YMCA OF GREENVILLE AND AFFILIATE

GREENVILLE, SOUTH CAROLINA

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

YMCA OF GREENVILLE AND AFFILIATE
GREENVILLE, SOUTH CAROLINA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
YMCA of Greenville and Affiliate
Greenville, South Carolina

We have audited the accompanying consolidated financial statements of the YMCA of Greenville (a not-for-profit organization) and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

McKinley, Cooper & Co., LLC

Greenville, South Carolina
May 30, 2019

YMCA OF GREENVILLE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	$ 507,860	$ 391,614
Restricted cash	1,696,859	902,481
Pledges receivable, current portion	711,581	464,893
Other receivables	213,781	237,390
Inventories, at cost	15,698	17,172
Prepaid expenses	34,758	43,378
Investments	1,686,826	1,824,368
Total Current Assets	4,867,363	3,881,296
PROPERTY AND EQUIPMENT, NET	25,426,864	26,719,872
OTHER ASSETS:		
Pledges receivable, less current portion	235,305	598,981
Equity investment in Hollingsworth Fund	35,408,909	37,143,409
Total Other Assets	35,644,214	37,742,390
TOTAL ASSETS	$ 65,938,441	$ 68,343,558

(Continued)

YMCA OF GREENVILLE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES:		
Accounts payable	$ 689,448	$ 550,728
Accrued expenses and other liabilities	612,230	640,254
Line of credit	214,735	1,500,000
Notes payable – current portion	688,894	875,206
Revenue bonds payable – current portion	375,000	375,000
Obligations under capital leases – current portion	150,450	168,076
Deferred revenue	637,533	484,472
Total Current Liabilities	3,368,290	4,593,736
LONG-TERM DEBT:		
Notes payable – less current portion	5,602,635	4,669,733
Revenue bonds payable – less current portion	2,203,195	2,569,511
Obligations under capital leases – less current portion	138,787	274,164
Total Long-term Debt	7,944,617	7,513,408
TOTAL LIABILITIES	11,312,907	12,107,144
NET ASSETS:		
Without Donor Restrictions		
Undesignated	11,295,723	12,618,684
Board Designated	4,670,101	4,256,305
Hollingsworth equity investment	35,408,909	37,143,409
With Donor Restrictions		
Restricted by time or purpose	887,772	64,547
Restricted in perpetuity	2,363,029	2,153,469
TOTAL NET ASSETS	54,625,534	56,236,414
TOTAL LIABILITIES AND NET ASSETS	$ 65,938,441	$ 68,343,558

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

YMCA OF GREENVILLE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Contributions and grants:						
Contributions:						
Public support	$ 1,663,927	$ 303,987	$ 1,967,914	$ 1,962,221	$ 443,935	$ 2,406,156
Capital campaign	-	1,274,847	1,274,847	-	489,865	489,865
Grants:						
United Way	45,000	-	45,000	80,500	-	80,500
Other	96,135	173,179	269,314	344,120	79,038	423,158
Total Contributions and Grants	1,805,062	1,752,013	3,557,075	2,386,841	1,012,838	3,399,679
Other revenues and gains (losses):						
Membership	10,135,375	-	10,135,375	10,091,327	-	10,091,327
Program services fees	8,108,269	-	8,108,269	8,206,362	-	8,206,362
Sales and rental income	331,242	-	331,242	320,501	-	320,501
Interest and dividends	2,308	49,609	51,917	1,140	52,718	53,858
Realized gain (loss) on sale of investments	-	43,257	43,257	-	120,724	120,724
Unrealized gain (loss) on investments	-	(228,662)	(228,662)	-	31,766	31,766
Realized gain (loss) on sale of fixed assets	(3,525)	-	(3,525)	62,254	-	62,254
Unrealized gain (loss) on equity investment	(1,734,500)	-	(1,734,500)	1,523,626	-	1,523,626
Miscellaneous	31,369	-	31,369	20,451	-	20,451
Total Other Revenues and Gains (Losses)	16,870,538	(135,796)	16,734,742	20,225,661	205,208	20,430,869
Net assets released from restriction	583,432	(583,432)	-	1,140,066	(1,140,066)	-
TOTAL REVENUES	19,259,032	1,032,785	20,291,817	23,752,568	77,980	23,830,548

(Continued)

