

**Eastern Carolina Young Men's Christian Association, Inc.  
d/b/a Twin Rivers YMCA**

**New Bern, North Carolina**

**FINANCIAL STATEMENTS**

December 31, 2017 and 2016

**Eastern Carolina Young Men's Christian Association, Inc.  
d/b/a Twin Rivers YMCA**

**New Bern, North Carolina**

**FINANCIAL STATEMENTS**  
December 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Eastern Carolina Young Men's Christian Association, Inc.  
d/b/a Twin Rivers YMCA  
New Bern, North Carolina

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Eastern Carolina Young Men's Christian Association, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Carolina Young Men's Christian Association, Inc. 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.

*Williams Scarborough Smith & Day, LLP*

New Bern, North Carolina  
May 17, 2018

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 863,445	\$ 949,670
Restricted cash	10,015	10,012
Pledges receivable, net	27,224	28,631
Total current assets	900,684	988,313
Investments, at fair value	2,157	2,157
Property, plant, and equipment, net	3,597,238	3,598,908
Total assets	\$ 4,500,079	\$ 4,589,378
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 10,365	\$ 39,574
Accrued expenses	71	71
Deferred revenue	17,815	21,255
Current portion of capital leases	16,410	15,641
Current portion of notes payable	75,000	-
Total current liabilities	119,661	76,541
Long term capital leases, less current portion	1,758	20,637
Long term notes payable, less current portion	-	125,000
Total liabilities	121,419	222,178
Net assets		
Unrestricted		
Undesignated	3,785,188	3,734,144
Board-designated	581,300	620,888
Total unrestricted	4,366,488	4,355,032
Temporarily restricted	2,172	2,169
Permanently restricted	10,000	10,000
Total net assets	4,378,660	4,367,201
Total liabilities and net assets	\$ 4,500,079	\$ 4,589,379

See accompanying notes to the financial statements.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
STATEMENTS OF ACTIVITIES  
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities				
Public support				
Contributions	\$ 275,324	\$ -	\$ -	\$ 275,324
Foundation grants	116,194	-	-	116,194
Special events, net	23,952	-	-	23,952
Gain (loss) on sale of property	<u>(6,228)</u>	<u>-</u>	<u>-</u>	<u>(6,228)</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support	<u>409,242</u>	<u>-</u>	<u>-</u>	<u>409,242</u>
Revenue				
Membership fees, net	1,462,349	-	-	1,462,349
Program fees, net	840,053	-	-	840,053
Interest and dividends	1,062	3	-	1,065
Total revenue	<u>2,303,464</u>	<u>3</u>	<u>-</u>	<u>2,303,467</u>
Total public support and revenue	<u>2,712,706</u>	<u>3</u>	<u>-</u>	<u>2,712,709</u>
Expenses				
Program services				
Youth development	1,152,327	-	-	1,152,327
Healthy living	1,158,625	-	-	1,158,625
Social responsibility	87,604	-	-	87,604
Total program services	<u>2,398,556</u>	<u>-</u>	<u>-</u>	<u>2,398,556</u>
Support services				
Management and general	270,543	-	-	270,543
Fundraising	32,151	-	-	32,151
Total support services	<u>302,694</u>	<u>-</u>	<u>-</u>	<u>302,694</u>
Total expenses	<u>2,701,250</u>	<u>-</u>	<u>-</u>	<u>2,701,250</u>
Changes in net assets	11,456	3	-	11,459
Net assets at beginning of year	<u>4,355,032</u>	<u>2,169</u>	<u>10,000</u>	<u>4,367,201</u>
Net assets at end of year	<u>\$ 4,366,488</u>	<u>\$ 2,172</u>	<u>\$ 10,000</u>	<u>\$ 4,378,660</u>

