

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF METROPOLITAN MILWAUKEE, INC.  
Milwaukee, Wisconsin**

**CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Young Men's Christian Association  
of Metropolitan Milwaukee, Inc.  
Milwaukee, Wisconsin

We have audited the accompanying consolidated financial statements of Young Men's Christian Association of Metropolitan Milwaukee, Inc., which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Young Men's Christian Association of Metropolitan Milwaukee, Inc. as of December 31, 2014, 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.

**Going Concern**

The accompanying consolidated financial statements have been prepared assuming the Organization will continue as a going concern. As discussed in Note 16 to the consolidated financial statements, on June 4, 2014, the Organization filed a voluntary petition for reorganization under Chapter 11 of the Federal Bankruptcy Code and was authorized to continue managing and operating the business as the debtor in possession subject to control and supervision of the Bankruptcy Court. The Organization was also in default on certain covenants of its loan agreements at December 31, 2014 and its lender/creditors were involved in the Organization's bankruptcy reorganization plan. On January 30, 2015, the Organization emerged from bankruptcy as its reorganization plan was accepted by the Bankruptcy Court. Those conditions raise substantial doubt about the Organization's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

**Other Matter**

The 2013 financial statements of Young Men's Christian Association of Metropolitan Milwaukee, Inc. were audited by other auditors whose report dated February 6, 2015, expressed an unmodified opinion on those statements.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Milwaukee, Wisconsin  
September 29, 2015

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2014**

**ASSETS**

Cash and cash equivalents	\$ 13,037,168
Investments	7,408,895
Accounts receivable, net	492,251
Grants receivable	288,135
Pledges receivable, net	116,851
Prepaid expenses	101,286
Property and equipment, net	23,482,400
Other assets	<u>917,056</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 45,844,042</u></b>

**LIABILITIES**

Line of credit	\$ 3,000,000
Accounts payable:	
Pre-petition bankruptcy	1,794,273
Post petition bankruptcy	1,822,142
Accrued liabilities	1,838,393
Deferred revenue	479,330
Other liabilities	1,776,958
Capital lease obligations	228,734
Bonds and note payable	<u>24,205,000</u>
Total liabilities	<u>35,144,830</u>

**NET ASSETS**

Unrestricted	1,087,292
Temporarily restricted	5,034,383
Permanently restricted	<u>4,577,537</u>
Total net assets	<u>10,699,212</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 45,844,042</u></b>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>				
Contributions	\$ 981,094	\$ 343,878	\$ 3,448	\$ 1,328,420
Government and private grants	205,314	-	-	205,314
United Way	276,791	276,791	-	553,582
Membership and program fees	25,763,315	-	-	25,763,315
Department of public instruction	2,341,815	-	-	2,341,815
Services and sales	617,643	-	-	617,643
Net investment income appropriated	297,473	-	-	297,473
Other	530,851	60,870	-	591,721
Satisfaction of restrictions	995,554	(995,554)	-	-
Total revenue, gains, and public support	<u>32,009,850</u>	<u>(314,015)</u>	<u>3,448</u>	<u>31,699,283</u>
<b>EXPENSES</b>				
Program	31,840,563	-	-	31,840,563
Management and general	4,681,655	-	-	4,681,655
Fundraising	953,369	-	-	953,369
Total expenses	<u>37,475,587</u>	<u>-</u>	<u>-</u>	<u>37,475,587</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<u>(5,465,737)</u>	<u>(314,015)</u>	<u>3,448</u>	<u>(5,776,304)</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Net investment income restricted	-	124,165	-	124,165
Change in cash surrender value of life insurance	-	-	10,264	10,264
Net loss on disposal of capital assets	(359,454)	-	-	(359,454)
Gain on interest swap agreements	1,628,381	-	-	1,628,381
Bankruptcy related expenses	(1,525,797)	-	-	(1,525,797)
Total non-operating revenues and expenses	<u>(256,870)</u>	<u>124,165</u>	<u>10,264</u>	<u>(122,441)</u>
<b>CHANGES IN NET ASSETS</b>	<u>(5,722,607)</u>	<u>(189,850)</u>	<u>13,712</u>	<u>(5,898,745)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,809,899</u>	<u>5,224,233</u>	<u>4,563,825</u>	<u>16,597,957</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,087,292</u>	<u>\$ 5,034,383</u>	<u>\$ 4,577,537</u>	<u>\$ 10,699,212</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2014**

