

YMCA OF GREATER SAINT PAUL
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

**YMCA OF GREATER SAINT PAUL
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YEARS ENDED DECEMBER 31, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

General Board of Directors
YMCA of Greater Saint Paul
Saint Paul, Minnesota

We have audited the accompanying statements of financial position of the YMCA of Greater Saint Paul as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the YMCA's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the YMCA of Greater Saint Paul as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
June 7, 2010



(1)

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**YMCA OF GREATER SAINT PAUL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	2009	2008
ASSETS		
Cash and Cash Equivalents	\$ 1,151,817	\$ 1,879,203
Cash and Cash Equivalents Held in Escrow	3,575,906	-
Certificate of Deposit	101,659	101,659
Accounts Receivable	1,083,578	1,616,967
Contributions Receivable	1,515,504	3,354,112
Investments	10,686,722	9,456,170
Prepaid Expenses, Inventory and Other Assets	289,627	399,014
Interest in Beneficiary Trusts	1,469,736	1,315,204
Property and Equipment, Net	55,420,058	54,297,295
Total Assets	\$ 75,294,607	\$ 72,419,624
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 973,132	\$ 1,251,321
Accrued Payroll	1,548,640	1,622,651
Other Accrued Expenses	316,143	286,998
Deferred Revenue	1,402,320	1,549,672
Notes Payable	16,733,064	15,319,668
Deferred Swap Rate Liability	12,942	28,738
Total Liabilities	20,986,241	20,059,048
NET ASSETS		
Unrestricted	44,080,749	40,286,174
Temporarily Restricted	3,458,653	5,527,570
Permanently Restricted	6,768,964	6,546,832
Total Net Assets	54,308,366	52,360,576
Total Liabilities and Net Assets	\$ 75,294,607	\$ 72,419,624

See accompanying Notes to Financial Statements.

**YMCA OF GREATER SAINT PAUL
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING SUPPORT AND REVENUE				
Public Support:				
Contributions and Grants	\$ 2,710,948	\$ 1,378,226	\$ -	\$ 4,089,174
Contributions Designated for Endowment	22,152	-	67,600	89,752
Total Public Support	<u>2,733,100</u>	<u>1,378,226</u>	<u>67,600</u>	<u>4,178,926</u>
Revenue:				
Membership Fees	18,803,487	-	-	18,803,487
Program Service Fees:				
Child Care Fees	10,391,924	-	-	10,391,924
Camp Fees	4,516,097	-	-	4,516,097
Program Fees	4,235,656	-	-	4,235,656
Sale of Merchandise	817,329	-	-	817,329
Investment Income	742,888	-	-	742,888
Other	423,188	-	-	423,188
Total Revenue	<u>39,930,569</u>	<u>-</u>	<u>-</u>	<u>39,930,569</u>
Net Assets Released from Restriction	<u>1,557,323</u>	<u>(1,557,323)</u>	<u>-</u>	<u>-</u>
Total Operating Support and Revenue	44,220,992	(179,097)	67,600	44,109,495
OPERATING EXPENSES				
Program Services:				
Membership and Program	21,149,214	-	-	21,149,214
Child Care	4,702,600	-	-	4,702,600
Camp	7,416,749	-	-	7,416,749
Total Program Services	<u>33,268,563</u>	<u>-</u>	<u>-</u>	<u>33,268,563</u>
Supporting Services:				
Management and General	8,236,832	-	-	8,236,832
Fundraising	1,685,711	-	-	1,685,711
Total Supporting Services	<u>9,922,543</u>	<u>-</u>	<u>-</u>	<u>9,922,543</u>
Total Operating Expenses	<u>43,191,106</u>	<u>-</u>	<u>-</u>	<u>43,191,106</u>
EXCESS (DEFICIT) OF OPERATING SUPPORT AND REVENUE OVER OPERATING EXPENSES	1,029,886	(179,097)	67,600	918,389
NONOPERATING REVENUES AND EXPENDITURES				
Unrestricted Capital Contributions	15,000	-	-	15,000
Investment Income (Loss)	338,249	739,064	-	1,077,313
Gain (Loss) on Interest Rate Swap Agreement	15,796	-	-	15,796
Increase (Decrease) in Value of Beneficiary Trusts	-	-	154,532	154,532
Increase in Cash Surrender Value of Life Insurance	1,884	-	-	1,884
Rental Activity, Net of Expenses of \$193,263 and \$266,646, Respectively	(196,667)	-	-	(196,667)
Loss on Sale of Property	(38,457)	-	-	(38,457)
Net Assets Released from Restrictions - Capital	2,628,884	(2,628,884)	-	-
Adoption of FSP 117-1 Endowments	-	-	-	-
Termination of New Richmond Lease	-	-	-	-
Total Nonoperating Revenues and Expenditures	<u>2,764,689</u>	<u>(1,889,820)</u>	<u>154,532</u>	<u>1,029,401</u>
CHANGE IN NET ASSETS	3,794,575	(2,068,917)	222,132	1,947,790
Net Assets - Beginning of Year	<u>40,286,174</u>	<u>5,527,570</u>	<u>6,546,832</u>	<u>52,360,576</u>
NET ASSETS - END OF YEAR	<u>\$ 44,080,749</u>	<u>\$ 3,458,653</u>	<u>\$ 6,768,964</u>	<u>\$ 54,308,366</u>

See accompanying Notes to Financial Statements.