See accompanying notes to the financial statements.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
STATEMENTS OF ACTIVITIES  
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities				
Public support				
Contributions	\$ 241,391	\$ -	\$ -	\$ 241,391
Special events, net	22,253	-	-	22,253
Gain (loss) on sale of property	(6,092)	-	-	(6,092)
Total public support	<u>257,552</u>	<u>-</u>	<u>-</u>	<u>257,552</u>
Revenue				
Membership fees, net	1,487,199	-	-	1,487,199
Program fees, net	789,224	-	-	789,224
Interest and dividends	1,267	3	-	1,270
Total revenue	<u>2,277,690</u>	<u>3</u>	<u>-</u>	<u>2,277,693</u>
Total public support and revenue	<u>2,535,242</u>	<u>3</u>	<u>-</u>	<u>2,535,245</u>
Expenses				
Program services				
Youth development	1,099,339	-	-	1,099,339
Healthy living	1,108,863	-	-	1,108,863
Social responsibility	79,021	-	-	79,021
Total program services	<u>2,287,223</u>	<u>-</u>	<u>-</u>	<u>2,287,223</u>
Support services				
Management and general	258,507	-	-	258,507
Fundraising	30,195	-	-	30,195
Total support services	<u>288,702</u>	<u>-</u>	<u>-</u>	<u>288,702</u>
Total expenses	<u>2,575,925</u>	<u>-</u>	<u>-</u>	<u>2,575,925</u>
Changes in net assets	(40,683)	3	-	(40,680)
Net assets at beginning of year	<u>4,395,715</u>	<u>2,166</u>	<u>10,000</u>	<u>4,407,881</u>
Net assets at end of year	<u>\$ 4,355,032</u>	<u>\$ 2,169</u>	<u>\$ 10,000</u>	<u>\$ 4,367,201</u>

See accompanying notes to the financial statements.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
STATEMENTS OF CASH FLOWS  
Year Ended December 31, 2017 and 2016

	2017	2016
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 11,459	\$ (40,680)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	209,293	213,873
(Gain) loss on sale of property, plant and equipment	6,228	6,092
Change in operating assets and liabilities		
Pledges receivable	1,407	22,359
Accounts payable and accrued expenses	(29,209)	31,442
Deferred revenue	(3,440)	432
Net cash from operating activities	195,738	233,518
 <b>Cash flows from investing activities</b>		
Purchase of investments	(3)	(6)
Purchases of property, plant and equipment	(213,850)	(118,727)
Net cash from investing activities	(213,853)	(118,733)
 <b>Cash flows from financing activities</b>		
Principal payments of loans	(68,110)	(64,908)
Net cash from financing activities	(68,110)	(64,908)
 <b>Net change in cash</b>	(86,225)	49,877
Cash and cash equivalents, beginning of year	949,670	899,793
 <b>Cash and cash equivalents, end of year</b>	\$ 863,445	\$ 949,670
 <b>Supplemental cash flow information</b>		
Cash paid during the period for interest	\$ 1,788	\$ 6,123

See accompanying notes to the financial statements.



New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
STATEMENT OF FUNCTIONAL EXPENSE  
Year Ended December 31, 2017

	Program Services				Support Services			Total
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fundraising	Total	
<b>Personnel costs</b>								
Salaries and wages	\$ 563,145	\$ 625,717	\$ 62,572	\$ 1,251,434	\$ 85,817	\$ 24,519	\$ 110,337	\$ 1,361,770
Employee benefits	69,365	77,072	7,707	154,144	10,570	3,020	13,590	167,734
Payroll taxes	42,905	47,672	4,767	95,344	6,538	1,868	8,406	103,750
Total personnel costs	<u>675,415</u>	<u>750,461</u>	<u>75,046</u>	<u>1,500,923</u>	<u>102,925</u>	<u>29,407</u>	<u>132,332</u>	<u>1,633,254</u>
<b>Non-personnel costs</b>								
Business insurance	37,156	37,156	1,517	75,829	10,340	-	10,340	86,169
Business-related travel costs	17,205	9,264	-	26,469	-	-	-	26,469
Conferences and meetings	4,360	8,096	-	12,456	-	-	-	12,456
Depreciation and amortization	90,415	97,949	-	188,364	20,929	-	20,929	209,293
Equipment - expendable or rented	-	-	-	-	63,547	-	63,547	63,547
Financing costs	-	1,788	-	1,788	-	-	-	1,788
Miscellaneous	41,543	41,543	-	83,087	11,651	-	11,651	94,738
Occupancy	162,760	133,167	-	295,927	15,575	-	15,575	311,502
Postage and shipping	688	618	98	1,404	648	108	756	2,160
Printing, publications and promotions	16,794	15,080	2,399	34,273	15,818	2,636	18,454	52,727
Purchased, contract or donated services	2,409	2,409	-	4,818	9,782	-	9,782	14,600
Supplies	102,533	59,811	8,544	170,888	18,073	-	18,073	188,961
Telecommunications	1,049	1,282	-	2,331	1,255	-	1,255	3,586
Total non-personnel costs	<u>476,912</u>	<u>408,164</u>	<u>12,558</u>	<u>897,634</u>	<u>167,618</u>	<u>2,744</u>	<u>170,362</u>	<u>1,067,996</u>
<b>Total expenses</b>	<u>\$ 1,152,327</u>	<u>\$ 1,158,625</u>	<u>\$ 87,604</u>	<u>\$ 2,398,556</u>	<u>\$ 270,543</u>	<u>\$ 32,151</u>	<u>\$ 302,694</u>	<u>\$ 2,701,250</u>