	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total Functional Expenses</u>
<b>EXPENSES - GENERAL OPERATIONS</b>				
Salaries, wages and related expenses	\$ 17,711,260	\$ 2,823,434	\$ 721,815	\$ 21,256,509
Professional fees	881,789	1,128,314	150,522	2,160,625
Program and supplies expense	2,206,250	72,724	14,764	2,293,738
Postage and shipping	55,099	9,527	19,168	83,794
Occupancy	2,570,510	76,083	124	2,646,717
Utilities and telephone	2,483,519	69,412	-	2,552,931
Insurance	451,134	22,490	1,633	475,257
Equipment leases, rental and maintenance	570,228	91,474	-	661,702
Advertising, printing, and promotion	1,346,433	3,313	44,331	1,394,077
Conferences, training and employee expense	218,693	81,782	922	301,397
Dues	53,239	-	90	53,329
Interest expense	1,635,175	-	-	1,635,175
Depreciation	<u>1,657,234</u>	<u>303,102</u>	<u>-</u>	<u>1,960,336</u>
<b>TOTAL EXPENSES</b>	<u>\$ 31,840,563</u>	<u>\$ 4,681,655</u>	<u>\$ 953,369</u>	<u>\$ 37,475,587</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2014

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (5,898,745)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	1,999,464
Loss on sale of property and equipment	359,454
Deferred gain on sale leaseback	(81,304)
Change in fair value of interest rate swap agreements	(1,628,382)
Realized gain on investments	(77,195)
Unrealized gain on investments	(216,768)
Effects of changes in operating assets and liabilities:	
Accounts and grants receivable	20,976
Pledges receivable	455,417
Prepaid expenses and other assets	179,949
Accrued liabilities and other liabilities	378,383
Accounts payable	2,366,948
Deferred revenue	<u>(457,269)</u>
Cash used in operating activities	<u>(2,599,072)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payment for purchase of fixed assets	(1,306,390)
Proceeds from sale of property and equipment	14,000,000
Purchases of investments	(1,338,889)
Proceeds from the sale of investments	1,461,889
Change in cash surrender value of life insurance	<u>10,264</u>
Net cash provided by investing activities	<u>12,826,874</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on long term debt	(1,165,000)
Capitalized lease payments	<u>(462,503)</u>
Net cash used in financing activities	<u>(1,627,503)</u>
 <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	 8,600,299
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>4,436,869</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 13,037,168</u>
 <b>SUPPLEMENTAL SCHEDULES OF NONCASH INVESTING ACTIVITIES</b>	
Write-off of capital lease obligations for properties sold	\$ 207,524

The accompanying notes are an integral part of the consolidated financial statements.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 - NATURE OF OPERATIONS**

**Description of Organization**

The consolidated financial statements include the activities of the following organizations (collectively, the Organization):

The Young Men’s Christian Association of Metropolitan Milwaukee, Inc. (the “YMCA”) is a not-for-profit, volunteer-led, human development charitable organization whose mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all.

The YMCA is a diverse organization of men, women, and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living and fostering a sense of social responsibility. Since no two communities are exactly alike, no two YMCAs are exactly alike. They are united by a deep commitment to strengthening their communities and to ensure that those they serve learn, grow, and thrive. Core programs include health and well-being, early childhood education, elementary education and academic mentoring, camping, aquatics, youth leadership, and family programs. The Organization’s financial assistance program provides funds for those in need – everyone is welcome to participate in YMCA programs.

The YMCA is also the sole member of the YMCA Young Leaders Academy, Inc. (the “Academy”) which operates a charter school. The Academy ceased operations and was sold on July 1, 2014.

During 2014, the Organization sold a number of properties pursuant to a bankruptcy reorganization plan (see Footnote 15). The accompanying consolidated financial statements reflect the operating results of the membership centers, day care center, overnight camps for children and families, and programing at numerous community-based locations through the date of sale or transfer.

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

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the YMCA and the Academy as described above. All significant intercompany accounts and transactions have been eliminated.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Basis of Presentation**

Net assets of the Organization and changes therein are classified and reported as follows:

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

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

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

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same reporting period as received are recorded as unrestricted contributions.

