

**THE YOUNG MENS CHRISTIAN
ASSOCIATION OF CLIFTON SPRINGS, INC.**

Financial Statements

June 30, 2013 And 2012

**THE YOUNG MENS CHRISTIAN
ASSOCIATION OF CLIFTON SPRINGS, INC.**

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INDEPENDENT AUDITOR'S REPORT

**To: The Board of Directors
The Young Mens Christian Association of Clifton Springs, Inc.
Clifton Springs, New York**

We have audited the accompanying financial statements of The Young Mens Christian Association of Clifton Springs, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows 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 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 misstatements, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Association'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 Association'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.

Andrew F. Fredericksen, CPA* • William T. Sirianni, CPA
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Except as discussed in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We were unable to obtain information to support investments in private equity funds stated at \$853,994 and \$748,181 in the accompanying statement of financial position as of June 30, 2013 and 2012. As disclosed in Note 5, the Association has an investment in G.W. Lisk Company, Inc. stock. Accounting principles generally accepted in the United States of America require that investments are reported at fair market value in the statement of financial position. Management has informed us that the G.W. Lisk Company, Inc. stock has been valued at the per share stock price determined by management of G.W. Lisk Company, Inc.'s book value at December 31, 2012 and 2011 and a buy/sell agreement in effect. In addition, restrictions placed upon the sale of the stock were not taken into consideration in determining the stock price. An independent valuation of the stock's fair market value was not prepared and we did not have access to the G.W. Lisk Company's records in order to determine the accuracy of the share value assigned to the stock. Accordingly, it was not practicable for us to extend our audit procedures sufficiently to satisfy ourselves about the fair market value of G.W. Lisk Company, Inc. stock, stated at \$853,994 and \$748,181 for years ended June 30, 2013 and 2012 in the accompanying statement of financial position. The effects of these departures from accounting principles generally accepted in the United States of America on financial position, related statements of activities, and cash flows have not been determined.

Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the existence and valuation of the Association's investments in private equity funds, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Young Mens Christian Association of Clifton Springs, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Fredericksen & Sirianni, LLP

Fredericksen & Sirianni, LLP
Certified Public Accountants

Geneva, New York
September 16, 2013

Andrew F. Fredericksen, CPA* • William T. Sirianni, CPA

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Members of the American Institute of Certified Public Accountants & the New York State Society of Certified Public Accountants.

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.
Statements Of Financial Position
June 30, 2013 And 2012

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>
<u>Current Assets</u>			
Cash and cash equivalents	\$ 57,029	\$ 1,123	\$ 58,152
Unconditional promises to give	0	0	0
Accounts receivable	1,650	0	1,650
Investments	<u>65,119</u>	<u>0</u>	<u>65,119</u>
Total Current Assets	<u>123,798</u>	<u>1,123</u>	<u>124,921</u>
Property and Equipment, Net	<u>149,751</u>	<u>0</u>	<u>149,751</u>
<u>Other Assets</u>			
G.W. Lisk Company, Inc. – common stock	<u>853,994</u>	<u>0</u>	<u>853,994</u>
Total Other Assets	<u>853,994</u>	<u>0</u>	<u>853,994</u>
Total Assets	<u>\$ 1,127,543</u>	<u>\$ 1,123</u>	<u>\$ 1,128,666</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>			
Accounts payable	\$ 8,960	\$ 0	\$ 8,960
Accrued payroll and payroll taxes	7,710	0	7,710
Unearned revenue	<u>22,202</u>	<u>0</u>	<u>22,202</u>
Total Current Liabilities	<u>38,872</u>	<u>0</u>	<u>38,872</u>
<u>Net Assets (Exhibit "B")</u>			
Unrestricted net assets	1,088,671	0	1,088,671
Temporarily restricted net assets	<u>0</u>	<u>1,123</u>	<u>1,123</u>
Total Net Assets	<u>1,088,671</u>	<u>1,123</u>	<u>1,089,794</u>
Total Liabilities and Net Assets	<u>\$ 1,127,543</u>	<u>\$ 1,123</u>	<u>\$ 1,128,666</u>

