

Kishwaukee Family YMCA

Dekalb, Illinois

Financial Report

December 31, 2018

Kishwaukee Family YMCA

Year Ended December 31, 2018

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Independent Auditor's Report

To the Board of Directors
Kishwaukee Family YMCA
DeKalb, Illinois

We have audited the accompanying financial statements of Kishwaukee Family YMCA (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kishwaukee Family YMCA as of December 31, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Association adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities-Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The ASU has been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Wipfli LLP

Rockford, Illinois
May 3, 2019

Kishwaukee Family YMCA

Statements of Financial Position December 31, 2018 and 2017

	2018	2017
Assets		
Cash on hand	\$ 400	\$ 400
Cash in bank - checking	149,198	201,480
Cash in bank - campaign	22,003	4,503
Cash in money market	113,956	121,492
Cash in certificate of deposit	150,000	-
Investments - DCCF	33,986	34,223
Pledges receivable	31,040	53,098
Accounts receivable - operations	20,159	17,106
Total current assets	520,742	432,302
Property and Equipment - Net	5,386,166	5,612,372
Total assets	\$ 5,906,908	\$ 6,044,674
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 43,936	\$ 50,919
Member overpayments	6,124	6,140
Accrued expenses payable	89,088	94,737
Deferred revenue	77,207	81,455
Capital lease obligations	41,475	75,844
Mortgage payable	94,865	91,146
Total current liabilities	352,695	400,241
Long-term liabilities:		
Capital lease obligations, less current maturities	14,489	78,341
Long-term debt, less current maturities	1,850,777	1,945,849
Total liabilities	2,217,961	2,424,431
Net Assets:		
Without donor restrictions	3,654,444	3,603,240
With donor restrictions	34,503	17,003
Total net assets	3,688,947	3,620,243
Total liabilities and net assets	\$ 5,906,908	\$ 6,044,674

Kishwaukee Family YMCA

Statements of Activities

For the years ended December 31, 2018 and 2017

	2018	2017
Net Assets Without Donor Restrictions		
Revenue, gains, and other support		
Contributions	\$ 308,720	\$ 341,424
United Way allotments	6,500	6,668
Regular Membership	2,122,506	2,107,865
Program fees	1,154,563	1,116,248
Service fees	45,466	52,288
Sales to public, net	(2,972)	(3,757)
Gain (loss) on sale of assets	-	(1,082)
Total revenue, gains, and other support	3,634,783	3,619,654
Net assets released from donor restriction	2,500	18,892
Total revenues, gains, other support and net assets released from restrictions	3,637,283	3,638,546
Expenses		
Program services	2,760,551	2,750,891
Support services - management and general	617,904	596,299
Support services - fundraising	145,511	118,473
Total program and Support services	3,523,966	3,465,663
Fair Share		
Fair share to YMCA of USA	62,113	64,334
Total fair share	62,113	64,334
Total expenses	3,586,079	3,529,997
Change in Net Assets Without Donor Restrictions	51,204	108,549
Net Assets with Donor Restrictions		
Capital contributions	20,000	259
Net assets released from restrictions	(2,500)	(18,892)
Change in Net Assets With Donor Restrictions	17,500	(18,633)
Total Change in Net Assets	68,704	89,916
Net Assets, Beginning of Year	3,620,243	3,530,327
Net Assets End of Year	\$ 3,688,947	\$ 3,620,243

See Accompanying Notes to Financial Statements

Kishwaukee Family YMCA

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ 68,704	\$ 89,916
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	399,908	394,180
Net (increase) decrease in current assets other than cash	19,242	33,322
Net increase (decrease) in current liabilities other than bank loans	(16,896)	(102,285)
Loss (gain) on sale of fixed assets	-	1,082
Net cash provided by operating activities	470,958	416,215
Cash Flows From Investing Activities		
Purchase of property and equipment	(173,702)	(225,278)
Net cash (used in) investing activities	(173,702)	(225,278)
Cash Flows From Financing Activities		
Borrowings from capital lease	-	50,000
Principal payments on capital lease	(98,221)	(66,885)
Net borrowings from long-term bank loans	(91,353)	(87,772)
Net cash (used in) financing activities	(189,574)	(104,657)
Net Increase (Decrease) in Cash and Cash Equivalents	107,682	86,280
Cash and Cash Equivalents - beginning of year	327,875	241,595
Cash and Cash Equivalents - end of year	\$ 435,557	\$ 327,875

Supplemental cash flow disclosures:

Cash paid for interest	\$ 81,221	\$ 96,417
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A capital lease obligation of \$50,000 was incurred when the Association entered into a lease for equipment and improvements in 2017.