2008

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,770,620	\$ 3,421,188	\$ -	\$ 6,191,808
144,197	-	116,303	260,500
<u>2,914,817</u>	<u>3,421,188</u>	<u>116,303</u>	<u>6,452,308</u>
20,164,621	-	-	20,164,621
11,146,677	-	-	11,146,677
4,607,033	-	-	4,607,033
4,030,851	-	-	4,030,851
614,329	-	-	614,329
779,059	-	-	779,059
302,986	-	-	302,986
<u>41,645,556</u>	<u>-</u>	<u>-</u>	<u>41,645,556</u>
1,601,223	(1,601,223)	-	-
46,161,596	1,819,965	116,303	48,097,864
23,692,894	-	-	23,692,894
7,512,874	-	-	7,512,874
4,746,539	-	-	4,746,539
<u>35,952,307</u>	<u>-</u>	<u>-</u>	<u>35,952,307</u>
9,479,501	-	-	9,479,501
1,621,734	-	-	1,621,734
<u>11,101,235</u>	<u>-</u>	<u>-</u>	<u>11,101,235</u>
47,053,542	-	-	47,053,542
(891,946)	1,819,965	116,303	1,044,322
15,000	-	-	15,000
(3,132,957)	(1,512,158)	-	(4,645,115)
(19,884)	-	-	(19,884)
-	-	(549,583)	(549,583)
3,015	-	2,597	5,612
(273,946)	-	-	(273,946)
(166)	-	-	(166)
1,560,102	(1,560,102)	-	-
(2,965,898)	2,965,898	-	-
-	(4,104,000)	-	(4,104,000)
<u>(4,814,734)</u>	<u>(4,210,362)</u>	<u>(546,986)</u>	<u>(9,572,082)</u>
(5,706,680)	(2,390,397)	(430,683)	(8,527,760)
45,992,854	7,917,967	6,977,515	60,888,336
<u>\$ 40,286,174</u>	<u>\$ 5,527,570</u>	<u>\$ 6,546,832</u>	<u>\$ 52,360,576</u>

**YMCA OF GREATER SAINT PAUL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009**

	2009									
	Program Services				Supporting Services				Administrative Training Center	Combined Total
	Membership and Program	Child Care	Camp	Total Program Services	Management and General	Fundraising	Total Support Services	Subtotal		
Salaries and Wages	\$ 10,917,666	\$ 5,021,589	\$ 2,001,515	\$ 17,940,770	\$ 3,668,855	\$ 961,255	\$ 4,630,110	\$ 22,570,880	\$ -	\$ 22,570,880
Employee Health and Retirement Benefits	1,002,888	702,617	165,768	1,871,273	563,253	143,098	706,351	2,577,624	-	2,577,624
Payroll Taxes and Workers' Compensation	967,364	431,978	190,708	1,590,050	448,923	116,455	565,378	2,155,428	-	2,155,428
Total Salaries and Related Benefits	<u>12,887,918</u>	<u>6,156,184</u>	<u>2,357,991</u>	<u>21,402,093</u>	<u>4,681,031</u>	<u>1,220,808</u>	<u>5,901,839</u>	<u>27,303,932</u>	<u>-</u>	<u>27,303,932</u>
Occupancy	4,071,110	280,024	648,917	5,000,051	304,314	2,864	307,178	5,307,229	99,449	5,406,678
Telephone	30,987	17,831	10,275	59,093	315,111	1,100	316,211	375,304	-	375,304
Employee Travel and Training	92,217	36,924	24,994	154,135	217,925	33,947	251,872	406,007	-	406,007
National and Professional Dues	723	90	-	813	313,332	195	313,527	314,340	-	314,340
Awards and International Grants	12,862	488	42,169	55,519	3,306	19,156	22,462	77,981	-	77,981
Contract Services and Professional Fees	133,548	73,543	168,855	375,946	1,295,083	11,917	1,307,000	1,682,946	-	1,682,946
Printing and Promotions	181,583	25,724	29,454	236,761	476,204	56,199	532,403	769,164	-	769,164
Interest and Bank Charges	615,389	-	3,787	619,176	-	-	-	619,176	26,556	645,732
Postage and Shipping	368	180	78	626	187,465	5,160	192,625	193,251	-	193,251
Supplies	919,274	715,330	914,964	2,549,568	217,574	18,670	236,244	2,785,812	-	2,785,812
Miscellaneous	81,604	110,431	2,436	194,471	56,675	315,695	372,370	566,841	-	566,841
Depreciation	2,121,631	-	498,680	2,620,311	168,812	-	168,812	2,789,123	67,258	2,856,381
Total Expenses	<u>\$ 21,149,214</u>	<u>\$ 7,416,749</u>	<u>\$ 4,702,600</u>	<u>\$ 33,268,563</u>	<u>\$ 8,236,832</u>	<u>\$ 1,685,711</u>	<u>\$ 9,922,543</u>	<u>\$ 43,191,106</u>	<u>\$ 193,263</u>	<u>\$ 43,384,369</u>

See accompanying Notes to Financial Statements.

**YMCA OF GREATER SAINT PAUL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008**

	2008									
	Program Services				Supporting Services				Administrative	
	Membership and Program	Child Care	Camp	Total Program Services	Management and General	Fundraising	Total Support Services	Subtotal	Training Center	Combined Total
Salaries and Wages	\$ 11,311,401	\$ 4,834,248	\$ 1,828,745	\$ 17,974,394	\$ 4,114,974	\$ 1,166,696	\$ 5,281,670	\$ 23,256,064	\$ -	\$ 23,256,064
Employee Health and Retirement Benefits	894,194	595,421	100,893	1,590,508	741,755	211,327	953,082	2,543,590	-	2,543,590
Payroll Taxes and Workers' Compensation	1,063,514	446,420	193,229	1,703,163	412,018	112,272	524,290	2,227,453	-	2,227,453
Total Salaries and Related Benefits	13,269,109	5,876,089	2,122,867	21,268,065	5,268,747	1,490,295	6,759,042	28,027,107	-	28,027,107
Occupancy	5,179,155	293,229	768,750	6,241,134	312,384	1,650	314,034	6,555,168	107,461	6,662,629
Telephone	21,502	21,998	8,704	52,204	359,280	836	360,116	412,320	-	412,320
Employee Travel and Training	117,939	55,351	39,343	212,633	357,498	30,343	387,841	600,474	-	600,474
National and Professional Dues	1,025	512	-	1,537	305,995	60	306,055	307,592	-	307,592
Awards and International Grants	321,006	505	47,075	368,586	89,110	4,033	93,143	461,729	-	461,729
Contract Services and Professional Fees	115,212	129,037	211,481	455,730	1,379,237	12,135	1,391,372	1,847,102	-	1,847,102
Printing and Promotions	450,593	32,119	33,374	516,086	427,696	34,780	462,476	978,562	-	978,562
Interest and Bank Charges	614,595	-	31,189	645,784	14,647	-	14,647	660,431	31,741	692,172
Postage and Shipping	378	178	213	982	192,658	9,155	201,813	202,582	-	202,582
Supplies	870,944	896,569	991,534	3,750,581	286,490	29,763	316,253	3,075,300	-	3,075,300
Miscellaneous	63,030	207,287	35,753	306,070	221,683	8,684	230,367	536,437	-	536,437
Depreciation	2,668,406	-	456,256	3,124,662	264,076	-	264,076	3,388,738	127,444	3,516,182
Total Expenses	<u>\$ 23,692,894</u>	<u>\$ 7,512,874</u>	<u>\$ 4,746,539</u>	<u>\$ 36,944,054</u>	<u>\$ 9,479,501</u>	<u>\$ 1,621,734</u>	<u>\$ 11,101,235</u>	<u>\$ 47,053,542</u>	<u>\$ 266,646</u>	<u>\$ 47,320,188</u>

See accompanying Notes to Financial Statements.