**Cash and Cash Equivalents**

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity, at the date of acquisition, of three months or less. Excluded from this definition are cash equivalents held for long-term purposes.

The Organization may at times have funds on deposit at one financial institution that exceeds the federally insured limits.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income**

Investments are generally recorded at fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Organization records the change of ownership of bonds and stocks on the day a trade is made.

Investment income is reported as operating revenue and is included in the changes in unrestricted net assets unless the income or loss is restricted by donor or law.

**Accounts Receivable**

Accounts receivable are generally uncollateralized member/client obligations due upon receipt. Accounts receivable are carried at the original invoice amount, less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for uncollectible accounts is \$50,000 as of December 31, 2014.

**Grants Receivable**

Grants receivable consist of various Federal and State grant funds passed through governmental agencies to the Organization for various programs. Management believes no allowance for uncollectible grants is required based upon management's judgment and consideration of the collectability of each grant.

**Pledges Receivable**

Unconditional promises to give to the Organization 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.

Unconditional promises to give are reported in the consolidated statement of financial position net of unamortized discounts and an allowance for uncollectible pledges. Unconditional promises to give 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.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents, receivables, and investments. These financial instruments are carried at their approximate fair value. The Organizations' policy is to limit credit exposure on financial instruments and place its cash with financial institutions deemed as being credit worthy.

Concentration of credit risk with respect to receivables is limited due to the large member base and the expectation that government programs will make timely payments.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or fair value at date of the gift, if donated. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, improvements and betterments that materially prolong the estimated useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. The principal depreciation rates are based upon the following estimated useful lives:

Land improvements	15 years
Buildings and improvements	10 - 50 years
Machinery and equipment	5 - 12 years
Leasehold improvements	30 - 50 years

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less cost to sell.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Derivatives**

The Organization follows Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 815, *Derivatives and Hedging*, to account for its derivative transactions, which consist entirely of interest rate swap contracts. FASB ASC 815 requires an organization to recognize all of its derivative instruments as either assets or liabilities in the statement of financial position at fair value.

The Organization uses derivatives to manage risks related to interest rate movements. Interest rate swap agreements are reported at fair value. The change in fair value of the derivative is recognized as a change in net assets in the period of change. It is the policy of the Organization to execute such contracts with creditworthy counterparties. The Organization's interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert variable rate debt to a fixed rate. The Organization does not use derivatives for trading or speculative purposes. On June 4, 2014 the Organization elected to terminate the contract of outstanding derivatives, due to the bankruptcy proceedings.

**Capitalized Loan Fees**

Capitalized loan fees, included in other assets in the accompanying consolidated statement of financial position, are being amortized to expense over the life of the loan. Accumulated amortization as of December 31, 2014 was \$381,955.

Balance, beginning of year	\$ 342,778
Amortization of loan fees	<u>39,128</u>
<b>Balance, end of year</b>	<b><u>\$ 303,660</u></b>

**Deferred Revenue**

Program service fees applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as support in the year when the program service fees are earned. Revenue from membership dues is recognized on a pro rata basis over the period to which the membership relates.

Deferred revenue consisted of the following at December 31:

Membership	\$ 137,771
Program	<u>341,559</u>
<b>Total deferred revenue</b>	<b><u>\$ 479,330</u></b>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax-Exempt Status**

The YMCA and the Academy are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the IRC. The Organization had no unrelated business income for the year ended. None of the Organization's federal or state informational returns are currently under examination.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Program service fees applying to services are reflected as support in the year when the program service fees are earned. Revenue from membership dues is recognized on a pro rata basis over the period to which the membership relates.

Grant revenue is recognized as revenue in the period in which it is expended for cost-reimbursed agreements.

**Donated Services and Assets**

The Organization receives contributions of services for its programs. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. There were no contributed services that were recognized as revenue for the year ended December 31, 2014.

Donated assets are recorded at fair value at the date of donation or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a reasonable approximation of the fair value at the date of donation.