Kishwaukee Family YMCA

Statement of Functional Expenses

For the year ended December 31, 2018

	Program Services	Management and General	Fundraising	Total Expense
Other program expenses	\$ 232,219	\$ -	\$ -	\$ 232,219
Salaries	1,407,431	292,765	68,875	1,769,071
Payroll taxes	109,760	22,831	5,371	137,962
Workers compensation insurance	26,160	4,616	-	30,776
Health insurance	67,860	14,116	3,321	85,297
Fundraising expenses	-	-	67,483	67,483
Retirement	48,314	7,670	-	55,984
Other employee expenses	30,407	4,827	-	35,234
Utilities	192,024	30,484	-	222,508
Janitorial services	21,024	3,337	-	24,361
Maintenance contract	36,772	5,838	-	42,610
Maintenance repairs	40,458	6,423	-	46,881
Supplies	63,868	6,626	-	70,494
Postage	3,238	514	-	3,752
Dues and subscriptions	-	5,040	-	5,040
Contract services	-	55,145	-	55,145
Conference and training	9,428	1,961	461	11,850
Bank charges	-	31,914	-	31,914
Insurance	25,931	4,117	-	30,048
Interest	70,094	11,127	-	81,221
Office equipment lease	11,315	1,796	-	13,111
Printing and promotion	16,928	2,687	-	19,615
Telephone	7,398	1,175	-	8,573
Software support	-	42,909	-	42,909
Total expense before depreciation	2,420,629	557,918	145,511	3,124,058
Depreciation	339,922	59,986	-	399,908
Total functional expenses	\$ 2,760,551	\$ 617,904	\$ 145,511	\$ 3,523,966

Kishwaukee Family YMCA

Statement of Functional Expenses

For the year ended December 31, 2017

	Program Services	Management and General	Fundraising	Total Expense
Program contracts	\$ 2,211	\$ -	\$ -	\$ 2,211
Other program expenses	264,538	-	-	264,538
Salaries	1,390,654	289,276	68,054	1,747,984
Payroll taxes	103,267	21,481	5,054	129,802
Workers compensation insurance	28,517	5,032	-	33,549
Health insurance	60,354	12,555	2,954	75,863
Fundraising expenses	-	-	42,046	42,046
Retirement	50,563	8,027	-	58,590
Other employee expenses	15,633	2,482	-	18,115
Utilities	192,864	30,617	-	223,481
Janitorial services	21,416	3,400	-	24,816
Maintenance contract	32,992	5,237	-	38,229
Maintenance repairs	38,763	6,153	-	44,916
Supplies	43,657	4,529	-	48,186
Postage	3,735	593	-	4,328
Dues and subscriptions	-	5,420	-	5,420
Contract services	-	46,154	-	46,154
Conference and training	7,455	1,551	365	9,371
Bank charges	-	31,294	-	31,294
Insurance	21,853	3,469	-	25,322
Bad debt expense	24,695	-	-	24,695
Interest	83,208	13,209	-	96,417
Office equipment lease	12,170	1,932	-	14,102
Printing and promotion	11,369	1,805	-	13,174
Telephone	5,924	941	-	6,865
Software support	-	42,015	-	42,015
Total expense before depreciation	2,415,838	537,172	118,473	3,071,483
Depreciation	335,053	59,127	-	394,180
Total functional expenses	\$ 2,750,891	\$ 596,299	\$ 118,473	\$ 3,465,663