See accompanying notes to the financial statements.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
STATEMENT OF FUNCTIONAL EXPENSE  
Year Ended December 31, 2016

	Program Services				Support Services			Total
	Youth Development	Healthy Living	Social Responsibility	Total	Management and General	Fundraising	Total	
<b>Personnel costs</b>								
Salaries and wages	\$ 521,873	\$ 579,859	\$ 57,986	\$ 1,159,718	\$ 83,115	\$ 23,747	\$ 106,862	\$ 1,266,580
Employee benefits	64,930	72,144	7,214	144,288	10,341	2,955	13,296	157,584
Payroll taxes	38,851	43,168	4,317	86,336	6,188	1,768	7,956	94,292
Total personnel costs	<u>625,654</u>	<u>695,171</u>	<u>69,517</u>	<u>1,390,343</u>	<u>99,644</u>	<u>28,470</u>	<u>128,114</u>	<u>1,518,456</u>
<b>Non-personnel costs</b>								
Business insurance	36,573	36,573	1,493	74,639	10,178	-	10,178	84,817
Business-related travel costs	23,682	12,752	-	36,434	-	-	-	36,434
Conferences and meetings	4,177	7,758	-	11,935	-	-	-	11,935
Depreciation and amortization	92,393	100,093	-	192,486	21,387	-	21,387	213,873
Equipment - expendable or rented	-	-	-	-	59,107	-	59,107	59,107
Financing costs	-	6,098	-	6,098	25	-	25	6,123
Miscellaneous	41,434	41,434	-	82,868	10,181	-	10,181	93,049
Occupancy	183,422	150,072	-	333,494	17,552	-	17,552	351,046
Postage and shipping	888	797	127	1,812	836	139	975	2,787
Printing, publications and promotions	10,104	9,073	1,443	20,620	9,517	1,586	11,103	31,723
Purchased, contract or donated services	2,671	2,671	-	5,342	10,844	-	10,844	16,186
Supplies	77,291	45,086	6,441	128,818	17,978	-	17,978	146,796
Telecommunications	1,051	1,285	-	2,336	1,258	-	1,258	3,594
Total non-personnel costs	<u>473,686</u>	<u>413,692</u>	<u>9,504</u>	<u>896,882</u>	<u>158,863</u>	<u>1,725</u>	<u>160,588</u>	<u>1,057,470</u>
<b>Total expenses</b>	<u>\$ 1,099,340</u>	<u>\$ 1,108,863</u>	<u>\$ 79,021</u>	<u>\$ 2,287,223</u>	<u>\$ 258,507</u>	<u>\$ 30,195</u>	<u>\$ 288,703</u>	<u>\$ 2,575,926</u>

See accompanying notes to the financial statements.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2017

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**NOTE 1 – NATURE OF OPERATIONS**

Description of Organization: Eastern Carolina Young Men's Christian Association, Inc. d/b/a Twin Rivers YMCA (YMCA) mission is to advance our cause of strengthening community through youth development, healthy living and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

Program Activities:

Youth Development – Our YMCA is committed to nurturing the potential of every child and teen. We believe that all kids deserve the opportunity to discover who they are and what they can achieve. That is why we help young people cultivate the values, skills and relationships that lead to positive behaviors, better health and educational achievement. Our YMCA programs, such as school age child care, summer camp and preschool education, offer a range of experiences that enrich cognitive, social, physical and emotional growth.

Healthy Living – The YMCA is a leading voice on health and well-being. We bring families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in our community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as our nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment.

Social Responsibility – Our YMCA believes in giving back and supporting our neighbors. We have been listening and responding to our community's most critical social needs. YMCA programs, such as volunteer service programs and CPR & First Aid training, are examples of how we deliver training, resources and support that empower our neighbors to effect change, bridge gaps and overcome obstacles. We engage YMCA members, participants and volunteers in activities that strengthen our community and pave the way for future generations to thrive.

As part of our mission our programs are accessible, affordable and open to all faiths, backgrounds, abilities and income levels. We provide financial assistance to people who otherwise may not have been able to afford to participate.

Basis of Accounting: The financial statements of the YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2017

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation: The YMCA records resources for accounting and reporting purposes into three net asset categories: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions.

*Unrestricted* – Net assets not subject to donor-imposed restrictions. Such net assets are available for any purpose consistent with the YMCA’s mission.

*Temporarily Restricted* – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the YMCA and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as releases from restriction. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to unrestricted support.