**Advertising and Promotion**

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was \$1,455,540 for the year ended December 31, 2014.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 3 - INVESTMENTS**

A summary of investments was as follows at December 31:

	<b>Cost or Gift Value</b>	<b>Unrealized Gains (Losses)</b>	<b>Total Investments at Fair Value</b>
Money market funds	\$ 56,687	\$ -	\$ 56,687
Equity mutual funds	3,637,026	1,725,949	5,362,975
Fixed income mutual funds	<u>2,005,241</u>	<u>(16,008)</u>	<u>1,989,233</u>
Total investments	<u>\$ 5,698,954</u>	<u>\$ 1,709,941</u>	<u>\$ 7,408,895</u>

Net investment income was summarized as follows at December 31:

Interest and dividends	\$ 162,671
Net realized gain	216,768
Net unrealized gain	77,195
Less - Investment fees	<u>(34,996)</u>
Total investment income	421,638
Less: Investment income appropriated	<u>(297,473)</u>
Net investment income restricted	<u>\$ 124,165</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 4 - FAIR VALUE MEASUREMENTS**

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology based on quoted prices for similar assets or liabilities or identical assets or liabilities in active markets, such as dealer or broker markets.
- Level 3 - Inputs to the valuation methodology are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions, or are supported by little or no market activity.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

**Equity Securities and Mutual Funds**

Money market funds are valued using \$1 as the net asset value (NAV).

Equity and fixed income mutual funds are valued at the daily closing price as reported by the mutual fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The table below presents the balances of assets and liabilities measured at fair value on a nonrecurring basis by level within the hierarchy at December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 56,687	\$ -	\$ -	\$ 56,687
Fixed income mutual funds:				
Short-term bond funds	402,410	-	-	402,410
Intermediate-term bond funds	1,281,771	-	-	1,281,771
Emerging markets bond funds	130,415	-	-	130,415
High yield bond funds	174,637	-	-	174,637
Equity mutual funds:				
ETF large index funds	3,094,964	-	-	3,094,964
ETF mid-cap index funds	484,560	-	-	484,560
ETF small-cap index funds	310,237	-	-	310,237
Foreign equity funds	1,064,222	-	-	1,064,222
Commodity-linked derivatives funds	408,992	-	-	408,992
<b>Total investments</b>	<u>\$ 7,408,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,408,895</u>

**NOTE 5 - PLEDGES RECEIVABLE**

Unconditional promises to give consisted of the following at December 31:

Less than one year	\$ 46,774
One to five years	<u>80,077</u>
Total	126,851
Less: Discount to present value	-
Less: Allowance for uncollectible promises to give	<u>(10,000)</u>
<b>Pledges receivable, net</b>	<u>\$ 116,851</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2014:

Land and land improvements	\$ 6,718,198
Buildings and improvements	24,136,538
Machinery and equipment	11,787,709
Leasehold improvements	500,000
Construction in progress	<u>33,520</u>
Total - at cost	43,175,965
Less accumulated depreciation	<u>(19,693,565)</u>
<b>Property and equipment, net</b>	<b><u>\$ 23,482,400</u></b>

Total depreciation expense for the year ended December 31, 2014 was \$1,960,336.

**NOTE 7 - LINE OF CREDIT**

The Organization has a revolving credit loan with \$3,000,000 available from BMO Harris Bank N.A. with an outstanding balance of \$3,000,000 as of December 31, 2014. The revolving credit loan bears interest at 1 month LIBOR plus 200 basis points (2.17% at December 31, 2014) and is collateralized by substantially all assets of the Organization. The revolving credit loan expired June 30, 2014 and is currently included as part of the bankruptcy reorganization plan.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 8 - BONDS AND NOTES PAYABLE**

Bonds and notes payable consisted of the following at December 31:

BMO Harris Bank N.A. taxable variable rate demand note, Series 2008, payable in annual installments with a final payment due May 2018. Secured by substantially all assets and is supported by a letter of credit in favor of the bond trustees. Any amounts drawn on the letter of credit must be reimbursed by the Organization on demand. The letter of credit terminated August 15, 2014. Bond issuance costs were rolled into the loan amount. \$ 4,580,000

The Redevelopment Authority of the City of Milwaukee Redevelopment Revenue Bonds, Series 2010. Installments of interest payable until 2018, then installments of principal and interest beginning May 2018 with a final payment due May 1, 2028. Variable interest rate, secured by substantially all assets and supported by a letter of credit in favor of the bond trustees. Any amounts drawn on the letter of credit must be reimbursed by the Organization on demand. The letter of credit terminated August 15, 2014. Bond issuance costs were rolled into the loan amount. In 2013, the Organization elected to make an early principal payment of \$200,000. 19,625,000