**The Accompanying Notes Are An
Integral Part of These Financial Statements**

EXHIBIT "A"

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.
Statements Of Financial Position
June 30, 2013 And 2012

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>
<u>Current Assets</u>			
Cash and cash equivalents	\$ 76,803	\$ 3,003	\$ 79,806
Unconditional promises to give	0	2,135	2,135
Accounts receivable	8,326	0	8,326
Investments	<u>60,063</u>	<u>0</u>	<u>60,063</u>
Total Current Assets	<u>145,192</u>	<u>5,138</u>	<u>150,330</u>
Property and Equipment, Net	<u>154,189</u>	<u>0</u>	<u>154,189</u>
<u>Other Assets</u>			
G.W. Lisk Company, Inc. – common stock	<u>748,181</u>	<u>0</u>	<u>748,181</u>
Total Other Assets	<u>748,181</u>	<u>0</u>	<u>748,181</u>
Total Assets	\$ <u>1,047,562</u>	\$ <u>5,138</u>	\$ <u>1,052,700</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>			
Accounts payable	\$ 10,543	\$ 0	\$ 10,543
Accrued payroll and payroll taxes	12,534	0	12,534
Unearned revenue	<u>7,573</u>	<u>0</u>	<u>7,573</u>
Total Current Liabilities	<u>30,650</u>	<u>0</u>	<u>30,650</u>
<u>Net Assets (Exhibit "B")</u>			
Unrestricted net assets	1,016,912	0	1,016,912
Temporarily restricted net assets	<u>0</u>	<u>5,138</u>	<u>5,138</u>
Total Net Assets	<u>1,016,912</u>	<u>5,138</u>	<u>1,022,050</u>
Total Liabilities and Net Assets	\$ <u>1,047,562</u>	\$ <u>5,138</u>	\$ <u>1,052,700</u>

**The Accompanying Notes Are An
Integral Part of These Financial Statements**

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.

Statements Of Activities

For The Years Ended June 30, 2013 And 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>
<u>Support and Revenues</u>			
Program service fees	\$ 142,130	\$ 0	\$ 142,130
United Way services	0	55,270	55,270
Government grants	17,950	800	18,750
Contributions	32,292	2,200	34,492
Special events:			
Revenues	\$ 11,492		
Expenses	<u>(7,194)</u>		
Net special events	4,298	0	4,298
Fundraising income	17,932	0	17,932
Miscellaneous income	69	0	69
Investment income	<u>109,086</u>	<u>0</u>	<u>109,086</u>
	<u>323,757</u>	<u>58,270</u>	<u>382,027</u>
Net assets released from restriction	<u>62,285</u>	<u>(62,285)</u>	<u>0</u>
Total Support and Revenues	<u>386,042</u>	<u>(4,015)</u>	<u>382,027</u>
<u>Expenses</u>			
Program services			
Recreation	133,952	0	133,952
Preschool and child care	139,129	0	139,129
Total program services	<u>273,081</u>	<u>0</u>	<u>273,081</u>
Supporting services			
Management and general	35,386	0	35,386
Fundraising	5,816	0	5,816
Total support services	<u>41,202</u>	<u>0</u>	<u>41,202</u>
Total Expenses	<u>314,283</u>	<u>0</u>	<u>314,283</u>
Changes in Net Assets	71,759	(4,015)	67,744
Net Assets – Beginning of Year	<u>1,016,912</u>	<u>5,138</u>	<u>1,022,050</u>
Net Assets – End of Year	\$ <u>1,088,671</u>	\$ <u>1,123</u>	\$ <u>1,089,794</u>

**The Accompanying Notes Are An
Integral Part of These Financial Statements**

EXHIBIT "B"

