

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF**  
**GRAND FORKS**  
**GRAND FORKS, NORTH DAKOTA**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2016**

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**GRAND FORKS, NORTH DAKOTA**  
**DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
 Young Men's Christian Association of Grand Forks  
 Grand Forks, North Dakota**

We have audited the accompanying financial statements of Young Men's Christian Association of Grand Forks (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### *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 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 qualified audit opinion.

### *Basis for Qualified Opinion*

As explained in Note 1 to the financial statements, the Association does not record receivables for membership, program and child care revenue, nor does it record deferred revenue for any unearned revenue. Accounting principles generally accepted in the United States of America require that such revenues be recorded in the period earned rather than when collected. The effects on the accompanying financial statements of this departure have not been determined.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Young Men's Christian Association of Grand Forks as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Miller McDonald, Inc.*

June 7, 2017  
Bemidji, Minnesota

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	\$ 365,182
Restricted Cash in Bank	76,480
Revenue Sharing Receivables	5,049
Unconditional Promises to Give - current portion	161,360
Inventory	2,658
Prepaid Expenses	12,285
<b>Total Current Assets</b>	<b>623,014</b>
<b><u>Investments</u></b>	<b>308,360</b>
<b><u>Long-term Unconditional Promises to Give, net of current portion</u></b> and allowance for uncollectible pledges, \$17,497	<b>1,159,125</b>
<b><u>Fixed Assets</u></b>	
Property and Equipment, net of accumulated depreciation of \$4,119,737	<b>3,274,056</b>
<b><u>Total Assets</u></b>	<b>\$ 5,364,555</b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>	
Accrued Payroll Taxes and Benefits	\$ 16,484
Accounts Payable	21,000
Interest Payable	4,536
Wages Payable	36,376
Long-Term Debt - current portion	84,000
<b>Total Current Liabilities</b>	<b>162,396</b>
<b><u>Non-Current Liabilities</u></b>	
Long-Term Debt, net of current portion and unamortized loan costs	<b>1,244,037</b>
<b>Total Liabilities</b>	<b>1,406,433</b>
<b><u>Net Assets</u></b>	
Unrestricted	2,474,469
Temporarily Restricted	1,483,653
<b>Total Net Assets</b>	<b>3,958,122</b>
<b><u>Total Liabilities and Net Assets</u></b>	<b>\$ 5,364,555</b>

See Accompanying Notes to Financial Statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b><u>REVENUES AND OTHER SUPPORT</u></b>			
<b>Support:</b>			
Direct Public	\$ 139,041	\$ 106,445	\$ 245,486
Indirect Public	16,300	-	16,300
Donated Facilities	222,275	-	222,275
Special Events	22,685	-	22,685
Total Support	<u>400,301</u>	<u>106,445</u>	<u>506,746</u>
<b>Revenues:</b>			
Membership	1,123,489	-	1,123,489
Program	1,238,269	-	1,238,269
Food Service	547	-	547
Facility and Equipment Rental	425	-	425
Interest	240	-	240
Investment Income	8,423	-	8,423
Merchandise	2,822	-	2,822
Miscellaneous	10,225	-	10,225
Net Realized and Unrealized Investment Gains (Losses)	8,669	-	8,669
Net Assets Released from Restrictions	53,071	(53,071)	-
Total Revenues	<u>2,446,180</u>	<u>(53,071)</u>	<u>2,393,109</u>
<b><u>Total Revenues and Other Support</u></b>	<u>2,846,481</u>	<u>53,374</u>	<u>2,899,855</u>
<b><u>EXPENSES</u></b>			
Program Activities	1,582,049	-	1,582,049
Fundraising	17,796	-	17,796
Building Operations	636,776	-	636,776
General and Administrative	615,066	-	615,066
<b><u>Total Expenses</u></b>	<u>2,851,687</u>	<u>-</u>	<u>2,851,687</u>
<b><u>CHANGE IN NET ASSETS</u></b>	<u>(5,206)</u>	<u>53,374</u>	<u>48,168</u>
<b><u>NET ASSETS, Beginning of Year, as restated</u></b>	<u>2,479,675</u>	<u>1,430,279</u>	<u>3,909,954</u>
<b><u>NET ASSETS, End of Year</u></b>	<u>\$ 2,474,469</u>	<u>\$ 1,483,653</u>	<u>\$ 3,958,122</u>