**YMCA OF GREATER SAINT PAUL
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,947,790	\$ (8,527,760)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,856,381	3,516,182
Bad Debt Expense	504,110	334,367
In-Kind Lease Expense	-	92,693
In-Kind Lease Disposal	-	4,098,522
Transfer of Property Relating to New Richmond Location	-	311,321
Change in the Value of Beneficiary Trusts	(154,532)	543,971
Realized (Gain) on Investments	235,900	(633,347)
Unrealized (Gain) Loss on Investments	(1,969,205)	4,499,403
Loss on Sale of Property	38,457	166
Capital Campaign Revenue	(235,371)	(2,160,344)
Permanently Restricted Revenue	(67,600)	(116,303)
(Increase) Decrease in Assets:		
Accounts Receivable	29,279	(709,340)
Contributions Receivable	183,125	(984,572)
Prepaid Expenses and Inventory	111,271	551,766
Other Assets	(1,884)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(278,189)	(1,072,908)
Accrued Payroll	(74,011)	105,261
Other Accrued Expenses	29,145	(494,937)
Deferred Swap Agreement	(15,796)	19,884
Deferred Revenue	(147,352)	(7,550)
Net Cash Provided (Used) by Operating Activities	2,991,518	(633,525)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(4,017,601)	(2,812,547)
Proceeds on Disposal of Property and Equipment	-	4,670
Purchase of Investments	(221,503)	(14,091,628)
Proceeds from Sale of Investments	724,256	14,697,871
Net Cash Used by Investing Activities	(3,514,848)	(2,201,634)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Collected on Capital Campaign Contributions	1,874,154	3,404,973
Cash Collected on Permanently Restricted Contributions	84,300	120,728
Proceeds from Borrowings	3,751,257	1,263,310
Principal Payments on Notes Payable and Lines of Credit	(2,337,861)	(2,002,615)
Net Cash Provided by Financing Activities	3,371,850	2,786,396
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,848,520	(48,763)
Cash and Cash Equivalents - Beginning of Year	1,879,203	1,927,966
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,727,723	\$ 1,879,203
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 665,042	\$ 711,482
Property and Equipment Acquired through Construction Loans	\$ 159,225	\$ 201,173
Construction Interest Capitalized	\$ -	\$ 44,230

See accompanying Notes to Financial Statements.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The YMCA of Greater Saint Paul (YMCA) is a Minnesota not-for-profit, charitable organization committed to practicing Christian values by providing opportunities for everyone to build strong kids, strong families, and strong communities. It is driven by community need, guided by community volunteers, and open to all. Subject to available resources, no person is denied participation in a YMCA program solely by reason of financial inability to pay. In all programs, the YMCA builds values of caring, honesty, respect, and responsibility.

The YMCA provides child care, camping, health enhancement, and community outreach programs to residents of the inner city of St. Paul and suburban East Metro area, including all of Ramsey County and parts of Washington, Dakota, St. Croix and Pierce counties. The YMCA derives its revenues from participant fees, membership dues, government contracts and grants, contributions, and other sources.

Financial Statement Presentation

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

Unrestricted – Those resources over which the board of directors has discretionary control. The Board designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the YMCA or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the YMCA. The donors of these resources permit the YMCA to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

The YMCA has elected to treat all contributions in which the restrictions are met in the current year as unrestricted contributions.

Measure of Operations

In its statements of activity, the YMCA includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Non-operating activity consists primarily of gains and losses on disposal of property and equipment, realized and unrealized investment income, changes in the value of beneficiary trusts, net joint rental activity, conditional asset retirement expenses, unrestricted capital contributions and releases from restriction for capital purposes.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

The YMCA's financial instruments are cash and cash equivalents, accounts receivable, contributions receivable, marketable securities, interest in beneficiary trusts, due from property manager, accounts payable, notes payable and the deferred swap rate liability. The recorded values of cash and cash equivalents, accounts receivable, due from property manager, and accounts payable approximate their fair values based on their short-term nature. The fair value of contributions receivable, which is based on discounted cash flows using the rate deemed representative of the market and the risks at the time of gift, approximates the carrying value at December 31, 2009 and 2008. Fair values of marketable securities, interest in beneficiary trusts, and the deferred swap rate liability are based on quoted market prices as of December 31, 2009 and 2008. The fair value of the YMCA's notes payable is estimated based on the current rates offered to the YMCA for debt of similar terms and maturities. Under this method, the YMCA's fair value of long-term debt was \$430,532 less than and \$1,283,605 greater than the carrying value at December 31, 2009 and 2008, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash, money market accounts, and all highly liquid securities purchased with an original maturity of 90 days or less. At times the balance may exceed federally insured limits.

Accounts Receivable

The YMCA provides an allowance for bad debts using the allowance method. Services are sold on an unsecured basis. Payment is required upon receipt of the invoice. Accounts past due more than 90 days are individually analyzed for collectibility. Accounts for which no payments have been received for 90 days are written off. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. At December 31, 2009 and 2008, the allowance was approximately \$109,000 and \$105,000, respectively.

Contributions Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included as support until such time as the conditions are substantially met.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value on a recurring basis. The YMCA's investments are invested in a partnership with other nonprofits. The YMCA owns 2.646% of the partnership which is classified as a Level 3 asset. Fair value measurement of the underlying assets are based upon quoted prices. Investments valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Investments whose values are not part of active markets but are observable either directly or indirectly through comparison to similar assets or liabilities are considered Level 2 investments. Investments valued using Level 3 inputs include partnership interests, and alternative investments which are valued using inputs provided by the investment manager and evaluated by an independent reporting service on a monthly basis.