Total \$ 24,205,000

The Organization is subject to performance and financial covenants relating to its debt. As of December 31, 2014, the Organization is in default on certain covenants primarily due to the losses sustained in 2013. The Organization filed for Chapter 11 bankruptcy and is working with its lender/creditor on its reorganization plans. As a result of the covenant default and the bankruptcy filing the outstanding debt of \$24,205,000 is assumed currently due and is included as part of the bankruptcy reorganization plan. Interest expense incurred on long-term debt and line of credit was \$1,635,175 for the year ended December 31, 2014.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 9 - LEASES**

**Capital Leases**

The Organization has capital lease agreements with imputed interest rates ranging from 2.09% to 3.10%. Monthly payments of principal and interest range from \$3,800 to \$8,401. 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 capitalized cost of the leased property at December 31, 2014 was \$886,866. Assets are amortized over their estimated productive lives or the lease term, if shorter, for leases that transfer ownership or contain bargain purchase clauses. Amortization expense on capital leases is included with depreciation expense. Accumulated amortization was \$434,520 as of December 31, 2014.

**Sales Leaseback**

In February 2008, the Organization sold 14.86 acres of land with a carrying value of \$127,718 for \$3,750,000. Total gain on the sale was \$3,622,282. The Organization maintained ownership of two buildings located on 2.9 acres of the land sold and entered into a 25-year lease with the purchaser for use of land. The gain on the sale in excess of the present value of the minimum lease payments in the amount of \$1,589,687 was recognized at the time of the sale, and the remaining gain of \$2,032,595 was deferred and will be amortized over the life of the lease. The Organization will recognize \$81,304 of the deferred gain on an annual basis until the lease expires in January 2033. The Organization recognized \$81,304 of the deferred gain in 2014. At December 31, 2014, the remaining deferred gain was \$1,470,244. The current portion, in the amount of \$81,304, is included in accrued liabilities as of December 31, 2014, and the remainder is included in other liabilities in the accompanying consolidated statements of financial position.

The lease agreement requires the Organization to make payments of \$120,000 per year. Beginning January 2014, the lease payments will increase by the consumer price index every five years. The Organization paid \$134,400 in lease payments in 2014. The Organization recognized lease expense of \$139,145 and an increased accrued rent expense of \$4,745 in 2014. Accrued rent expense of \$388,018 as of December 31, 2014 is included in other liabilities in the accompanying consolidated statements of financial position.

**Operating Leases**

The Organization leases various facilities and equipment under leases accounted for as operating leases. Rent expense on the operating leases was \$615,073 for the year ended December 31, 2014.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 9 - LEASES (CONTINUED)**

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, 2014:

	<u>Capital Lease</u>	<u>Sale Leaseback</u>	<u>Operating Leases</u>
Years ending December 31:			
2015	\$ 124,219	\$ 134,400	\$ 212,680
2016	110,818	134,400	134,584
2017	-	134,400	8,221
2018	-	134,400	8,221
2019	-	150,528	8,221
Thereafter	<u>-</u>	<u>2,216,093</u>	<u>91,553</u>
<b>Total future minimum lease payments</b>	<u>\$ 235,037</u>	<u>\$ 2,904,221</u>	<u>\$ 463,840</u>
Less – amount representing interest	<u>\$ (6,303)</u>		
Present value of future minimum lease payments	<u>\$ 228,734</u>		

**Sublease**

In July 2008, the Organization sold one of the buildings, as part of the sale leaseback noted above, located on the 2.9 acres of land leased for \$1,125,000. The carrying value of the building was \$2,262,796, and a loss on the sale of \$1,137,796 was recorded. The building sold sits on 1.88 acres of the 2.9 acres leased by the Organization. The Organization entered into a 25-year sublease with the purchaser for use of this land. The lease requires the purchaser to make payments of \$35,000 per year to the Organization with the first payment due July 15, 2013. Beginning July 15, 2014, the lease payments will increase by the consumer price index annually. The Organization received lease payments of \$32,317 in 2014; however it recognized lease revenue of \$34,016 and an increase in other assets in the accompanying consolidated statements of financial position of the same amount.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 9 - LEASES (CONTINUED)**