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.
Statements Of Activities
For The Years Ended June 30, 2013 And 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>
<u>Support and Revenues</u>			
Program service fees	\$ 99,357	\$ 0	\$ 99,357
United Way services	0	13,890	13,890
Government grants	1,496	0	1,496
Contributions	54,402	12,913	67,315
Special events:			
Revenues	\$ 13,355		
Expenses	<u>(9,095)</u>		
Net special events	4,260	0	4,260
Fundraising income	7,230	0	7,230
Miscellaneous income	174	0	174
Investment income	<u>84,288</u>	<u>0</u>	<u>84,288</u>
	251,207	26,803	278,010
Net assets released from restriction	<u>51,504</u>	<u>(51,504)</u>	<u>0</u>
Total Support and Revenues	<u>302,711</u>	<u>(24,701)</u>	<u>278,010</u>
<u>Expenses</u>			
Program services			
Recreation	73,935	9,910	83,845
Preschool and child care	<u>122,518</u>	<u>0</u>	<u>122,518</u>
Total program services	<u>196,453</u>	<u>9,910</u>	<u>206,363</u>
Supporting services			
Management and general	39,293	0	39,293
Fundraising	<u>6,989</u>	<u>0</u>	<u>6,989</u>
Total support services	<u>46,282</u>	<u>0</u>	<u>46,282</u>
Total Expenses	<u>242,735</u>	<u>9,910</u>	<u>252,645</u>
Changes in Net Assets	59,976	(34,611)	25,365
Net Assets – Beginning of Year	<u>956,936</u>	<u>39,749</u>	<u>996,685</u>
Net Assets – End of Year	\$ <u>1,016,912</u>	\$ <u>5,138</u>	\$ <u>1,022,050</u>

**The Accompanying Notes Are An
Integral Part of These Financial Statements**

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.
Statements Of Functional Expenses
For The Years Ended June 30, 2013 And 2012

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total</u>
	<u>Recreation</u>	<u>Preschool And Childcare</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	
Payroll	\$ 29,836	\$ 80,056	\$ 109,892	\$ 14,417	\$ 2,078	\$ 16,495
Payroll taxes	2,611	7,005	9,616	1,261	182	1,443
Employee benefits	1,842	3,285	5,127	1,427	254	1,681
Total payroll and related expenses	<u>34,289</u>	<u>90,346</u>	<u>124,635</u>	<u>17,105</u>	<u>2,514</u>	<u>19,619</u>
Advertising	732	732	1,464	523	104	627
Association dues	0	0	0	0	0	0
Bank fees and charges	186	347	533	360	0	360
Dues, fees, and licenses	0	0	0	302	0	302
Fundraising	0	0	0	0	3,967	3,967
Insurance	11,951	7,125	19,076	2,159	37	2,196
Miscellaneous	0	0	0	125	0	125
Professional fees	984	2,641	3,625	11,176	69	11,245
Program expense	14,152	8,398	22,550	0	0	0
Repairs and maintenance	4,965	4,087	9,052	644	25	669
Supplies	1,316	1,316	2,632	903	176	1,079
Telephone	659	659	1,318	471	95	566
Training and meetings	532	736	1,268	3,535	0	3,535
Utilities	6,958	3,616	10,574	1,147	0	1,147
Total Expenses Before Depreciation	76,724	120,003	196,727	38,450	6,987	45,437
Depreciation	<u>7,121</u>	<u>2,515</u>	<u>9,636</u>	<u>843</u>	<u>2</u>	<u>845</u>
Total Expenses (Exhibit "B")	\$ 83,845	\$ 122,518	\$ 206,363	\$ 39,293	\$ 6,989	\$ 46,282
						<u>\$ 126,387</u>
						<u>11,059</u>
						<u>6,808</u>
						<u>144,254</u>
						<u>2,091</u>
						<u>0</u>
						<u>893</u>
						<u>302</u>
						<u>3,967</u>
						<u>21,272</u>
						<u>125</u>
						<u>14,870</u>
						<u>22,550</u>
						<u>9,721</u>
						<u>3,711</u>
						<u>1,884</u>
						<u>4,803</u>
						<u>11,721</u>

**The Accompanying Notes Are An
Integral Part of These Financial Statements**

EXHIBIT "C"