Interest in Beneficiary Trusts

The YMCA is benefactor of various trusts held by third parties. The assets are recorded as permanently restricted net assets at the present value of the estimated future cash receipts. The valuation of the YMCA's interests in the perpetual trusts is adjusted to fair market value at the statement of financial position date.

Inventories

Inventories consisting primarily of clothing, athletic gear and promotional items are valued at the lower of cost on a first-in, first-out basis, or market. Total inventories at December 31, 2009 and 2008 are \$53,591 and \$59,666, respectively.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair market value at date of donation in the case of donated property. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. Property and equipment is depreciated over the lives of the assets using the straight-line method.

Deferred Revenue

Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which the revenue is earned.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated supplies and equipment are reflected as contributions in the accompanying statements at their fair values at the date of receipt. Many volunteers and corporations have donated significant amounts of time and services to the YMCA's fund-raising campaigns, policy-making boards, and program operations. However, such contributed services do not meet the criteria for recognition of contributed services contained in accounting principles generally accepted in the United States of America and, accordingly, are not reflected in the accompanying financial statements.

Advertising Expenses

Advertising costs are expensed when incurred. Advertising costs were \$472,131 and \$322,280 for the years ended December 31, 2009 and 2008, respectively.

Functional Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated on the best estimates of management.

Tax Status

The YMCA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes. The YMCA is not considered a private foundation and contributions to the YMCA are considered tax deductible.

The YMCA follows guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes a recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The YMCA's tax returns are subject to review and examination by federal authorities. The tax returns for the years 2006 through 2009 are open to examination by federal authorities.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Contributions receivable result from both individuals and corporations. The vast majority of those contributions are located in the St. Paul/Minneapolis area and its surrounding suburbs, as well as those in which the YMCA has a camp presence.

The YMCA holds its investments in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the YMCA's investment holdings and the amounts reported on the statements of financial position.

Fair Value Measurements

The YMCA measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The YMCA adopted *The Fair Value Option for Financial Assets and Liabilities*, which allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The YMCA has not elected to measure any existing financial instruments at fair value. However, the YMCA may elect to measure newly acquired financial instruments at fair value in the future.

Fair Value Hierarchy

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The YMCA may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

Financial assets and liabilities recorded on the balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that The YMCA has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy (Continued)

Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets (for example, restricted stock).
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently).
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments, long-term promises to give, split-interest agreements, and long-term grants payable).

Uniform Prudent Management of Institutional Funds Act

During 2008, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the State of Minnesota. UPMIFA provides guidance on the classification of endowment fund net assets for states that have enacted versions of UPMIFA, and enhances disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted. The financial statements impact for implementation is detailed in Note 16.

Subsequent Event

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through June 7, 2010, the date the financial statements were available to be issued.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 2 CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as pledges receivable and revenue in the appropriate net asset category.

Unconditional promises to give at December 31, 2009 and 2008 are expected to be realized in the following years:

	<u>2009</u>	<u>2008</u>
Within One Year	\$ 1,494,692	\$ 2,664,230
In One to Five Years	<u>464,033</u>	<u>1,031,508</u>
	1,958,725	3,695,738
Less: Discounts (4.25% - 4.5%)	(30,504)	(68,791)
Less: Allowance for Uncollectible Contributions	<u>(412,717)</u>	<u>(272,835)</u>
Total	<u><u>\$ 1,515,504</u></u>	<u><u>\$ 3,354,112</u></u>

NOTE 3 NEW RICHMOND PROPERTY USAGE

During the year ended December 31, 2008, the YMCA leased both land and a building from the City of New Richmond under an agreement dated March 31, 2004. This agreement required that the YMCA, as the tenant, obtain a million dollar loan for improvements in the Aquatic Center and other building areas. Thereafter, the City fully assumed the loan and makes all payments to the bank during the ten years of the debt agreement including principal and interest. If the City determines that it is in their best interest to not make payments, the YMCA can purchase the Aquatic Center, Citizen's Field and parking lot for \$1.

The lease term was for 10 years with the YMCA's option to execute up to 15, 5-year renewals for the facility. The rent was \$1 per year. The property usage attributed to the entire building and land after improvements had an appraised market value of \$4.56 million and was recorded as a contribution when the agreement was signed. The use of the building was amortized over the estimated 50-year life of the building.

On December 31, 2008, the YMCA ceased operations in New Richmond and the City of New Richmond agreed to transfer the lease agreement to another organization. The assets related to this lease were disposed of as non-operating activity during the year ended December 31, 2008.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4 INVESTMENTS AND INVESTMENT INCOME

Investments and investment income consist of the following at and for the years ended December 31:

	2009	2008
Investments:		
Investment in Community Investment Group (CIG)	\$ 10,686,722	\$ 9,456,170
Investment Income:		
Interest and Dividends	\$ 17,189	\$ 40,499
Unrealized Gain	70,519	73,987
Realized Loss	(812)	(7,427)
Distribution from interest in CIG	655,992	672,000
Total Operating Investment Income	742,888	779,059
Unrealized Gain	-	65,848
Realized (Loss)	-	(71,725)
Unrealized Gain (Loss) - Investment in CIG	1,969,205	(3,967,238)
Realized (Loss) - Investment in CIG	(235,900)	-
Less CIG Operating Draw	(655,992)	(672,000)
Total Non-Operating Investment Income (Loss)	1,077,313	(4,645,115)
Total Investment Income (Loss)	\$ 1,820,201	\$ (3,866,056)

In January 2008, the investments were liquidated, and the funds were used to purchase a partnership interest in Community Investment Group, an investment fund managed by the St. Paul Foundation. Not included in the above return the YMCA incurred investment fees of \$68,264 and \$104,436 for the years ended December 31, 2009 and 2008, respectively.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2009	2008
Land and Improvements	\$ 4,666,604	\$ 4,666,604
Buildings and Improvements	79,152,380	76,524,166
Equipment	11,113,049	10,929,365
Construction in Progress	701,386	490,382
Total	95,633,419	92,610,517
Less: Accumulated Depreciation	40,213,361	38,313,222
Total Property and Equipment	\$ 55,420,058	\$ 54,297,295