YMCA OF GREENVILLE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services:						
Health development	$ 8,461,445	$ -	$ 8,461,445	$ 8,380,486	$ -	$ 8,380,486
Residential camp	2,618,161	-	2,618,161	2,498,328	-	2,498,328
Child care	2,262,432	-	2,262,432	2,331,297	-	2,331,297
Day camp	1,108,797	-	1,108,797	1,259,664	-	1,259,664
Recreation	1,471,150	-	1,471,150	1,482,174	-	1,482,174
Personal development	1,106,141	-	1,106,141	1,158,403	-	1,158,403
Total Program Services	17,028,126	-	17,028,126	17,110,352	-	17,110,352
Supporting services:						
Fundraising	528,249	-	528,249	647,960	-	647,960
Management and general	4,346,322	-	4,346,322	4,744,630	-	4,744,630
Total Supporting Services	4,874,571	-	4,874,571	5,392,590	-	5,392,590
TOTAL EXPENSES	21,902,697	-	21,902,697	22,502,942	-	22,502,942
CHANGES IN NET ASSETS	(2,643,665)	1,032,785	(1,610,880)	1,249,626	77,980	1,327,606
NET ASSETS, Beginning of year	54,018,398	2,218,016	56,236,414	52,768,772	2,140,036	54,908,808
NET ASSETS, End of year	$ 51,374,733	$ 3,250,801	$ 54,625,534	$ 54,018,398	$ 2,218,016	$ 56,236,414

The accompanying notes are an integral part of these financial statements.

YMCA OF GREENVILLE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services						TOTAL		Supporting Services	TOTAL
	Health Development	Residential Camp	Child Care	Day Camp	Recreation	Personal Development	PROGRAM SERVICES	Fundraising	Management and General	ALL SERVICES
EXPENSES:										
Salaries/contract services	$ 4,233,309	$ 830,668	$ 876,698	$ 545,788	$ 629,405	$ 225,922	$ 7,341,790	$ 302,652	$ 2,061,357	$ 9,705,799
Employee benefits	538,036	215,839	148,302	45,296	89,358	57,060	1,093,891	80,609	508,095	1,682,595
Payroll taxes	283,806	54,632	58,472	37,606	35,811	16,489	486,816	21,690	134,772	643,278
Total Employee Compensation	5,055,151	1,101,139	1,083,472	628,690	754,574	299,471	8,922,497	404,951	2,704,224	12,031,672
Supplies	729,323	400,205	94,809	102,717	238,059	169,496	1,734,609	62,372	259,158	2,056,139
Telephone	43,325	17,953	12,211	3,714	7,427	1,846	86,476	-	233,904	320,380
Postage and shipping	238	3,166	228	17	35	74	3,758	3,134	11,778	18,670
Occupancy	816,797	155,101	237,556	101,941	140,022	-	1,451,417	-	43,795	1,495,212
Rental and maintenance of equipment	92,209	41,134	21,321	7,652	15,305	12,590	190,211	-	25,878	216,089
Printing and publications	11,066	12,008	1,547	5,460	6,621	22,041	58,743	8,817	319,987	387,547
Travel and transportation	25,593	88,995	42,372	8,599	4,905	355,234	525,698	3,063	23,156	551,917
Conferences, conventions, and meetings	23,252	12,321	9,564	1,906	1,452	87,151	135,646	15,494	80,183	231,323
Professional fees	-	711	-	-	-	-	711	27,297	142,086	170,094
Organizational dues	3,577	3,421	2,729	114	229	-	10,070	370	24,365	34,805
Recruitment and relocation	17,107	5,570	3,514	1,466	2,933	2,642	33,232	-	32,769	66,001
Capital debt interest	113,306	-	19,424	9,712	19,424	-	161,866	-	18,206	180,072
Interest	56,588	63,806	10,189	4,850	9,701	-	145,134	-	4,170	149,304
Insurance	151,508	41,194	49,057	12,986	25,973	-	280,718	-	7,643	288,361
Scholarships	408,734	241,591	379,604	117,614	47,555	317	1,195,415	-	-	1,195,415
Other	15,165	9,936	2,526	1,299	18,040	1,664	48,630	2,751	31,772	83,153
Total Expenses Before Depreciation and Payments to Affiliated Organizations	7,562,939	2,198,251	1,970,123	1,008,737	1,292,255	952,526	14,984,831	528,249	3,963,074	19,476,154
Depreciation and amortization	721,693	403,299	254,715	84,905	148,584	148,584	1,761,780	-	360,847	2,122,627
Payments to affiliated organizations	176,813	16,611	37,594	15,155	30,311	5,031	281,515	-	22,401	303,916
TOTAL EXPENSES	$ 8,461,445	$ 2,618,161	$ 2,262,432	$ 1,108,797	$ 1,471,150	$ 1,106,141	$ 17,028,126	$ 528,249	$ 4,346,322	$ 21,902,697

The accompanying notes are an integral party of these financial statements.