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.
Statements Of Functional Expenses
For The Years Ended June 30, 2013 And 2012

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Total</u>
	<u>Recreation</u>	<u>Preschool And Childcare</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	
Payroll	\$ 52,557	\$ 87,805	\$ 140,362	\$ 17,763	\$ 2,368	\$ 20,131
Payroll taxes	5,082	8,491	13,573	1,718	229	1,947
Employee benefits	2,688	3,746	6,434	(5,212)	230	(4,982)
Total payroll and related expenses	<u>60,327</u>	<u>100,042</u>	<u>160,369</u>	<u>14,269</u>	<u>2,827</u>	<u>17,096</u>
Advertising	1,869	1,869	3,738	1,335	267	1,602
Association dues	0	0	0	3,045	0	3,045
Bank fees and charges	0	0	0	1,307	0	1,307
Dues, fees, and licenses	52	52	104	678	0	678
Fundraising	0	0	0	0	2,403	2,403
Insurance	11,166	7,235	18,401	2,103	64	2,167
Miscellaneous	11	11	22	89	0	89
Professional fees	1,609	2,688	4,297	7,536	73	7,609
Program expense	36,400	14,019	50,419	0	0	0
Repairs and maintenance	6,686	5,769	12,455	1,154	71	1,225
Supplies	115	115	230	82	16	98
Telephone	630	630	1,260	450	90	540
Training and meetings	0	0	0	1,094	0	1,094
Utilities	8,458	4,229	12,687	1,410	0	1,410
Total Expenses Before Depreciation	<u>127,323</u>	<u>136,659</u>	<u>263,982</u>	<u>34,552</u>	<u>5,811</u>	<u>40,363</u>
Depreciation	6,629	2,470	9,099	834	5	839
Total Expenses (Exhibit "B")	<u>\$ 133,952</u>	<u>\$ 139,129</u>	<u>\$ 273,081</u>	<u>\$ 35,386</u>	<u>\$ 5,816</u>	<u>\$ 41,202</u>
						<u>\$ 314,283</u>

**The Accompanying Notes Are An
Integral Part of These Financial Statements**

EXHIBIT "D"

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.
Statements Of Cash Flows
For The Years Ended June 30, 2013 And 2012

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Operating Activities</u>		
Changes in net assets	\$ 67,744	\$ 25,365
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized gain (losses) on investments	(105,870)	(80,965)
Depreciation	9,938	10,481
Changes in assets and liabilities		
Accounts receivable	6,676	(6,433)
Unconditional promises to give	2,135	37,614
Receivable – G.W. Lisk Company	0	5,316
Accounts payable	(1,583)	4,836
Accrued payroll and payroll taxes	(4,824)	5,370
Deferred revenue	<u>14,629</u>	<u>6,270</u>
Net Cash Flows From Operating Activities	<u>(11,155)</u>	<u>7,854</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of investments	(71,873)	(70,280)
Proceeds from sale of investments	66,874	77,304
Purchase of equipment	<u>(5,500)</u>	<u>(9,052)</u>
Net Cash Flows From Investing Activities	<u>(10,499)</u>	<u>(2,028)</u>
Net Cash Flows From Financing Activities	<u>0</u>	<u>0</u>
Net Change in Cash and Cash Equivalents	(21,654)	5,826
Cash and Cash Equivalents – Beginning of Year	<u>79,806</u>	<u>73,980</u>
Cash and Cash Equivalents – End of Year	\$ <u>58,152</u>	\$ <u>79,806</u>
Supplemental Disclosure of Cash Flow:		
Equipment, fully depreciated, disposed of	\$ <u>47,698</u>	\$ <u>16,792</u>

The Accompany Notes Are An
Integral Part Of These Financial Statements

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.