Construction in progress consists of renovations and expansions at various branches and camps and will be placed into service as the projects are completed.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 6 NOTES PAYABLE

A summary of notes payable at December 31 is as follows:

<u>Description</u>	<u>2009</u>	<u>2008</u>
\$1,000,000 Equipment Line of Credit, interest variable at prime with 5% floor (5% at December 31, 2009), principal and interest due in monthly installments based on outstanding draws through June 2009, secured by vehicles and equipment. Was renewed in fiscal year 2009 and extended through February 1, 2013.	\$ 13,024	\$ 15,552
City of Minneapolis, Minnesota Revenue Note, interest fixed at 5.76%, principal and interest due in semi-annual installments of \$27,470 through May 22, 2013, secured by the Administrative Training Center.	171,920	215,083
City of Minneapolis, Minnesota Revenue Note, interest fixed at 4.412%, principal and interest due in semi-annual installments of \$43,665 through May 22, 2013, secured by the Administrative Training Center.	281,057	353,609
City of White Bear Lake, interest only (4.96% at December 31, 2009) payable quarterly through September 2011 with principal and interest due in monthly installments beginning December 2011 of \$143,439 through 2019. Secured by related property.	3,725,000	-
City of Hudson, Revenue Note, interest at 75% of prime rate adjusted annually (2.44 at December 31, 2008), due in monthly installments of \$5,099 through June 2009. (1)	-	32,750
City of Eagan, Minnesota Revenue Note, interest quarterly (0.37% at December 31, 2009) principal due in semi-annual installments of \$155,000 through May 30, 2012. Interest swap effective March 4, 2003 fixed interest at 3.09% payable quarterly and principal at \$155,000 payable semi-annually through July 1, 2010. Secured by a Letter of Credit issued May 30, 2002 subject to annual renewals.	930,000	1,240,000
City of Ely, Minnesota Revenue Note, interest only (.37% at December 31, 2009) payable quarterly through December 2012. Outstanding principal due December 2012, with option for principal prepayment. Secured by a Letter of Credit issued December 17, 2002 subject to annual renewal.	430,000	575,000
Effective, March 2003 City of Hudson, Wisconsin Revenue Note, interest at 5.05%, due in monthly installments of \$9,702 through September 2013, secured by building and equipment.	389,706	483,852

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 6 NOTES PAYABLE (CONTINUED)

<u>Description</u>	<u>2009</u>	<u>2008</u>
City of Woodbury, Minnesota Revenue Note, interest at 4.63%, payable monthly through January 1, 2021. Interest is reset at January 1, 2011 and January 1, 2016 at 75% of the current prime rate. Secured by building and equipment.	3,340,036	3,586,738
City of Woodbury, Minnesota Revenue Note, interest at .75% of the current prime rate (2.50% at December 31, 2009), payable monthly through January 1, 2011. Outstanding principal due January 1, 2011. Secured by building and equipment.	1,000,000	1,000,000
Housing and Redevelopment Authority of City of St. Paul, Commercial Development Revenue Note, interest at 5.80%, due in monthly installments of \$3,768 through September 2011. Note can be extended through June 21, 2021 with interest being reset at June 21, 2011 and June 21, 2016 at 1.5% above the LIBOR swap rate.	381,710	403,869
City of Lino Lakes, Revenue Note, interest at 4.63%, interest only through June 2007 then monthly principal and interest through January 2021. Interest is reset at June 28, 2011 and June 28, 2016 at 70% of the current prime rate. Secured by building.	3,014,922	3,210,112
City of Lino Lakes, Revenue Note, interest only at 70% of prime rate adjusted monthly (2.80% at December 31, 2008) payable monthly through June 1, 2009. Outstanding principal due June 1, 2009. Secured by building.	-	500,000
Housing and Redevelopment Authority City of Hastings, Commercial Development Revenue Note, interest at 4.575%, interest only through December 2007 then monthly principal and interest through December 2012.	1,655,519	2,167,962
Housing and Redevelopment Authority City of Hastings, Commercial Development Revenue Note, interest at 4.575%, interest only through December 2007 then monthly principal and interest through December 2022. Interest is reset at December 2012, and December 2017 at .125% above 60% of the current prime rate.	1,400,170	1,535,141
Total	<u>\$ 16,733,064</u>	<u>\$ 15,319,668</u>

(1) Borrowings are collateralized by related land, buildings, equipment and capital campaign contributions receivable.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 6 NOTES PAYABLE (CONTINUED)

Lines of Credit

The YMCA has a line of credit which allows for borrowings of up to \$1,000,000 and incurs interest at LIBOR plus 2.1% (2.33% at December 31, 2009). The line is secured by depository accounts at the bank and expires on July 31, 2010. As of December 31, 2009 and 2008, there were no outstanding borrowings under the line.

Loan Guarantees

Related to their participation in a joint rental activity with YMCA of Metropolitan Minneapolis, the YMCA of Greater Saint Paul and YMCA of Metropolitan Minneapolis entered into an agreement to cross guarantee each others portion of the City of Minneapolis Revenue Notes. No asset or liability is recorded for the guarantees in either party's financial statements. As of December 31, 2009 and 2008, the amount guaranteed by each party is \$452,978 and \$568,692, respectively.

Remarketing Agreement

The City of Eagan, Minnesota Revenue Note was issued by the City of Eagan on behalf of the YMCA. By definition, the note is a long-term note bearing an interest rate that is indexed based on the current short-term market rate. The variable rate is the lowest rate, which, in the judgment of the remarketing agent, would enable the note to be sold at par. The rate at December 31, 2009 was 0.37%. The note is secured through a \$952,926 letter of credit. The letter of credit expired in May 2010 and is expected to be extended in successive one-year terms thereafter. However, it is subject to nonrenewal with a 90-day advance written notice from the bank. The note is solely the responsibility of the YMCA. The note can be redeemed at the option of the note holders. The YMCA entered into an agreement which provides for the remarketing, to the extent possible, of the note in the event of redemption. In the event remarketing is unsuccessful, the letter of credit will be drawn upon to pay the trustee. The letter of credit requires repayment upon demand.