YMCA OF GREENVILLE AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services						TOTAL		Supporting Services	TOTAL
	Health Development	Residential Camp	Child Care	Day Camp	Recreation	Personal Development	PROGRAM SERVICES	Fundraising	Management and General	ALL SERVICES
EXPENSES:										
Salaries/contract services	$ 4,161,933	$ 783,794	$ 891,865	$ 620,577	$ 635,129	$ 222,810	$ 7,316,108	$ 424,881	$ 2,274,373	$ 10,015,362
Employee benefits	573,143	234,224	144,081	58,560	120,126	51,627	1,181,761	105,851	483,673	1,771,285
Payroll taxes	277,564	49,963	59,502	43,069	36,465	16,327	482,890	30,853	132,981	646,724
Total Employee Compensation	5,012,640	1,067,981	1,095,448	722,206	791,720	290,764	8,980,759	561,585	2,891,027	12,433,371
Supplies	738,842	388,849	103,487	108,558	246,899	197,553	1,784,188	62,009	189,768	2,035,965
Telephone	44,159	25,624	12,821	3,717	7,434	2,374	96,129	-	236,567	332,696
Postage and shipping	383	3,096	277	17	34	49	3,856	4,189	7,279	15,324
Occupancy	779,031	157,348	235,171	91,274	133,532	-	1,396,356	-	71,460	1,467,816
Rental and maintenance of equipment	116,906	43,049	23,628	9,744	19,488	5,385	218,200	-	29,855	248,055
Printing and publications	8,653	162	639	223	1,291	35,932	46,900	3,413	439,860	490,173
Travel and transportation	21,038	77,619	34,019	10,511	4,129	300,872	448,188	4,482	24,318	476,988
Conferences, conventions, and meetings	27,626	10,710	4,557	4,247	2,316	171,718	221,174	9,421	70,270	300,865
Professional fees	-	-	-	-	-	-	-	290	123,153	123,443
Organizational dues	3,144	110	369	84	167	127	4,001	1,200	19,424	24,625
Recruitment and relocation	11,199	14,183	2,795	960	1,920	1,444	32,501	-	20,836	53,337
Capital debt interest	117,352	-	20,117	10,059	20,117	-	167,645	-	68,993	236,638
Interest	39,020	11,346	7,656	3,345	6,689	-	68,056	-	429	68,485
Insurance	139,449	33,124	48,373	11,953	23,906	-	256,805	-	16,388	273,193
Scholarships	441,810	241,146	454,025	184,549	31,954	152	1,353,636	-	-	1,353,636
Other	7,874	6,221	1,478	646	16,513	-	32,732	1,371	52,563	86,666
Total Expenses Before Depreciation and Payments to Affiliated Organizations	7,509,126	2,080,568	2,044,860	1,162,093	1,308,109	1,006,370	15,111,126	647,960	4,262,190	20,021,276
Depreciation and amortization	716,595	400,450	252,916	84,305	147,534	147,534	1,749,334	-	358,298	2,107,632
Payments to affiliated organizations	154,765	17,310	33,521	13,266	26,531	4,499	249,892	-	124,142	374,034
TOTAL EXPENSES	$ 8,380,486	$ 2,498,328	$ 2,331,297	$ 1,259,664	$ 1,482,174	$ 1,158,403	$ 17,110,352	$ 647,960	$ 4,744,630	$ 22,502,942