**Sublease** (continued)

Estimated future payments to be received relative to this agreement as of December 31, 2014, are as follows:

2015	\$ 35,998
2016	36,717
2017	37,452
2018	38,201
2019	38,965
Thereafter	<u>613,201</u>
<b>Total</b>	<b><u>\$ 800,534</u></b>

**NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS**

As disclosed in Note 8, the Redevelopment Revenue Bonds, Series 2010, in the amount of \$19,625,000 as of December 31, 2014, bears interest at a variable rate. To minimize the effect of changes in interest rates, on January 21, 2010, the Organization entered into three fixed term interest rate swap contracts with BMO Harris Bank N.A. The first contract is in the amount of \$7,500,000 under which it pays interest at a fixed 4.15% rate and expires June 2, 2014. A second contract is in the amount of \$6,970,000 under which it pays interest at a fixed 3.28% rate and expires May 2, 2016. The third contract is in the amount of \$5,555,000 under which it pays interest at a fixed 3.19% rate and expires May 1, 2018.

Also as disclosed in Note 8, the taxable variable rate demand note in the amount of \$4,580,000 as of December 31, 2014, bears interest at a variable rate. To minimize the effect of changes in interest rates, on May 12, 2008, the Organization entered into an interest swap agreement with a beginning amount of \$9,800,000 under which it pays interest at a fixed 4.12% rate. The swap contract expires May 1, 2018.

As a result of the debt covenant default and the subsequent bankruptcy filing, the parties have agreed to elect automatic early termination of the swap agreements. The resulting gain from termination has been included in non-operating revenues in the accompanying consolidated statement of activities.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 11 - NET ASSETS**

Unrestricted net assets are composed of the following at December 31, 2014:

Undesignated net assets, YMCA	\$ 1,681,117
Undesignated net assets, Academy	<u>(593,825)</u>
<b>Totals</b>	<b><u>\$ 1,087,292</u></b>

Temporarily restricted net assets are composed of the following at December 31, 2014:

United Way	\$ 245,879
Academy	3,844
Scholarships and programs	1,366,933
Endowment accumulated earnings not appropriated for distribution	3,271,427
Capital campaigns	<u>146,300</u>
<b>Totals</b>	<b><u>\$ 5,034,383</u></b>

Permanently restricted net assets consist of funds invested in perpetuity, income of which is used to fund various Organization programs as specified by the donors. These amounts totaled \$4,577,537 at December 31, 2014.

**NOTE 12 - ENDOWMENT FUNDS**

The Organization's endowment funds consist of donor-restricted funds established for the YMCA.

The Organization has interpreted Wisconsin's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization 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 applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds in excess of the original fair value that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard prudence prescribed by UPMIFA. If the market value of the permanently restricted net asset at year-end is below the original fair value, the deficit is recorded as a loss to the unrestricted net assets.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 12 - ENDOWMENT FUNDS (CONTINUED)**

The primary long-term financial objective for the Organization's endowments is to preserve the real purchasing power of endowment assets and income after accounting for endowment spending and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of one, three, and five years.

The endowment funds are managed to optimize the long-run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that provides funding for the Organization's existing spending policy. Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

The endowment assets are governed by a spending policy that seeks to distribute specific payout rate of the endowment base to support the Organization's programs. The endowment base will be defined as the three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of December for the prior three years). The distribution of payout rate will be calculated at a specific fixed percentage of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term. Spending in a given year will reduce the unit value of each endowment element by the payout percentage. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below the designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift.

The endowment is invested in cash and cash equivalents and equity and fixed income mutual funds. The total endowment will be monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation.

Donor-restricted endowment net asset composition by type of fund as of December 31, 2014:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Purpose:			
Building maintenance	\$ 247,561	\$ 201,187	\$ 448,748
Operations and programs	2,877,465	4,256,355	7,133,820
International programs	<u>132,957</u>	<u>119,995</u>	<u>252,952</u>
<b>Total</b>	<u><u>\$ 3,257,983</u></u>	<u><u>\$ 4,577,537</u></u>	<u><u>\$ 7,835,520</u></u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 12 - ENDOWMENT FUNDS (CONTINUED)**