The City of Ely, Minnesota Revenue Note was issued by the City of Ely on behalf of the YMCA. By definition, the note is a long-term note bearing an interest rate that is indexed based on the current short-term market rate. The variable rate is the lowest rate, which, in the judgment of the remarketing agent, would enable the note to be sold at par providing the rate does not exceed 12%. The rate at December 31, 2009 was 0.37%. The note is secured through a \$439,993 letter of credit. The letter of credit expires in December 2010 and is expected to be extended in successive one-year terms thereafter. However, it is subject to nonrenewal with a 60-day advance written notice from the bank. The note is solely the responsibility of the YMCA. The note can be redeemed at the option of the note holders. The YMCA entered into an agreement which provides for the remarketing, to the extent possible, of the note in the event of redemption. In the event remarketing is unsuccessful, the letter of credit will be drawn upon to pay the trustee. The letter of credit requires repayment upon demand.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 6 NOTES PAYABLE (CONTINUED)

Interest Rate Swap Agreement

In conjunction with the City of Eagan bonds, the YMCA entered into an interest rate swap agreement with Wells Fargo (the Swap Provider) with the objective to minimize the risks associated with market rate fluctuations. The swap agreement is a cash flow hedge that is deemed to be 100% effective. Pursuant to the terms of the swap agreement (Interest Rate Swap), the YMCA pays the Swap Provider interest at a fixed rate, 3.09%. The Swap Provider will pay the YMCA interest at a variable rate equal to the Weighted Average Rate (the arithmetic mean of the Bond Market Association (BMA) Index in effect for each day in the calculation period). This Interest Rate Swap has the effect of converting the interest rate on the Bonds from a variable rate to a net fixed rate, or synthetic rate, of 3.09%. The swap agreement expires on July 1, 2010. As of December 31, 2009, the notional amount of the swap agreement was \$930,000. At December 31, 2009, the fair value of the swap agreement liability was \$12,942. At December 31, 2008, the fair value of the swap agreement liability was \$28,738.

Accounting for Certain Derivative Instruments and Certain Hedging Activities, establish accounting and reporting standards for derivative instruments and for hedging activities. This standards require that all derivatives, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair market value.

Maturities

A summary of aggregate annual future maturities of principal on notes payable as of December 31, 2009 is as follows:

<u>Year Ending December 31,</u>	<u>Scheduled Payment Amount</u>	<u>Contractual Payment Amount</u>
2010	\$ 1,822,180	\$ 2,727,180
2011	3,024,504	2,569,504
2012	2,377,240	1,927,240
2013	1,288,130	1,288,130
2014	1,195,776	1,195,776
Thereafter	7,025,234	7,025,234
Total	<u>\$ 16,733,064</u>	<u>\$ 16,733,064</u>

The contractual payment amount reflects the full value of YMCA's \$4.4 million revenue notes to the City of Eagan and City of Ely. The contractual payment arises from accounting standards that require debt obligations, which are subject to a remarketing agreement and secured by a letter of credit containing an annual renewal, be reflected as a current debt obligation.

The notes payable are subject to various financial and non-financial covenants.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 7 NET ASSETS

Unrestricted Board Designated Net Assets

Unrestricted contributions of \$22,152 and \$147,544 are board designated as part of the Endowment Fund as of December 31, 2009 and 2008, respectively.

Temporarily Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
Time Restricted:		
Y Partner Campaign	\$ 851,742	\$ 855,458
Purpose Restricted:		
Camp Widjiwagan Capital Campaign	24,049	24,049
Midway Capital Campaign	92,217	94,840
White Bear Capital Campaign	6,078	-
Camping Continuum	503,881	503,881
Camp St. Croix Capital Campaign	169,518	1,629,642
Camp du Nord Capital Campaign	13,085	967,950
Excess Endowment Earnings	1,431,187	1,068,826
Program Restricted	366,896	382,924
Total	<u>\$ 3,458,653</u>	<u>\$ 5,527,570</u>

Net assets released from restrictions were released for the following uses:

	<u>2009</u>	<u>2008</u>
Time	\$ 894,851	\$ 990,162
Capital Improvements	2,628,884	1,560,102
Spending Rate Release of Endowment Funds	376,703	384,914
Program	285,769	226,147
Total	<u>\$ 4,186,207</u>	<u>\$ 3,161,325</u>

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 7 NET ASSETS (CONTINUED)

Permanently Restricted Net Assets

Permanently restricted net assets are restricted for the following purposes as of December 31:

	<u>2009</u>	<u>2008</u>
Future Operations	\$ 1,584,214	\$ 1,579,427
Beneficiary Trust - Future Operations	1,439,975	1,290,147
Camp St. Croix	520,711	515,471
Camp du Nord	497,317	480,273
Camp Widjiwagan	2,105,858	2,070,642
Twin Cities YMCA Camps	4,500	4,500
East YMCA	24,967	24,967
East YMCA Wendall Anderson Youth Scholarships	269,777	269,527
Midway YMCA	111,087	108,176
Beneficiary Trust - Midway YMCA	29,761	25,057
Hastings YMCA	1,320	1,320
White Bear YMCA	4,643	4,393
Northwest YMCA	3,308	3,008
River Falls YMCA	4,210	4,210
St. Croix Valley YMCA	12,667	11,297
Southeast YMCA	8,486	8,486
Skyway YMCA	78,715	78,650
South YMCA	50,165	49,998
Southwest YMCA	17,283	17,283
Total	<u>\$ 6,768,964</u>	<u>\$ 6,546,832</u>

NOTE 8 DONOR ADVISED FUNDS

The St. Paul Foundation holds and administers a fund of donor advised contributions from an individual to the St. Paul Foundation for the benefit of the YMCA of Greater Saint Paul. The YMCA's agreement with the foundation requires that the principal be maintained in a separate advised fund with the income available for distribution to YMCA of Greater Saint Paul subject to the Foundation's Board of Trustees approval and subject to their "variance powers" to redirect such gifts and therefore the assets are not recorded by the YMCA until received.