**Notes To Financial Statements
For The Years Ended June 30, 2013 And 2012**

NOTE 1 THE ASSOCIATION

The Young Mens Christian Association of Clifton Springs, Inc. (the Association) is a non-profit association of the Young Mens Christian Association of the United States of America. The Association was formed pursuant to the Membership Corporation Law of the State of New York. Its purpose is to offer a program of free-time activities designed to aid members and participants in meeting individual needs and problems; in developing recreational, cultural, vocational intellectual and social interests; in the shaping of moral convictions; in maintaining health and physical fitness; in becoming worthy members of families and responsible citizens of the community and country. The Association serves the greater Clifton Springs, New York. The Association is supported primarily through contributions from the United Way and from program fees. The current programs include: (1) recreation programs for adults and youths and (2) day camps for children.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958, "Financial Statements of Not-for-Profit Organization." Under FASB ASC 958-005, the Association is required to report information regarding its financial position and activities according to three classes: unrestricted, temporarily restricted or permanently restricted net assets. These classifications are established in accordance with their nature and purpose, in observation of any third party limitations or restrictions placed on the use of these resources.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or 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.

**The Accompanying Independent Auditor's Report Is
An Integral Part Of These Financial Statements**

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.

**Notes To Financial Statements
For The Years Ended June 30, 2013 And 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 16, 2013 (the date the financial statements were available to be issued).

Reclassifications

Certain prior period items have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Financial Reporting

The Association reports its gifts of cash and other assets as restricted support if they are received with donor stipulations that restrict the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.

The Association reports net assets and activities as unrestricted and temporarily restricted as follows:

Unrestricted net assets are available for the support of operating activities.

Temporarily restricted net assets represent amounts subject to donor restrictions that must be used in accordance with donor's wishes. When a donor restriction is met, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and change in net assets as net assets released from restriction. The Association's temporarily restricted net assets are satisfied by the passage of time or intended purpose. Net assets were released from restriction during the years ended June 30, 2013 and 2012 to support the Association's program operations.

Estimates

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

**The Accompanying Independent Auditor's Report Is
An Integral Part Of These Financial Statements**

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.

Notes To Financial Statements

For The Years Ended June 30, 2013 And 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Association considers all cash equivalents with a maturity date of 3 months or less to be cash equivalents.

Unsecured Cash Balances

The Association maintains its cash and cash equivalents in several accounts at various financial institutions. Funds in a "non-interest bearing transaction account" were insured in full by the Federal Deposit Insurance Corporation (FDIC) from December 31, 2010 through December 31, 2012. Funds in an "interest bearing account" were insured up to \$250,000 per customer up to December 31, 2012. As of January 1, 2013, the FDIC insured limits are \$250,000 for all interest and non-interest bearing accounts

The Association had no cash balances that exceeded the FDIC limits at June 30, 2013 and 2012.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. No provision has been made for uncollectible accounts.

Receivables

The Association considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. The Association does not have a material concentration of credit risk, with respect to accounts receivable, due to generally short payment terms.

Investment Securities

FASB ASC 958-205;820-10, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair values. This hierarchy consists of three broad levels.

The Association's investments are reported at Fair Value Measurement in the state of financial position. Investments may represent a significant concentration of market risk. Unrealized gains and losses are included in the statement of activities.

**The Accompanying Independent Auditor's Report Is
An Integral Part Of These Financial Statements**

THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.
Notes To Financial Statements
For The Years Ended June 30, 2013 And 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of Long-Lived Assets

It is the Association's policy to report contributions of long-lived assets without donor restrictions as unrestricted revenue. Contributions of cash or other assets restricted to acquisition of long-lived assets are recorded as temporarily restricted support. Once the long-lived assets are acquired and if there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met and the temporarily restricted net assets are released and reclassified to the unrestricted net asset class.

Property and Equipment

Property and equipment are stated at cost, or if donated, at the appropriate fair value at the date of the donation. The Association has a policy to capitalize purchases greater than \$500. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets, primarily 5 to 40 years.

Unearned Revenue

Unearned revenue consists of prepayments received and is recorded on the accrual basis.