*Permanently Restricted* – Net assets subject to donor-imposed restriction requiring they be maintained permanently by the YMCA. Such net assets are normally restricted to long-term investment, with income earned and appreciation available for specific or general YMCA purposes.

Operating Activities: Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investment such as contributions for endowment and facilities and equipment, investment returns in excess of amounts designated for current operations, and changes in the fair value of the interest rate swap.

Accounting 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 disclosures of contingent matters at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue recognition: Membership dues and program fees are recognized as revenue ratably over the period of membership or the duration of the program.

Contributions and Pledges: The YMCA records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. The YMCA recognizes conditional promises to give when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

Contributed Services: The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills and (d) would typically need to be purchased if not contributed. The YMCA did not receive any contributed services for the years ended December 31, 2017 and 2016, respectively.

The YMCA receives services from a large number of volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

Functional Allocation of Expenses: Expenses are charged directly to program, management or fundraising in general categories based on specific identification. Indirect expenses have been allocated based on full time equivalent expenses and facility square footage usages.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2017

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Advertising: The YMCA expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2017 and 2016, were approximately \$50,634 and \$26,607, respectively.

Income Taxes: The YMCA has received a favorable determination letter from the Internal Revenue Service stating that it are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense, however, there is no interest or penalties recognized in the statements of activities. The tax years after 2014 are still open to audit for both federal and state purposes.

Cash and Cash Equivalents: The YMCA considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash allocated to the investment portfolio as part of the YMCA's investment strategy is reported as investments.

Concentration of Credit Risk: The YMCA maintains cash balances at certain financial institutions in excess of the insurance limits provided by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in such accounts. The YMCA monitors the financial stability of financial institutions regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts. At December 31, 2017 and 2016, the Organization's uninsured cash balances totaled \$58,234 and \$99,957 respectively.

Pledges Receivable: Pledges receivable represent unconditional promises to give made by donors. These donors specified that payments on these pledges be used for construction of the outdoor aquatics facility or debt service on the mortgage which, in part, financed the construction of the aquatics facility. These receivables are valued using the present value of estimated cash future cash flows using the applicable federal rate in effect at the time the pledge was made, either short-term or mid-term depending on how many years are included in the future payment period. Amortization of the discount is recognized as public support revenue.

Investments: Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value.

Property, Plant, and Equipment: Investment in property, plant, and equipment is stated at cost less accumulated depreciation or at fair value if donated. Buildings and building improvements are depreciated using the straight-line method over 10 to 35 years based upon useful lives. Equipment and furniture and vehicles are depreciated using the straight-line method over 3 to 10 years. Only major replacements and improvements with a cost in excess of \$1,000 are capitalized and included in investment in property, plant, and equipment. Depreciation expense for the year's ending December 31, 2017 and 2016 was \$209,293 and \$213,873 respectively.

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2017

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Impairment of Long-lived Assets: The carrying value of the YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. The YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value.

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 they apply.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2017, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2017. Management has performed their analysis through May 17, 2018, the date the financial statements were available to be issued.

In May 2018, The Y entered into a client agreement with Armstrong McGuire to conduct a feasibility study to test the local community's commitment to the potential for the opening of an additional location in Onslow County.

**NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the YMCA's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires the YMCA to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the YMCA has the ability to access as of the measurement date. All investments currently held by the Y are considered to be level 1
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The Y currently has no level 2 assets.
- Level 3: Significant unobservable inputs that reflect the YMCA's own assumptions about the assumptions that market participants would use in pricing an asset or liability. The Y currently has no level 3 assets

New Bern – Craven County YMCA, Inc.  
d/b/a Twin Rivers YMCA  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2017

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**NOTE 4 – PLEDGES RECEIVABLE**

Pledges receivable represent amounts due from donors for multiyear unconditional pledges. Pledges receivable are shown net of a discount on future collections. Payments on the pledges are expected to be received as follows:

Amounts due in:	2017
Less than one year	\$ 27,224

**NOTE 5 – PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment at December 31, 2017 and 2016, were as follows:

	2017	2016
Land and land improvements	\$ 213,910	\$ 213,910
Buildings	3,490,452	3,525,061
Outdoor aquatics facility	2,904,865	2,743,983
Furniture and fixtures	140,081	188,579
Vehicles	9,350	11,450
Equipment	691,299	672,138
Total investment in property and equipment	7,449,957	7,355,121
Less accumulated depreciation	3,852,719	3,756,213
Net property and equipment	\$ 3,597,238	\$ 3,598,908

**NOTE 6 – NOTES PAYABLE**

Notes payable as of December 31, 2017 and 2016 are as follows:

Note payable

	2017	2016
Note payable to bank, monthly installments of interest only at the bank's prime rate less 0.50% (2.75% at December 31, 2015), due in single payment at maturity on June 18, 2018, collateralized by land and buildings.	\$ 75,000	\$ 125,000

Capital leases

Capital lease obligation, due March 2019, payable in monthly installments of \$1,420, 5% interest, collateralized by equipment.