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

YMCA OF GREENVILLE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,610,880)	$ 1,327,606
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,122,627	2,107,633
Unrealized (gain) loss on investments	228,662	(31,766)
Realized (gain) loss on sale of investments	(43,258)	(120,724)
Realized (gain) loss on sale of property and equipment	15,902	(62,254)
(Gain) loss on equity investment	1,734,500	(1,523,626)
Net changes in operating assets and liabilities:		
Pledges receivable	39,160	(35,280)
Other receivables	23,609	83,684
Inventories, at cost	1,474	89
Prepaid expenses	8,620	65,630
Accounts payable	138,720	(454,448)
Accrued expenses and other liabilities	(28,024)	322,440
Deferred revenue	153,061	597
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,784,173	1,679,581
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(836,839)	(3,747,444)
Investments acquired at cost	(695,413)	(1,259,970)
Proceeds from disposition of property and equipment	-	144,400
Proceeds from sale of investments	647,551	1,250,972
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(884,701)	(3,612,042)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital Campaign pledge contributions	522,193	1,035,159
Capital Campaign pledges	(444,365)	(272,586)
Payments on notes payable	(803,169)	(926,832)
Payments on capital lease payable	(184,608)	(236,360)
Proceeds from issuance of line of credit	214,735	474,894
Payments on line of credit	(1,500,000)	-
Proceeds from issuance of notes payable	1,549,761	1,396,511
Proceeds from capital leases	31,605	319,423
Payments on revenue bonds	(375,000)	(375,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(988,848)	1,415,209

(Continued)

YMCA OF GREENVILLE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 910,624	$ (517,252)
CASH AND CASH EQUIVALENTS, Beginning of year	1,294,095	1,811,347
CASH AND CASH EQUIVALENTS, End of year	$ 2,204,719	$ 1,294,095
RECONCILIATION OF CASH:		
Cash and cash equivalents	$ 507,860	$ 391,614
Restricted cash	1,696,859	902,481
TOTAL CASH AND CASH EQUIVALENTS	$ 2,204,719	$ 1,294,095
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for interest	$ 329,376	$ 305,122
Acquisition of equipment through capital leases	$ 31,605	$ 319,423

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The YMCA of Greenville (the "Association") is a human services organization whose purpose is helping individuals grow in spirit, mind, and body. The Association is a member of the National Council of Young Men's Christian Associations, and accordingly, remits annual membership fees based on a percentage of its non-exempt income which generally excludes support from foundations and governmental grants. This percentage was approximately 1.20% for both 2018 and 2017.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the YMCA of Greenville Foundation (the "Foundation"), an affiliated corporation established to receive certain gifts to primarily achieve the goals of the Association. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting: The consolidated financial statements of the Association have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

Presentation: The YMCA records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Contributed Services: The YMCA recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets (b) require specialized skills (c) are provided by individuals possessing those skills and (d) would typically need to be purchased if not contributed. The YMCA received no contributed services for the years ended December 31, 2018 or 2017.

Classification of Revenue and Expense: Revenues and expenses of the Association are reported in the consolidated financial statements according to the Association's basic programs. A brief description of the programs follows:

- *Health development* – The Association has developed a complete wellness program that includes all necessary elements for a healthy body through the provision of health and fitness equipment, training and dietary recommendations.

- *Residential camp* – The resident camp brings together children from all over the United States to learn to express themselves while showing respect and appreciation for others, all while learning to enjoy outdoor skills and experiences. Additionally, several outreach programs have been developed for the spring and fall sessions that include environmental educations, leadership, teamwork and self-esteem for school children, and group camping.

- *Child care* – The Association child development area includes a variety of programs. The infant-toddler care program provides babies the consistent attention needed while guiding children through the early years of developmental stages. The preschool care programs build on children's natural desire to learn new things and become more self-reliant. The after-school programs involve participants in educational and arts activities – plus sports, field trips and service projects. All of the programs are designed to reach all critical areas of child development – spirit, mind and body.

- *Day camp* – The day camp program is designed to be fun as well as educationally stimulating while teaching social skills and values like caring, honesty, respect and responsibility. Healthy spirit, mind and body are emphasized in the day camps. To that end, sports and games, including aquatics, are core areas, as are outdoor skills and the arts.

- *Recreation* – The youth sports programs strive to teach sports skills but always focus on teamwork, responsibility, good sportsmanship and fun. This area primarily consists of sports clinics and sports leagues.

- *Personal development* – A variety of programming is included in this category. Adventure guides/princesses provide opportunities for fathers and their children to have fun together with other fathers and kids. The Association hosts regularly scheduled teen events – concerts, movie nights, and weekend trips. Additionally, the Association provides a series of weeklong leadership development training sessions including classroom instructions, hands-on job shadowing, team-building and game leadership. The YMCA Youth in Government program seeks to help create the next generation of good citizens through demystifying local, state and national governmental systems so tomorrow's adults will know how to affect change within these systems.