Changes in endowment net assets were as follows for the year ended December 31, 2014:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets at January 1, 2014	\$ 3,183,819	\$ 4,563,825	\$ 7,747,644
Investment income	257,530	-	257,530
Change in cash surrender value of life insurance	-	10,264	10,264
Contributions	201,062	3,448	204,510
Appropriation of endowment assets for expenditure	<u>(384,428)</u>	<u>-</u>	<u>(384,428)</u>
<b>Endowment net assets at December 31, 2014</b>	<b><u>\$ 3,257,983</u></b>	<b><u>\$ 4,577,537</u></b>	<b><u>\$ 7,835,520</u></b>

**NOTE 13 - RETIREMENT PLAN**

The Organization participates in a defined contribution, individual account, money purchase retirement plan covering all eligible employees. The Plan is administered by the Young Men's Christian Association Retirement Fund (a separate corporation). The Organization makes monthly contributions to the Young Men's Christian Association Retirement Fund based on a percentage of the participating employee's salary. Plan expense totaled \$1,071,953 for the year ended December 31, 2014.

The Young Men's Christian Association Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation (1922). Participation is available to all duly organized or reorganized Ys in the United States of America. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**Financial Awards from Grantors**

Financial awards from federal, state, and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Litigation**

The Organization is party to various legal actions that are incidental to its activities. The outcome of legal actions cannot be predicted with certainty. Management of the Organization believes that the outcome of any of these proceedings will not have a material adverse effect on its financial position or activities.

**Letter of Credit**

The Organization utilizes two letters of credit to satisfy requirements of the Wisconsin Unemployment Reserve Fund: one letter of credit in the amount of \$446,726 for the YMCA, and one in the amount of \$58,000 for the YMCA Leadership Academy, Inc.

**NOTE 15 - SALE OF PROPERTIES**

During the year, the Organization sold five existing membership and program branches for \$14,000,000. The affected properties include the Northside YMCA, the Feith Family YMCA, the Southwest YMCA, the Tri County YMCA, and the West Suburban YMCA. These properties were written down in 2013 to the amounts recovered through the sales.

The sale agreement of three of the branches above, include an Earn-Out Agreement that stipulates dollar for dollar payments to the Organization if the buyer generates earnings from operations in excess of specified amounts, through 2016. No receivable has been recorded in the accompanying consolidated financial statements.

**NOTE 16 - SUBSEQUENT EVENTS**

On January 30, 2015, the YMCA emerged from bankruptcy with the Court's approval of that reorganization plan. The YMCA is emerging from bankruptcy having sold or transferred 8 of its 11 properties, and no long term debt.

During February 2015, the YMCA sold the Downtown Milwaukee YMCA building and entered into a lease agreement with the purchaser.

Subsequent events were evaluated through September 29, 2015, which is the date the financial statements were issued.

## **SUPPLEMENTARY INFORMATION**

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2014**

**ASSETS**

	<b>YMCA</b>	<b>Academy</b>	<b>Eliminations</b>	<b>Total Consolidated</b>
Cash and cash equivalents	\$ 13,005,178	\$ 31,990	\$ -	\$ 13,037,168
Investments	7,408,895	-	-	7,408,895
Accounts receivable	492,251	-	-	492,251
Grants receivable	288,135	-	-	288,135
Pledges receivable	116,851	-	-	116,851
Related party receivables	222,857	(222,857)	-	-
Prepaid expenses	101,286	-	-	101,286
Property and equipment, net	23,482,400	-	-	23,482,400
Other assets	917,056	-	-	917,056
<b>TOTAL ASSETS</b>	<b>\$ 46,034,909</b>	<b>\$ (190,867)</b>	<b>\$ -</b>	<b>\$ 45,844,042</b>

**LIABILITIES**

Line of credit	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Accounts payable:				
Pre-petition bankruptcy	1,689,791	104,482	-	1,794,273
Post petition bankruptcy	1,786,517	35,625	-	1,822,142
Accrued liabilities	1,838,393	-	-	1,838,393
Deferred revenue	479,330	-	-	479,330
Other liabilities	1,776,958	-	-	1,776,958
Capital lease obligations	228,734	-	-	228,734
Bonds and note payable	24,205,000	-	-	24,205,000
<b>Total liabilities</b>	<b>35,004,723</b>	<b>140,107</b>	<b>-</b>	<b>35,144,830</b>