	<u>2013</u>	<u>2012</u>
Memberships	\$ 1,267	\$ 1,303
Day Camp Program	3,647	6,270
United Way	834	0
Government grants	16,454	0
<hr/>		
Unearned Revenue	<u>\$ 22,202</u>	<u>\$ 7,573</u>

Contributions

The Association has adopted Financial Accounting Standard FASB ASC 958-310, "Accounting for Contributions Received and Contributions Made". Under FASB ASC 958-310, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The collectible portion of unconditional promises-to-give are to be recorded as receivable on the Statements of Position and as revenue on the Statements of Activities in the year a promise is received.

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THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.

**Notes To Financial Statements
For The Years Ended June 30, 2013 And 2012**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Association receives donated services that do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. Individuals volunteer their time and services to help support the staff and guests of the Association.

The volunteers provide program assistance and special events and maintenance. Approximately 135 volunteers donated over 2,300 hours of service for the years ended June 30, 2013 and 2012, which dramatically reduces the need to hire staff to complete the above mention activities. In accordance with accounting principles generally accepted in the United States of America, no amounts have been reflected in the accompanying statements for these donated volunteer services.

Advertising Costs

The Association conducts non-direct response advertising. These costs are expensed as incurred. Advertising expense for the years ended June 30, 2013 and 2012 amounted to \$5,340 and \$2,091, respectively.

Major Repairs and Maintenance

The Association has not established procedures to set aside funds in a board reserve bank account for major repairs and maintenance to its capitalized property and equipment.

Income Tax Status

The Association has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Association is classified by the Internal Revenue Service as an entity that is not a private Foundation.

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**Notes To Financial Statements
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty In Income Taxes – an Interpretation of FASB Statement No. 109, Accounting for Income Taxes (FIN 48)*. FIN 48 is now known as Accounting Standards Codification (ASC) Section 740. This interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. ASC Section 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. Management believes that the Association is currently operating in compliance with the applicable requirements of the Internal Revenue Code. As of June 30, 2013, the Association does not have a liability for unrecognized tax benefits. The Association has not been subject to federal and state income tax examinations by tax authorities. The Association's informational returns are subject to audit by various taxing authorities and its open audit periods are 2009 through 2012.

Functional Allocation of Expenses

The cost of providing the Association's various programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among those programs and supporting services which meet the qualifications for such allocations, based on the benefit received. The allocations require that certain estimates and approximations be used, in accordance with Statement of Position (SOP) 98-2 issued by the AICPA. Salaries and related expense are allocated to the various programs and supporting services based on actual or estimated time that employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on space utilization.

NOTE 3 RECEIVABLES

	<u>2013</u>	<u>2012</u>
Day camp program	\$ 1,599	\$ 8,326
Unconditional promises to give	0	2,135
Memberships	<u>51</u>	<u>0</u>
Receivables	\$ <u>1,650</u>	\$ <u>10,461</u>

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Notes To Financial Statements
For The Years Ended June 30, 2013 And 2012

NOTE 4 PROPERTY AND EQUIPMENT

Fair value of property and equipment are as follows on June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Building and improvements	\$ 429,663	\$ 421,857
Equipment	<u>18,787</u>	<u>68,792</u>
	448,450	490,649
Less: Accumulated depreciation	<u>(298,699)</u>	<u>(336,460)</u>
Total	\$ <u>149,751</u>	\$ <u>154,189</u>

Depreciation expense amounted to \$9,938 and \$10,481 for the years ended June 30, 2013 and 2012, respectively.

During the years ended June 30, 2013 and 2012 management reviewed the building and equipment assets capitalized to determine the existence and validity of the assets. Based on management's review, the Association removed assets from the list that were no longer in the Association's possession. Total property and equipment disposed of amounted to \$47,698 and \$16,792 for the years ended June 30, 2013 and 2012, respectively.

NOTE 5 CONCENTRATIONS OF CREDIT RISK

The Association has significant investments in G.W. Lisk Company, Inc. As discussed in Note 6, this stock is valued using significant unobservable inputs, and its sale is restricted by the management of G.W. Lisk Company, Inc. The market value of investments is subject to fluctuations on a year to year basis, and therefore, makes this investment a credit risk.