See Accompanying Notes to Financial Statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 48,168
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and Amortization Expense	178,866
(Gain) Loss on Investments	(8,669)
Investment Income Reinvested	(8,423)
Changes in Assets and Liabilities:	
Revenue Sharing Receivables	4,629
Unconditional Promises to Give	(421)
Inventory	(2,131)
Accounts Payable	(814)
Accrued Payroll Taxes and Benefits	3,662
Accrued Wages	10,036
Accrued Interest	(1,452)
<b><u>Net Cash Provided by (Used in) Operating Activities</u></b>	<b><u>223,451</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Property and Equipment	(15,000)
Received on Promise to Give	41,037
Transfers from Investments	19,702
Change in Restricted Cash	2,063
<b><u>Net Cash Provided by (Used in) Investing Activities</u></b>	<b><u>47,802</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on Long-Term Debt	(135,909)
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**NET INCREASE IN CASH AND CASH EQUIVALENTS** 135,344

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 229,838

**CASH AND CASH EQUIVALENTS, END OF YEAR** **\$ 365,182**

**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash Paid During the Year for Interest **\$ 61,410**

See Accompanying Notes to Financial Statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Activities					Total Program Activities
	Sports	Health & Wellness	Youth Development	Childcare	Group Fitness	
Salaries	\$ 28,035	\$ 57,575	\$ 135,549	\$ 637,131	\$ 91,032	\$ 949,322
Payroll Taxes	4,052	5,966	11,433	57,016	7,026	85,493
Employee Benefits	8,350	263	16,425	61,473	18,690	105,201
Occupancy	37,275	-	-	185,000	-	222,275
Telephone	-	-	-	-	-	-
Supplies	19,193	6,193	9,838	114,976	10,499	160,699
Equipment and Supplies	-	3,735	655	1,708	42	6,140
Printing and Publications	1,185	618	1,030	106	268	3,207
Postage and Shipping	-	-	-	-	-	-
Conference and Meetings	412	532	813	366	2,766	4,889
Travel	501	-	171	-	1,765	2,437
Professional Fees	-	-	-	-	-	-
License and Permits	-	-	-	-	-	-
Miscellaneous Expenses	175	6,215	-	6,532	880	13,802
Membership Dues	89	75	-	25	-	189
Interest Expense	-	-	-	-	-	-
National Support	968	1,159	1,634	23,770	864	28,395
Insurance - Directors and Officers	-	-	-	-	-	-
Provision for Uncollectable Pledges	-	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
	<u>\$ 100,235</u>	<u>\$ 82,331</u>	<u>\$ 177,548</u>	<u>\$ 1,088,103</u>	<u>\$ 133,832</u>	<u>\$ 1,582,049</u>



<u>General and Administrative</u>	<u>Building Operations</u>	<u>Fundraising</u>	<u>Total</u>
\$ 261,154	\$ 140,432	\$ 8,246	\$ 1,359,154
23,424	12,068	631	121,616
65,938	27,617	577	199,333
1,031	186,493	-	409,799
20,968	-	-	20,968
69,693	36,436	8,342	275,170
9,626	55,371	-	71,137
22,029	-	-	25,236
6,875	-	-	6,875
1,307	-	-	6,196
647	133	-	3,217
40,803	-	-	40,803
-	82	-	82
10,065	600	-	24,467
2,848	-	-	3,037
59,958	-	-	59,958
18,384	-	-	46,779
3,526	-	-	3,526
(4,532)	-	-	(4,532)
1,322	177,544	-	178,866
<u>\$ 615,066</u>	<u>\$ 636,776</u>	<u>\$ 17,796</u>	<u>\$ 2,851,687</u>

See Accompanying Notes to Financial Statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The Young Men's Christian Association of Grand Forks (Association) financial statements are prepared based on accounting principles generally accepted in the United States of America except for membership, program and child care revenues. The Association records membership, program and child care revenue when received, rather than when earned.

**Promises to Give** - Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Association uses the allowance method to determine uncollectible promises receivable. The allowance is based on past experience and management's analysis of specific promises made.

**Inventory** - Inventory is stated at cost, using the first in, first-out method.

**Property and Equipment** - Property and equipment are carried at cost. The building is being depreciated over a forty-year period using the straight-line and accelerated methods and furniture, fixtures, and equipment are being depreciated over five- to ten-year periods using the straight-line and accelerated methods.

The Association reports all property and equipment acquired through donations as unrestricted support in the absence of donor-imposed restrictions. The Association's policy is to capitalize items that exceed \$500 in cost. The donated item is capitalized at its estimated fair market value on the date it is received.

**Income Taxes** - The Association is exempt from income taxes as provided under Section 501(c)(3) of the Internal Revenue Code. Activities which are not directly related to its tax exempt purpose are subject to income tax. The Association has been classified by the Internal Revenue Service as an organization other than a private foundation.

Generally, the Association's income tax returns (Form 990) are subject to examination by the Internal Revenue Service for three years after the due date of the returns.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Association maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts.