**NET ASSETS**

Unrestricted net assets	1,681,117	(593,825)	-	1,087,292
Temporarily restricted	4,771,532	262,851	-	5,034,383
Permanently restricted	4,577,537	-	-	4,577,537
<b>Total net assets</b>	<b>11,030,186</b>	<b>(330,974)</b>	<b>-</b>	<b>10,699,212</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 46,034,909</b>	<b>\$ (190,867)</b>	<b>\$ -</b>	<b>\$ 45,844,042</b>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2014

	<u>YMCA</u>	<u>Academy</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
<b>UNRESTRICTED:</b>				
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>				
Contributions	\$ 878,358	\$ 102,736	\$ -	\$ 981,094
Government and private grants	205,314	-	-	205,314
United Way	276,791	-	-	276,791
Membership and program fees	25,749,145	14,170	-	25,763,315
Department of public instruction	-	2,341,815	-	2,341,815
Services and sales	847,272	20,865	(250,494)	617,643
Net investment income appropriated	297,473	-	-	297,473
Other	316,646	214,205	-	530,851
Satisfaction of restrictions	989,335	6,219	-	995,554
	<u>29,560,334</u>	<u>2,700,010</u>	<u>(250,494)</u>	<u>32,009,850</u>
Total revenue, gains, and public support				
<b>EXPENSES</b>				
Program	29,172,588	2,918,469	(250,494)	31,840,563
Management and general	4,394,155	287,500	-	4,681,655
Fundraising	942,443	10,926	-	953,369
	<u>34,509,186</u>	<u>3,216,895</u>	<u>(250,494)</u>	<u>37,475,587</u>
Total expenses				
<b>CHANGES IN UNRESTRICTED NET ASSETS FROM OPERATIONS</b>				
	<u>(4,948,852)</u>	<u>(516,885)</u>	<u>-</u>	<u>(5,465,737)</u>
<b>NON-OPERATING UNRESTRICTED REVENUES AND EXPENSES</b>				
Net loss on disposal of capital assets	(329,549)	(29,905)	-	(359,454)
Gain on interest swap agreements	1,628,381	-	-	1,628,381
Bankruptcy related expenses	(1,525,797)	-	-	(1,525,797)
	<u>(226,965)</u>	<u>(29,905)</u>	<u>-</u>	<u>(256,870)</u>
Total non-operating revenues and expenses				
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>				
	<u>(5,175,817)</u>	<u>(546,790)</u>	<u>-</u>	<u>(5,722,607)</u>
<b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>				
	<u>6,856,934</u>	<u>(47,035)</u>	<u>-</u>	<u>6,809,899</u>
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>				
	<u>\$ 1,681,117</u>	<u>\$ (593,825)</u>	<u>\$ -</u>	<u>\$ 1,087,292</u>

The accompanying notes are an integral part of the consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF METROPOLITAN MILWAUKEE, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)**  
Year Ended December 31, 2014

	<u>YMCA</u>	<u>Academy</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
<b>TEMPORARILY RESTRICTED:</b>				
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>				
Contributions	\$ 343,878	\$ -	\$ -	\$ 343,878
United Way	276,791	-	-	276,791
Other	60,870	-	-	60,870
Satisfaction of restrictions	(989,335)	(6,219)	-	(995,554)
Total revenue, gains, and public support	(307,796)	(6,219)	-	(314,015)
 <b>OTHER CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>				
Net investment income restricted	124,165	-	-	124,165
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>	(183,631)	(6,219)	-	(189,850)
<b>TEMPORARILY RESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	4,955,163	269,070	-	5,224,233
<b>TEMPORARILY RESTRICTED NET ASSETS, END OF YEAR</b>	\$ 4,771,532	\$ 262,851	\$ -	\$ 5,034,383
 <b>PERMANENTLY RESTRICTED:</b>				
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>				
Contributions	\$ 3,448	\$ -	\$ -	\$ 3,448
Change in cash surrender value of life insurance	10,264	-	-	10,264
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>	13,712	-	-	13,712
<b>PERMANENTLY RESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	4,563,825	-	-	4,563,825
<b>PERMANENTLY RESTRICTED NET ASSETS, END OF YEAR</b>	\$ 4,577,537	\$ -	\$ -	\$ 4,577,537

The accompanying notes are an integral part of the consolidated financial statements.