In addition, the Association has significant investments in equity securities, corporate bonds and government bonds traded on an active market exchange and therefore are subject to concentrations of credit risk. Investments are managed by investment advisors who are supervised by the Board of Directors. The market value of investments is subject to fluctuations on a year to year basis, and therefore, makes these investments a credit risk.

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THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLIFTON SPRINGS, INC.

**Notes To Financial Statements
For The Years Ended June 30, 2013 And 2012**

NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3).

The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value. The Association had no Level 2 inputs. Level 3 inputs were only used when Level 1 and 2 inputs were not available.

The following table presents the Association's fair value hierarchy for the investments held on June 30, 2013.

	<u>Costs</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Common Stocks	\$ 0	\$ 0	\$ 0	\$ 0
Mutual Funds	19,668	20,093	20,093	0
Corporate Bonds	11,659	11,918	11,918	0
Government Bonds	33,958	33,108	33,108	0
G.W. Lisk Company, Inc.	<u>173,375</u>	<u>853,994</u>	<u>0</u>	<u>853,994</u>
Total	\$ <u>238,660</u>	\$ <u>919,113</u>	\$ <u>65,119</u>	\$ <u>853,994</u>

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Notes To Financial Statements
For The Years Ended June 30, 2013 And 2012

NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Association's fair value hierarchy for the investments held on June 30, 2012.

	<u>Costs</u>	<u>Fair Value</u>	Quoted Prices in Active Markets For Identical (Level 1)	Significant Unobservable Inputs (Level 3)
Common Stocks	\$ 25,376	\$ 24,538	\$ 24,538	\$ 0
Mutual Funds	0	0	0	0
Corporate Bonds	21,917	23,247	23,247	0
Government Bonds	12,330	12,278	12,278	0
G.W. Lisk Company, Inc.	<u>173,375</u>	<u>748,181</u>	<u>0</u>	<u>748,181</u>
Total	<u>\$ 232,998</u>	<u>\$ 808,244</u>	<u>\$ 60,063</u>	<u>\$ 748,181</u>

Level 3 Fair Value Measurement

The Association holds an investment consisting of 625 common shares of G.W. Lisk Company, Inc. The stock is not publicly traded and the share price is determined by the Company based upon the book value reflected in end of year financial statements and a buy/sell agreement in effect between the two parties. According to G.W. Lisk management, the price per share was \$1,366.39 and \$1,197.09 at December 31, 2012 and 2011, respectively. An independent valuation of the stock's fair market value was not prepared as of December 31, 2012. The Association's investment in the stock is included in Level 3, Significant Unobservable Inputs, of the fair value hierarchy.

The sale of any G.W. Lisk Company, Inc. shares by the Association requires approval from G.W. Lisk management. The investment in G.W. Lisk has been excluded from investments and reported as a non-current asset due to the restrictions placed on the security.

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Notes To Financial Statements
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NOTE 6 INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth a summary of changes in the fair value of G.W. Lisk Company, Inc. stock, included in Level 3 Assets:

	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
Balance – beginning	\$ 748,181	\$ 666,450
Sale proceeds	0	0
Current year market change	<u>105,813</u>	<u>81,731</u>
Balance – ending	<u>\$ 853,994</u>	<u>\$ 748,181</u>

Investment income reported in unrestricted support and revenue on the Statements of Activities consists of the following for the year ended June 30, 2013:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 3)</u>
Interest, dividends, and distributions of capital gains and losses	\$ 3,101	\$ 2,476	\$ 625
Net realized gains (losses)	1,238	1,238	0
Net unrealized gains (losses)	<u>(1,180)</u>	<u>(1,180)</u>	<u>105,813</u>
	3,159	2,534	106,438
Interest earned from cash and cash equivalents	<u>114</u>	<u>114</u>	<u>0</u>
Total Investment Income	<u>\$ 3,273</u>	<u>\$ 2,648</u>	<u>\$ 106,438</u>

NOTE 7 RESTRICTIONS OF NET ASSETS

Temporary restrictions on net assets as of June 30, 2013 and 2012 are composed of funds restricted for specific programs as per donor stipulations.