Kishwaukee Family YMCA

Notes to Financial Statements

Note 1 Significant Accounting Policies

Nature of Activities

The Kishwaukee Family YMCA (Association) is a nonprofit corporation organized under the laws of the State of Illinois for the purpose of providing health and welfare facilities, programs, and services. The Association is a member of the national YMCA of which it pays dues annually to support the operations of this National Council. The Association primarily serves residents of Dekalb County, Illinois. The mission is to promote Christian principles by enriching the spirit, mind and body of all those in our community, especially families and children, regardless of ability to pay. The Kishwaukee Family YMCA builds Strong Kids, Strong Families and Strong Communities. The Association's programs focus on four core values-caring, honesty, respect, and responsibility. It serves men, women, and children of all ages, abilities, incomes, races, and religions. It provides financial assistance to those who need it. It identifies needs within the community and responds to them so that the entire community benefits from its efforts. The majority of its funding comes from membership and program fees, contributions, and endowments.

Fund Accounting

The accounts of the Association are organized on the basis of funds, each of which is considered a separate entity. The Operating Funds are used to record normal operating revenues and disbursements and for various special purposes. The Capital Campaign Funds are used to track contributions relating to facility equipment and grounds improvements.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Donated Services

Standards state that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. For the years ending December 31, 2018 and 2017, there were no donations meeting the above criteria.

The Association receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Association includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with a maturity of three months or less as cash and cash equivalents.

Kishwaukee Family YMCA

Notes to Financial Statements

Note 1 Significant Accounting Policies (Continued)

Investments

Investments are stated at the year end market value. Unrealized gain or loss on the year end aggregate market value of the investments is reflected in the current year's activity. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Pledges Receivable

Pledges made to the Association are recorded as receivables in the year the pledge was made. Pledges and other promises to give whose eventual uses are restricted by the donor are recorded as increases in temporarily restricted net assets. Unrestricted pledges to be collected in future periods are also recorded as an increase in temporarily restricted net assets and reclassified to unrestricted net assets when received.

Pledges to give are reported in the statement of financial position net of unamortized discounts and an allowance for uncollectible pledges. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate that approximates the rate of government securities. Amortization of the discount is recorded as an increase or decrease in contribution revenue. An allowance for uncollectible accounts is determined by management based on past collection history. There was no allowance for uncollectible accounts as of December 31, 2018 and 2017.

Accounts Receivable

Accounts receivable are generally uncollateralized client obligations net of allowances for uncollectible accounts. Management individually reviews all past due accounts receivables and estimates the portion, if any, of the balance that will not be collected. Management believes all accounts receivables currently shown to be collectible.

Income Taxes

The Association, as a nonprofit charitable organization, is exempt from federal income taxes under Internal Revenue Code Section (501)(c)(3).

The Association accounts for income taxes in accordance with Financial Accounting Standards Board *Accounting for Uncertainty Income Taxes*. The standard provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements and requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The Association had determined there are no amounts to record as assets or liabilities related to uncertain tax positions. The federal forms (Form 990) remain open for examination by taxing authorities through their statutory periods.

Kishwaukee Family YMCA

Notes to Financial Statements

Note 1 Significant Accounting Policies (Continued)

Net Assets

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

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be net by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Revenue

Deferred revenue represents program fees which have been received, but for which the prescribed services have not yet been completed. These fees will be recognized in income when these services are provided.

Revenue Recognition

Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions are recorded as with donor restrictions or without donor restriction, depending on donor intent. Membership revenue and program fees are recognized evenly over the period of membership and the programs.

Kishwaukee Family YMCA

Notes to Financial Statements

Note 1 Significant Accounting Policies (Continued)

Change in Accounting Policies

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-profit Entities. This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective January 1, 2018.

Pending Accounting Pronouncements

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic organizations for annual periods beginning after December 15, 2018. Management is evaluating what impact this new standard will have on its financial statements.

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

In 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU No. 2018-08 will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in ASU No. 2018-08 are effective for annual financial statements issued for the fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in ASU No. 2018-08 is permitted. The Association has not elected to early implement the amendments.

Subsequent Events

The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 3, 2019, which is the date the financial statements were available to be issued.

