total Investment Return	377,711	-	377,711
Appropriation of Endowment Assets for Expenditure	(425)	-	(425)
Endowment, End of Year	$ 2,407,375	$ 683,587	$ 3,090,962

Changes in endowment net assets for the year ended December 31, 2016 are as follows:

	Unrestricted	Permanently Restricted	Total
Endowment, Beginning of Year	$ 2,124,222	$ 683,587	$ 2,807,809
Contributions	-	-	-
Investment Return			
Investment Income, Net	30,731	-	30,731
Realized and Unrealized Gains (Losses) on Investments, Net	101,848	-	101,848
Total Investment Return	132,579	-	132,579
Appropriation of Endowment Assets for Expenditure	(230,176)	-	(230,176)
Endowment, End of Year	$ 2,026,625	$ 683,587	$ 2,710,212

11. Commitments and Contingencies

Lease Obligations

The Organization has entered into various operating leases for parking lot space and office equipment used by the Organization. The future minimum lease payments under these noncancelable operating leases as of December 31, 2017 are as follows:

Year Ending December 31,		
2018	$	58,421
2019		55,929
2020		43,162
2021		15,403
2022		18
	$	172,933

Lease expense under these operating leases was approximately $62,000 and $84,000 for the years ended December 31, 2017 and 2016, respectively.

The Organization has entered into a ground lease related to the new facility being built in Council Bluffs. The lease is for a period of 10 years, ending in June 2025. As part of the lease agreement, the Organization is leasing space in the building back to the donor for an amount equal to the lease ground payments, resulting in no economic impact to the Company over the lease period. The donor plans to provide certain rehab, quick care and urgent care services out of its leased space in the building. At the expiration of the lease term, and assuming the Organization is not in default under any of the covenants and conditions of the ground lease, the Organization shall have the right to purchase the ground leased premises for $1. At the time of the expiration, the Organization will record the land and donation on their books at the then discounted fair market value.

Legal Proceedings

The Organization is party to legal proceedings arising in the ordinary course of its business. In the opinion of management and its legal counsel, disposition of these matters will not materially affect the Organization's financial position or results of operations.

12. Benefit Plan

The Organization participates in the Young Men's Christian Organization Retirement Fund, a defined contribution retirement plan available to all duly organized or reorganized YMCA's in the United States of America. The plan covers substantially all employees upon completion of two years of service and attainment of 21 years of age. During 2016, the Organization made contributions to the plan of 9% of a participant's annual wages. In November 2017, the Plan was amended to increase contributions to 10% of a participant's annual wages. The Organization's benefit plan costs were approximately $341,000 and $322,000 for the years ended December 31, 2017 and 2016, respectively.

13. Sharing of Public Support

In accordance with the affiliation agreement with the Organization's national association, a percentage of total unrestricted public support and revenue (as adjusted for certain direct costs of producing revenue) shall be shared with the national association as determined by the Organization's Board of Directors. In accordance with the agreement, approximately 1% of such support and revenue was subject to these provisions for 2017 and 2016. Such amounts are used as directed by the national association's Board of Directors for national programs of research, education and community services, and for management and general and fund-raising expenses.

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