The fund held assets as of December 31 are as follows:

	<u>2009</u>	<u>2008</u>
YMCA General Operating Support	<u>\$ 94,122</u>	<u>\$ 86,871</u>

Total contributions received from the St. Paul Foundation for the years ended December 31, 2009 and 2008 was approximately \$5,000 each year.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 8 DONOR ADVISED FUNDS (CONTINUED)

The Orange County Community YMCA also holds and administers a donor advised fund from an individual for the benefit of the YMCA of Greater Saint Paul. Total contributions received from the Orange County Community YMCA for the years ended December 31, 2009 and 2008 were \$25,000 and \$43,913, respectively. As of December 31, 2009 and 2008, the value of the trust assets was \$1,476,572 and \$1,222,379, respectively. The YMCA does not have "variance powers" over these funds and therefore the assets are not recorded by the YMCA until received.

NOTE 9 LEASES

Operating Leases

The YMCA leases various pieces of equipment and facilities under operating lease agreements which expire on various dates through December 2009 and thereafter. Rent expense for the years ended December 31, 2009 and 2008 totaled \$1,019,905 and \$1,177,650, respectively.

The future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 817,682
2011	561,696
2012	380,375
2013	151,128
2014	2,828
Thereafter	19
Total Future Lease Payments	<u>\$ 1,913,728</u>

Included in the above schedule are annual payments of \$143,000 for the joint rental activity with the YMCA of Metropolitan Minneapolis.

NOTE 10 RETIREMENT PLAN

The YMCA participates in a defined contribution, individual account, money purchase retirement plan, which is administered by the Young Men's Christian Association Retirement Fund (Retirement Fund) (a separate corporation). This plan is for the benefit of all eligible staff of the YMCA who qualify under applicable participation requirements.

In accordance with the agreement with the Retirement Fund, contributions required by the YMCA are a percentage of the participating employee's salary and must be remitted to the Retirement Fund monthly. Total YMCA contributions charged to retirement expense were \$1,312,437 and \$1,231,115 in 2009 and 2008, respectively.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 10 RETIREMENT PLAN (CONTINUED)

The Retirement Fund is operated as a church pension plan and is a not-for-profit, tax exempt New York state corporation (1922). Participation is available to all duly organized or reorganized YMCAs in the United States. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Long-Term Membership Agreement

The YMCA has an agreement that requires the YMCA to make available 595 memberships to owners/occupants of the Galtier Plaza project in downtown St. Paul for a term of 30 years, expiring in 2015. The total consideration paid by the developer of Galtier Plaza to the YMCA for providing the memberships was \$717,665.

There is an "after-ten-years escalator clause," which requires each condominium or office occupant receiving membership privileges between the years 1997 and 2015 to individually pay any increase in YMCA membership rates from the opening date of Galtier Plaza, November 21, 1985, for office occupants, and not later than November 1, 1989, for condominium occupants, to the date of membership payment.

Unemployment

The YMCA is self-funded for unemployment insurance. As former employees file unemployment claims, the YMCA makes payments to the State. During the years ended December 31, 2009 and 2008, the YMCA paid claims of \$200,903 and \$124,466, respectively.

Litigation and Insurance

The YMCA is involved in certain legal claims incidental to the normal course of its activities. As a result, the YMCA maintains liability insurance coverage. Although the ultimate outcome of these claims cannot be determined, management believes, based on their current assessment, that the final disposition of these claims will not have a material adverse effect on the financial position of the YMCA.

Program Services

An agreement with the City of White Bear Lake was signed on December 2, 2009 in which the City agrees to provide \$2,725,000 to renovate the facility in exchange for services to be provided to its residents over the five years beginning the day of the Grand Re-Opening of the White Bear Area YMCA. The revenue relating to this agreement will be treated as deferred revenue and recognized as services are provided.

Additionally, a rent agreement with White Bear Lake Area Schools was signed on October 12, 2009, in which the school district will pay \$163,000 annually for 10 years beginning in 2010 for use of the aquatics facility at the White Bear Area YMCA.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitment

In 2009 the YMCA entered into a contract for the renovation and expansion of the White Bear Area YMCA. The noncancelable portion of this contract totaled approximately \$5,520,000.

NOTE 12 YMCA OF METROPOLITAN MINNEAPOLIS

The YMCA of Greater Saint Paul and the YMCA of Metropolitan Minneapolis share services in the areas of human resources, marketing, communications/public relations, graphics, management information systems, purchasing, risk and insurance management. The YMCA of Greater Saint Paul and the YMCA of Metropolitan Minneapolis have also entered into a joint rental activity for the operation of the YMCA Administrative Training Center. At December 31, 2009 and 2008, \$143,383 and \$371,808, respectively, was receivable from the YMCA of Metropolitan Minneapolis and \$119,500 and \$323,351, respectively, was payable to the YMCA of Metropolitan Minneapolis.

NOTE 13 RELATED PARTY

The YMCA pays dues to YMCA of the USA. During the years ended December 31, 2009 and 2008, \$288,023 and \$276,730 was expensed for these dues, respectively.

NOTE 14 ASSET RETIREMENT OBLIGATION

The YMCA owns buildings that contain asbestos in various forms. At this time, the YMCA has no formal plans to renovate or demolish these buildings. Management estimated the cost of any potential obligation to remove asbestos. The YMCA used a future value rate assumption of 3.0% and discounted the estimate to present value using a risk-free rate of return of 4.5%. The potential environmental remediation liability is reported on the balance sheet as an asset retirement obligation included in other accrued expenses in the amount of \$216,811 and \$191,243 at December 31, 2009 and 2008, respectively.

**YMCA OF GREATER SAINT PAUL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 15 FAIR VALUE MEASUREMENTS

The YMCA uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the YMCA measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

Assets and Liabilities measured at Fair Value on a Recurring Basis as of December 31, 2009:

Assets	Level 1	Level 2	Level 3	Total
Certificate of Deposit	\$ -	\$ 101,659	\$ -	\$ 101,659
Investment in CIG	-	-	10,686,722	10,686,722
Interest in Beneficiary Trusts	-	-	1,469,736	1,469,736
Total Assets	<u>\$ -</u>	<u>\$ 101,659</u>	<u>\$ 12,156,458</u>	<u>\$ 12,258,117</u>
Deferred Swap Rate Liability	<u>\$ -</u>	<u>\$ 12,942</u>	<u>\$ -</u>	<u>\$ 12,942</u>

The partnership investment in CIG consists of fixed income securities, mutual funds, stocks, futures, private capital investments, real estate and absolute return investments.