Nature of Restriction

Temporarily restricted for the following programs:

	<u>2013</u>	<u>2012</u>
Chemical Free Graduation	\$ 345	\$ 3,003
Lacrosse	<u>778</u>	<u>0</u>
	<u>\$ 1,123</u>	<u>\$ 3,003</u>

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Notes To Financial Statements
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NOTE 7 RESTRICTIONS OF NET ASSETS (Continued)

It is policy of the Association to record temporarily restricted contributions received in the same year that the restrictions are satisfied as temporarily restricted revenue and as a restriction satisfied by payment.

The Association had no Permanently Restricted Net Assets at June 30, 2013 and 2012.

Temporarily restricted net assets released from restrictions for the years ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Program costs	\$ <u>62,285</u>	\$ <u>51,504</u>

NOTE 8 RETIREMENT PLAN

On August 29, 2011, the Association adopted the YMCA Retirement Fund Plan administered by YMCA of the USA (National Council) by the National Young Mens Christian Association Retirement Fund (a separate corporation). The National Young Mens Christian Association Retirement Fund is operated as a church pension plan and is a not-for-profit, tax exempt New York State Corporation. The plan was initially established in 1922 and was amended July 1, 2006. The plan has adopted a June 30 year-end. Participation is available to all duly organized or reorganized YMCA's of the United States in good standing with the National Council.

Participation in the plan is effective September 1, 2011 to all qualified eligible employees having worked full-time two years and 1,000 hours of service and meet age requirements.

For year ended June 30, 2013, the board elected the Association to pay 6% of eligible participating employees compensation while employees are required to contribute 2%.

For year ended June 30, 2012, the board elected the Association to pay 5% of eligible participating employees compensation while employees are required to contribute 3%.

The Association contributed \$4,078 and \$3,038 for the years ended June 30, 2013 and 2012, respectively.

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Notes To Financial Statements
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NOTE 8 RETIREMENT PLAN (Continued)

The Association investigated prior retirement obligation in the amount of \$6,538 carried on the Statements of Financial Position at June 30, 2012. Based on analysis of the obligation, it was determined that the Association was not obligated, and has been cleared of its liability, for prior retirement obligations. The obligation was removed from the Association's financial position as of June 30, 2013.

NOTE 9 PAYMENTS TO ASSOCIATIONS

Under an agreement with YMCA of the USA (National Council), the Association is required to share a percentage of its support and revenue with the National Council. Amount of dues are calculated by each association based on prior year financial information.

Amounts assessed by the National Council for the year ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
National	\$ <u>3,045</u>	\$ <u>3,914</u>

Cash amounts paid to National Council for the year ended June 30, 2013 and 2012 are as follows:

National	\$ <u>3,045</u>	\$ <u>0</u>
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During 2012, the National Council has informed the Association that the account is paid in advance in the amount of \$335.

Association dues for the year ended June 30, 2014 are estimated to be \$4,000 by the National Council as of the audit report date.

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NOTE 10 OPERATING LEASE

The Association entered into a month-to-month lease on April 13, 2012 for a copier. The lease provides a base amount of \$89 plus additional monthly charges for per copies. Lease payments are billed quarterly. Minimum base expense amounted to \$1,068 and \$267 for the years ended June 30, 2013 and 2012, respectively.

The Association entered into a three year operating lease for fitness equipment on July 24, 2012. The lease agreement provides for monthly payments of \$117.50 over 36 months. In addition, a lease commitment fee of \$385 was required upon signing the lease. The lease expires July 24, 2015. Lease expense amounted to \$1,560 for the year ended June 30, 2013.

Future minimum rental expense for the five years following June 30, 2013 are as follows:

2014	\$ 1,410
2015	822
2016 and thereafter	<u>0</u>
Total	\$ <u>2,232</u>

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