Kishwaukee Family YMCA

Notes to Financial Statements

Note 2 Liquidity and Availability of Financial Assets

The YMCA monitors its liquidity so that it is able to meet its operating needs and other grant commitments while maximizing the investment of its excess operating cash. The YMCA has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$150,255	\$185,021
Accounts receivable - operations	<u>20,159</u>	<u>17,106</u>
Total	<u>\$170,414</u>	<u>\$202,127</u>

The YMCA meets general expenditures over the year by collecting sufficient revenues from membership, programs and donations. The statement of cash flows identifies the sources and uses of the YMCA's cash and shows positive cash generated by operations of \$470,958 and \$416,215 for fiscal years ending December 31, 2018 and 2017, respectively.

Note 3 Changes in Fixed Assets

A summary of changes in fixed assets follows:

	<u>December 31,</u> <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31,</u> <u>2018</u>
Land	\$ 61,654	\$ -	\$ -	\$ 61,654
Buildings and improvements	9,986,084	99,843	-	10,085,927
Equipment	<u>1,064,485</u>	<u>73,859</u>	-	<u>1,138,344</u>
Total	11,112,223	173,702	-	11,285,925
Less accumulated depreciation and amortization	<u>5,499,851</u>	<u>399,908</u>	-	<u>5,899,759</u>
Total	<u>\$ 5,612,372</u>	<u>\$ (226,206)</u>	<u>\$ -</u>	<u>\$ 5,386,166</u>

Improvements and equipment over \$2,000 are capitalized at cost. Purchases under \$2,000 are expensed as maintenance and repair. Donated assets are capitalized at fair market value as of the date received. Depreciation and amortization is provided over the estimated useful lives of the assets on the straight-line method. Buildings and improvements are depreciated over 15 - 40 years, equipment is depreciated over 3 - 10 years, and leasehold improvements are amortized over 20 years.

Depreciation expense for December 31, 2018 and 2017 was \$399,908 and \$394,180, respectively.

Kishwaukee Family YMCA

Notes to Financial Statements

Note 4 Pledges

Pledges receivable consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Less than one year	\$31,040	\$28,098
One to five years	<u>-</u>	<u>25,000</u>
Pledges receivable	<u>\$31,040</u>	<u>\$53,098</u>

Note 5 Notes Payable

On May 2, 2013, the Association obtained a loan from National Bank and Trust Company of Sycamore, Illinois in the amount of \$2,357,000. The note matures on August 2, 2027 with an interest rate of 3.95% until August 2, 2020, at which time it will adjust. Monthly payments of \$14,265.52, including interest, began September 2, 2013. The balance due as of December 31, 2017 was \$2,036,995. The balance due as of December 31, 2018 was \$1,945,642.

During 2011, the Association obtained a \$200,000 Line of Credit from National Bank and Trust Company of Sycamore, Illinois. The Line of Credit matured September 10, 2018 with an interest rate of 4.25%. The Line of Credit was renewed on that date and matures on September 10, 2019. The balance due as of December 31, 2018 and 2017 was \$0.

Estimated annual principal payments for each of the next five years are:

2019	\$ 94,865
2020	98,527
2021	102,753
2022	106,945
2023	111,307
Thereafter	<u>1,431,245</u>
Total	<u>\$1,945,642</u>

Kishwaukee Family YMCA

Notes to Financial Statements

Note 6 Leases

Capital Leases

The Association has capital lease agreements with an imputed interest rate ranging from 3.78% to 5.297%. Monthly payments of principal and interest range from \$625 to \$5,104 with a balloon payment of \$25,000 scheduled in 2019 funded by a contribution. The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The net capitalized cost of the leased property at December 31, 2018 and 2017 was \$114,293 and \$157,967, respectively. Assets are amortized over their estimated productive lives, for leases that transfer ownership or contain bargain purchase clauses. Amortization expense on capital leases is included in depreciation expense. Accumulated amortization was \$163,091 and \$103,064 as of December 31, 2018 and 2017, respectively.

Operating Leases

The Association leases various office and fitness equipment. These leases are accounted for as operating leases. Rent expense on the operating leases was \$13,111 and \$14,102 for the years ended December 31, 2018 and 2017, respectively.