18,168	36,278
\$ 93,168	\$ 161,278

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**NOTE 6 – NOTES PAYABLE (Continued)**

Aggregate maturities of long –term debt at December 31, 2017 are as follows:

Year Ending December 31,

2018		\$ 91,410
2019		1,758
		\$ 93,168

**NOTE 7 – BOARD DESIGNATED NET ASSETS**

Board designated net assets as of December 31, 2017 and 2016, consisted of the following:

	2017	2016
Maintenance Reserve	\$ 481,897	\$ 521,683
Board Reserve	99,403	99,205
	\$ 581,300	\$ 620,888

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2017 and 2016, consisted of the following:

	2017	2016
Temporarily restricted net assets:		
Restricted for		
Programs		
Social Responsibility	\$ 2,172	\$ 2,169
Total temporarily restricted net assets	\$ 2,172	\$ 2,169

**NOTE 9 – SPECIAL EVENTS**

As part of its fundraising efforts, the YMCA holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

	2017	2016
Special event revenue	\$ 53,361	\$ 46,240
Special event direct expenses	29,409	23,987
Special event revenue, net	\$ 23,952	\$ 22,253



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**NOTE 10 – FINANCIAL ASSISTANCE PROVIDED**

The YMCA provide financial assistance, through contributions and other fundraising, to help defray the costs of membership and program and other fees for individuals with need. Membership dues and program fees are recorded net of such assistance in the accompanying statements of activities. Such amounts were as follows for the years ended December 31:

	2017	2016
Gross membership fees	\$ 1,584,929	\$ 1,631,511
Less financial assistance provided	122,580	144,312
Membership fees, net	\$ 1,462,349	\$ 1,487,199
Gross program service fees	\$ 1,025,886	\$ 940,330
Less financial assistance provided	185,833	151,106
Program service fees, net	\$ 840,053	\$ 789,224

**NOTE 11 – DEFINED CONTRIBUTION PLANS**

The YMCA participates in the YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and The YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both Plans are sponsored by The Young Men’s Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs through-out the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and their eligible employees. As a defined contribution plan, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded benefit obligations.

In accordance with our agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage of the participating employees’ salary. These amounts are paid by the YMCA. Total contributions charged to retirement costs aggregated \$75,645 and \$63,944 for the years ended December 31, 2017 and 2016, respectively, of which \$-0- and \$-0- was unpaid at December 31, 2017 and 2016, respectively.

Contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees’ salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution to this plan.

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**NOTE 12– RELATED PARTIES**

The YMCA pays dues to YMCA of the USA. Dues paid to YMCA of the U.S.A. for the year ended December 31, 2017 and 2016, were \$44,412 and \$51,621, respectively.

**NOTE 13 – LEASE COMMITMENTS**

Leased Equipment: YMCA entered in to an operating lease covering copy and printing equipment. Future minimum lease obligations under operating leases as of December 31, 2017, are as follows:

2018	\$	4,808
2019		4,808
2020		2,004
		\$ 11,620

Capital Leases: The YMCA has entered into various capital lease agreements for locker room equipment and improvements. The outstanding balance of these capital lease obligations at December 31, 2017 and 2016, was \$18,168 and \$36,278, respectively. Future minimum payments required under these agreements are as follows:

2018		17,044
2019		1,792
		18,836
Less amount representing interest		668
Present value of net minimum lease payments	\$	18,168

The following is a summary of property held under capital leases:

Equipment	\$	85,442
Depreciation		(8,010)
Net equipment held under capital lease	\$	77,432

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

In the normal course of business, various legal actions and claims are pending or may be instituted or asserted in the future against the YMCA. Management believes the YMCA does not have any significant claims or other litigation which the ultimate resolution would have a material financial impact.

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**NOTE 15 – ENDOWMENT FUNDS**

The YMCA’s endowment consists of a variety of individual funds established for various purposes and includes both donor-restricted endowment funds and funds that have been designated by the Board of Trustees to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of North Carolina has passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Trustees of the YMCA has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, YMCA classifies as permanently restricted net assets (a) the original value of 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 instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA. 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 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 the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor - restricted	\$ -	\$ 15	\$ 10,000	\$ 10,015
	\$ -	\$ 15	\$ 10,000	\$ 10,015