**Donated Facilities** - Donated facilities are recorded in the statement of activities of the Association for different buildings used rent-free by the Association. The facilities estimated fair market values are computed at the rate of \$20 per hour of use for each program.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**Investments** - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

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

**Net Assets** - All financial transactions have been recorded and reported as unrestricted, temporarily restricted or permanently restricted net assets:

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Young Men's Christian Association of Grand Forks.

Temporarily restricted net assets represent those amounts that are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Permanently restricted net assets result from contributions from donors who place restrictions on the use of the funds that mandate that the original principal be invested in perpetuity. This original principal is reported as a permanently restricted net asset, the income from which may be permanently or temporarily restricted or unrestricted, depending on the donor's specifications. The Association currently does not have any permanently restricted assets.

**Subsequent Events** - The Association has evaluated subsequent events through June 7, 2017, the date which the financial statements were available to be issued.

#### **NOTE 2 – NATURE OF BUSINESS**

The Young Men's Christian Association of Grand Forks is essentially a membership association of men, women and children of all ages, abilities, incomes, races and religions. It is dedicated to building healthy bodies, minds, and spirits of individuals and families. It puts Judeo Christian principles into practice through programs that promote good health, strong families, youth leadership, community development, and international understanding. This Association serves the greater Grand Forks, North Dakota area.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 – PROMISES TO GIVE**

Unconditional promises to give consist of the following:

Restricted to Facility Renovation	\$ 1,854,549
Less: Unamortized Discount	516,567
Net Unconditional Promises to Give	<u>\$ 1,337,982</u>

Amounts Due in:

Less than one year	\$ 161,360
One to five years	466,938
Greater than five years	1,226,251
	<u>\$ 1,854,549</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 4.00%, based on the date of the recognition of the promises.

**NOTE 4 – INVESTMENTS**

Investments are held in a trust account with Alerus Financial. Details regarding the investments as of December 31, 2016, are as follows:

	Cost	Market Value	Unrealized Gain (Loss)
Money Market Funds	\$ 6,890	\$ 6,890	\$ -
Common Trust Fund Bonds	141,174	143,724	2,550
Common Trust Fund Stocks	106,351	122,560	16,209
Common Trust Fund International	33,433	35,186	1,753
	<u>\$ 287,848</u>	<u>\$ 308,360</u>	<u>\$ 20,512</u>

The use of these funds has been designated by the Association's board to allow 5% of the market value of the assets at the beginning of the year to be available for use in the current year. In addition, a special allocation may be made based upon cash flow needs of the Association.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 5 – FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2016 are presented in the following table based on the levels of the fair value hierarchy under FASB ASC 820.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Similar Assets (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalent	\$ 6,890	\$ 6,890	\$ -	\$ -
Common Trust Funds	301,470	-	301,470	-
	<u>\$ 308,360</u>	<u>\$ 6,890</u>	<u>\$ 301,470</u>	<u>\$ -</u>

Investments in common trust funds are valued based on the net asset value per share as determined by Alerus Financial. The following table discloses the fair value and redemption frequency for those assets whose fair value is estimated using the net asset value per share as of December 31, 2016.

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Common Trust Fund A (a)	\$ 143,724	\$ -	semi-monthly	5 days
Common Trust Fund B (b)	122,560	-	semi-monthly	5 days
Common Trust Fund International (c)	35,186	-	semi-monthly	5 days
	<u>\$ 301,470</u>	<u>\$ -</u>		

- (a) This fund invests in common stock, convertible securities, and mutual funds which are diversified by industry and risk with an investment strategy to provide stable, long-term growth in the unit value.
- (b) This fund invests in quality fixed income securities including convertible bonds or preferred stock and mutual funds that consist of similar securities with an investment strategy to provide current income and total return. Investments are primarily domestic, but may include foreign instruments.
- (c) This fund invests in common stock, convertible securities, American depository receipts and mutual funds of countries other than the United States that are diversified, by industry and risk, with an investment strategy to provide stable, long-term growth in the unit value.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 6 – PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31, 2016, is as follows:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 353,578	\$ -	\$ 353,578
Parking Lot	67,764	67,764	-
Building	6,116,302	3,271,238	2,845,064
Furniture, Fixtures and Equipment	385,259	379,700	5,559
Aerobic Equipment	403,142	333,287	69,855
Vehicles	67,748	67,748	-
	<u>\$ 7,393,793</u>	<u>\$ 4,119,737</u>	<u>\$ 3,274,056</u>

**NOTE 7 – SHORT-TERM AND LONG-TERM INDEBTEDNESS**

Details relative to the Association's short-term and long-term indebtedness as of December 31, 2016 is as follows:

<u>Long-Term Notes</u>	<u>Collateral</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>Total</u>
Bond Payable	Pledges	3.91%	06/01/31	\$ 84,000	\$ 1,347,211