Assets and Liabilities measured at Fair Value on a Recurring Basis as of December 31, 2008:

Assets	Level 1	Level 2	Level 3	Total
Certificate of Deposit	\$ -	\$ 101,659	\$ -	\$ 101,659
Investments	-	-	9,456,170	9,456,170
Interest in Beneficiary Trusts	-	-	1,315,204	1,315,204
Total Assets	<u>\$ -</u>	<u>\$ 101,659</u>	<u>\$ 10,771,374</u>	<u>\$ 10,873,033</u>
Deferred Swap Rate Liability	<u>\$ -</u>	<u>\$ 28,738</u>	<u>\$ -</u>	<u>\$ 28,738</u>

Level 3 Assets

Level 3 assets are valued based on the traded values of the underlying securities in the investment pool. The changes in value attributable to gains and losses of level 3 investments are reflected under investment income on the statement of activities.

The following table provides a summary of changes in fair value of the Association's Level 3 financial assets for the year ended December 31, 2009.

	Investments	Interest in Beneficial Trusts	Total
Balances as of January 1, 2009	\$ 9,456,170	\$ 1,315,204	\$ 10,771,374
Change in Value of Beneficial Trusts	-	154,532	154,532
Purchase of Investments	221,503	-	221,503
Proceeds from Sale of Investments	(724,256)	-	(724,256)
Realized Loss	(235,900)	-	(235,900)
Unrealized Gain	1,969,205	-	1,969,205
Balances as of December 31, 2009	<u>\$ 10,686,722</u>	<u>\$ 1,469,736</u>	<u>\$ 12,156,458</u>

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NOTE 15 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Assets (Continued)

The following table provides a summary of changes in fair value of the Association's Level 3 financial assets for the year ended December 31, 2008.

	Investments	Interest in Beneficial Trusts	Total
Balances as of January 1, 2008	\$ -	\$ 1,864,787	\$ 1,864,787
Change in Value of Beneficial Trusts	-	(549,583)	(549,583)
Purchase of Investments	14,116,136	-	14,116,136
Proceeds from Sale of Investments	(560,000)	-	(560,000)
Change in Value of Investments	(4,099,966)	-	(4,099,966)
Balances as of December 31, 2008	<u>\$ 9,456,170</u>	<u>\$ 1,315,204</u>	<u>\$ 10,771,374</u>

NOTE 16 ENDOWMENT

The YMCA's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of YMCA of Greater St. Paul has interpreted the Minnesota 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 fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the YMCA classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds, if any that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YMCA.

In accordance with UPMIFA, the YMCA 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 purposes of the YMCA 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 the appreciation of investments
- (6) Other resources of the YMCA
- (7) The investment policies of the YMCA.

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NOTE 16 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Endowment net asset composition by type and changes in endowment net assets for the years ended December 31 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total
Donor-Restricted Endowment Funds	\$ (593,575)	\$ 1,431,187	\$ 5,296,631	\$ 6,134,243
Board-Designated Endowment Funds	4,552,479	-	-	4,552,479
Total Funds	<u>\$ 3,958,904</u>	<u>\$ 1,431,187</u>	<u>\$ 5,296,631</u>	<u>\$ 10,686,722</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total
Donor-Restricted Endowment Funds	\$ (884,059)	\$ 1,068,826	\$ 5,229,031	\$ 5,413,798
Board-Designated Endowment Funds	4,042,372	-	-	4,042,372
Total Funds	<u>\$ 3,158,313</u>	<u>\$ 1,068,826</u>	<u>\$ 5,229,031</u>	<u>\$ 9,456,170</u>

The following is a summary of endowment funds subject to Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) for the years ended December 31:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total
Endowment Investments, January 1, 2009	\$ 3,158,313	\$ 1,068,826	\$ 5,229,031	\$ 9,456,170
Investment Income (Loss)	1,057,728	739,064	-	1,796,792
Contributions	22,152	-	67,600	89,752
Appropriations of Endowment Assets for Expenditure	<u>(279,289)</u>	<u>(376,703)</u>	<u>-</u>	<u>(655,992)</u>
Endowment Investments, December 31, 2009	<u>\$ 3,958,904</u>	<u>\$ 1,431,187</u>	<u>\$ 5,296,631</u>	<u>\$ 10,686,722</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total
Endowment Investments January 1, 2008	\$ 8,784,947	\$ -	\$ 5,112,728	\$ 13,897,675
Adoption of FSP 117-1 Endowments	(2,965,898)	2,965,898	-	-
Investment Income (Loss)	(2,517,847)	(1,512,158)	-	(4,030,005)
Contributions	144,197	-	116,303	260,500
Appropriations of Endowment Assets for Expenditure	<u>(287,086)</u>	<u>(384,914)</u>	<u>-</u>	<u>(672,000)</u>
Endowment Investments December 31, 2008	<u>\$ 3,158,313</u>	<u>\$ 1,068,826</u>	<u>\$ 5,229,031</u>	<u>\$ 9,456,170</u>

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NOTE 16 ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the YMCA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$593,576 and \$884,059 as of December 31, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred during 2009.

Investment Objectives and Strategies

The YMCA has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the Endowment Committee of the Board of Directors, the endowment assets are invested in a manner that is intended to maintain the purchasing power of the current assets and all future contributions, maximize return within reasonable and prudent levels of risk, and maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy.

To achieve these objectives, the YMCA follows an asset diversification plan, sets performance benchmarks for investments managers, and has established various asset quality and limitations thresholds. The YMCA expects its endowment funds, over time, to provide an absolute return equal to GNP Price Deflator plus 5-1/2% compounded annually. Actual returns in any given year may vary from this amount.

Spending Policy

The YMCA has a policy of appropriating for distribution each year no less than a fixed percent of the average quarterly value based on the prior 12 quarters. In establishing this policy, the YMCA considered the long-term expected return on its endowment. At no time will the distributions reduce the value of the endowment below donor contributions.