The following is a schedule of future minimum lease payments under all leases with an initial term in excess of one year at December 31, 2018:

	<u>Capital Leases</u>	<u>Operating Leases</u>
2019	\$ 41,475	\$6,970
2020	9,100	6,970
2021	7,500	6,970
2022	-	6,970
2023	<u>-</u>	<u>5,809</u>
Total future minimum lease payments	<u>\$58,075</u>	<u>\$33,690</u>
Less – Amount representing interest	<u>(2,111)</u>	
Present value of future minimum lease payments	55,964	
Less – current portion	<u>(41,475)</u>	
Long-term capital lease obligation	<u>\$ 14,489</u>	

Kishwaukee Family YMCA

Notes to Financial Statements

Note 7 Fees to National Office

In accordance with the affiliation agreement between the Association and its National Office, \$62,113 and \$64,334 from the General Operating funds was remitted to the National Office for support of national research and other activities during 2018 and 2017, respectively.

Note 8 Pension Plan

The Association is a participant in the YMCA Retirement Fund. The Fund provides defined contribution, money purchase pension plans and serves YMCA Associations only. Each employee who has worked over 1,000 hours during the year, has been employed for two full years, and is 21 years of age or older is required to participate by contributing a minimum of 5% of their wages to the plan. The Association is required to contribute 7% of each qualified employee's wages. Normal retirement is at age 60 with early retirement at age 55 with five years of service.

For the years ending December 31, 2017, the Association contributed \$58,590 to the plan on wages of \$837,000. For the year ending December 31, 2018, the Association contributed \$55,984 to the plan on wages of \$799,771.

Note 9 Concentration of Credit Risk

At various times during the year ended December 31, 2018, the bank balances exceeded FDIC insurance.

Note 10 Investments

The investments of the YMCA are handled by the Investment Advisors of the Dekalb County Community Foundation (DCCF). The YMCA funds are accounted for separately on the books of the DCCF and have an annual review of their records. YMCA funds are invested along with other entities that are part of DCCF. The Association's investments are presented in the financial statements in the aggregate at their fair market value as determined by the recognized exchanges. The following were the investment balances as of December 31:

	<u>2018</u>	
	<u>Cost</u>	<u>Market Value</u>
Investments	<u>\$33,986</u>	<u>\$33,986</u>
	<u>2017</u>	
	<u>Cost</u>	<u>Market Value</u>
Investments	<u>\$34,223</u>	<u>\$34,223</u>

Kishwaukee Family YMCA

Notes to Financial Statements

Note 11 Fair Value

Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under *Fair Value Measurements* are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs to the valuation methodology include; quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

Money market funds are valued at the net asset value (NAV) of shares held by the Association at year end.

The following table presents the Association’s approximate fair value hierarchy for the assets measured at fair value on a recurring basis at December 31:

<u>Description</u>	<u>2018</u>			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets measured at fair value on a recurring basis:				
Money market funds	<u>\$33,986</u>	<u>\$33,986</u>	<u>\$ -</u>	<u>\$ -</u>

Kishwaukee Family YMCA

Notes to Financial Statements

Note 11 Fair Value (Continued)

<u>Description</u>	<u>2017</u>			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets measured at fair value on a recurring basis:				
Money market funds	<u>\$34,223</u>	<u>\$34,223</u>	<u>\$ -</u>	<u>\$ -</u>

Note 12 Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Scholarship fund	\$5,000	\$ 5,000
Day care center	20,000	-
Subject to the passage of time:		
	2,003	4,503
Not subject to spending policy or appropriation:		
Initial contribution of the Dekalb County Community Foundation into the charitable fund	<u>7,500</u>	<u>7,500</u>
Net assets with donor restrictions	<u>\$34,503</u>	<u>\$17,003</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31:

	<u>2018</u>	<u>2017</u>
Expirations of time restrictions	<u>\$2,500</u>	<u>\$18,892</u>
Net assets released from donor restrictions	<u>\$2,500</u>	<u>\$18,892</u>