The aggregate amount of future principal payments on long-term debt at December 31, 2016, is as follows:

Years Ending December 31,	
2017	\$ 84,000
2018	125,000
2019	125,000
2020	125,000
2021	125,000
Thereafter	763,211
Total	<u>1,347,211</u>
Less unamortized debt issuance costs	<u>19,174</u>
Long-Term debt less unamortized debt issuance costs	<u>\$ 1,328,037</u>

The bond payable is backed by the pledges receivable directly to the Association and those representing its 22% share of total pledges made to the joint fundraising campaign. Interest is due on the outstanding principal of the bond monthly with an annual principal payment due each June 1. The principal amount is the greater of \$84,000 or the amount of cash on hand from the designated pledges for the years 2012 through 2017. Thereafter the minimum amount increases to \$125,000. The future payments schedule above assumes the payments will be \$84,000 and \$125,000 for each respective year.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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In 2016, the Association adopted new authoritative GAAP guidance for the presentation of debt issuance costs and related amortization. Debt issuance costs are now reported on the statement of financial position as a direct deduction from the face amount of debt. Previously, such costs were shown as a deferred charge, and 2015 amounts have been reclassified as deductions from debt. Accordingly, total 2015 assets have been retroactively reduced by the same amount.

The Association continues to reflect amortization of debt issuance costs as interest expense, in accordance with the new guidance.

This change had no effect on previously-reported net assets or change in net assets.

Line of Credit –The Association has a line of credit agreement with a bank for \$80,000, expiring August 17, 2017. There were no borrowings against the line at December 31, 2016. The line bears a variable interest rate, 2.2% above the Wall Street Journal U.S. Prime Rate, with a floor of 5.45%. The line of credit is unsecured.

**NOTE 8 – PENSION PLAN**

The National YMCA Organization has established a retirement fund organized and operated for the purpose of providing retirement annuities and other benefits for employees. Of the YMCA's throughout the United States, the Young Men's Christian Association of Grand Forks is a participant in the National Plan. The plan covers substantially all full-time employees who have obtained the age of 21 and one year of service. The Young Men's Christian Association of Grand Forks has contributed \$62,025 to this fund on behalf of their employees for the year ended December 31, 2016. The National Organization calculates contributions based on the salaries of eligible participants.

**NOTE 9 – DONATED FACILITIES**

The Young Men's Christian Association of Grand Forks receives the use of several buildings rent-free from the Grand Forks Public School District in support of various programs. The Association has estimated the approximate fair value of the rent to be \$222,275 for the year ended December 31, 2016. This amount has been included in support and expenses in the statement of activities.

**NOTE 10 – ADVERTISING COSTS**

The Association uses advertising to promote its program among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2016 was \$22,029. Included in the cost is \$11,561 in advertising exchanged for memberships. Membership revenue and advertising expense were recognized at fair value of the advertising.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF GRAND FORKS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 11 – COMMITMENTS**

The Association has partnered with Choice Wellness Center run by the Grand Forks Park District to offer joint memberships. Individuals can sign up at either the YMCA or Choice Wellness Center and have full use of either facility. Membership revenue from new members is split between the YMCA and Choice Wellness Center.

In addition, the Grand Forks Park District and the Association launched a joint fundraising effort in 2010 to raise funds to build the new wellness center for the Park District and to renovate the YMCA facility. The promises to give reflected in Note 3 to these financial statements reflects direct pledges to the YMCA as well as the amount of pledges allocated to the YMCA (generally 22%) of pledges and grants received by the Grand Forks Park District Foundation as of the report date. As pledges are collected, the Park District Foundation will remit the YMCA's share on a monthly basis. The funds raised from the campaign are restricted for use in renovating the YMCA facility or paying off any debt incurred for such renovation.

Restricted cash in bank consists of the amount of pledges collected as of December 31, 2016. Pledges collected are restricted to being used to make payments on the bonds payable.

**NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2016 were available for the following purposes:

<b>Time and Purpose Restriction</b>	
Pledges receivable for debt	\$ 1,320,485
<b>Purpose Restriction</b>	
Playground equipment	141,862
Parkinson wellness	18,931
Other	<u>2,375</u>
	<u><u>\$ 1,483,653</u></u>

**NOTE 13 – RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

The Association has pledges receivable related to the repayment of debt associated with the renovation of the facility. The net value of the pledges receivable at December 31, 2015, \$1,361,101, was reclassified from unrestricted net assets to temporarily restricted net assets. Temporarily restricted net assets at December 31, 2015 increased from \$69,178 to \$1,430,279. Unrestricted net assets decreased from \$3,840,776 to \$2,479,675. Total net assets was not affected.