- *Management and general* – This category represents expenses that indirectly support the programs provided by the Association. In addition, it assures that the Association has a clear direction towards the future development of the community and assures that the Association has the human and financial resources to carry out its work.

- *Fundraising* – Fundraising represents expenses that constitute an appeal for financial support, such as costs incurred in connection with pledge receivables. Fundraising costs include costs of personnel, supplies, postage and printing.

<u>Cash and Cash Equivalents</u>: For purposes of the statement of cash flows, the Association considers cash accounts which are not subject to withdrawal restrictions or penalties, money market accounts and certificates of deposit with original maturities of 90 days or less to be cash or cash equivalents.

Restricted cash represents deposits held for a variety of projects for which donations were restricted by the donors. Also, capital campaign restricted cash is used for debt service requirements of the JEDA bonds and the payment of the $5,195,296 note payable described in Note 11.

<u>Tax Status</u>: The Association has obtained a favorable tax determination letter from the Internal Revenue Service, and management believes that the Association continues to qualify and is therefore tax exempt under Section 501 (c)(3) of the Internal Revenue Code.

Financial Accounting Standards Board (FASB) Accounting Standards Codification ("ASC") 740-10 prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Association has taken or expects to take on a tax return. In accordance with FASB ASC 740-10, the Association recognizes the tax benefits from uncertain tax positions only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Association's income tax filings are subject to audit by various taxing authorities. Management believes there was no significant impact on the Association's financial statements as a result of the adoption of ASC 740-10.

Investments: Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Association accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. The realized and unrealized gain or loss on investments is reflected in the statement of activities.

Equity Investments
Equity investments consist of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Debt Investments
Debt investments consist of U.S. Government obligations, corporate bonds and notes, and daily traded mutual funds. All investments in debt securities are valued based on quoted market prices in active markets and are categorized as Level 1.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

Pledges Receivable: Pledges receivable consists of capital campaign contributions due from local individuals and businesses. Absent donor stipulations, the Association classifies all capital campaign pledges as increases in net assets with donor restrictions. When restrictions expire due to passage of time or when the purpose is fulfilled, net assets with donor restrictions are reclassified net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Allowances for uncollectible pledges receivable are established based on historical collection rates and specific identification of uncollectible accounts. No allowance was deemed necessary at December 31, 2018 and 2017.

Inventories: Inventories, consisting primarily of items held for resale, are valued at the lower of cost (first in, first out) or market.

Property and Equipment: All property and equipment costing more than $1,000 are capitalized at cost, if purchased, or fair value, if donated, at the date of donation. Property and equipment held under capital leases are stated at the present value of future minimum lease payments at the inception of the lease which approximates fair market value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is included as part of the capitalized value of the assets constructed. During the years ended December 31, 2018 and 2017, there was no net interest capitalization.

Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Property and equipment held under capital leases and leasehold improvements are amortized on the straight-line method over the shorter of the lease terms or estimated useful lives of the assets. Depreciation expense is calculated based on the following useful lives:

Improvements other than building	8 – 40 years
Buildings and building improvements	5 – 39 years
Furniture and equipment	3 – 20 years

Fair Value of Financial Instruments: The provisions of topic 820, *Fair Value Measurements and Disclosures*, of the Financial Accounting Standards Board's Accounting Standards Codification, defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures regarding the fair value measurements of certain financial instruments. Topic 820 addresses acceptable valuation techniques and establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.

- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable (for example, interest rates), and inputs that are derived from or corroborated by observable market data.

- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

The fair value codification expands disclosures about fair value measurements for certain financial assets and liabilities.

The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments. The carrying values of the Association's investments are based on information provided by external investment managers or

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comparison to quoted market values. The carrying amounts of pledges receivable represent the estimated present values of expected future cash flows.

The carrying amounts of the notes payable, bonds payable and capital leases approximate fair value because these financial instruments bear interest at rates which approximate current market rates for notes with similar maturities and credit equity.

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

Use of Estimates: The preparation of the 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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equity Investment in Hollingsworth Funds, Inc: In December 2000, the equity interest of John D. Hollingsworth On Wheels, Inc. and the substantial real estate holdings passed to an Internal Revenue Service (IRS)-qualified supporting organization, Hollingsworth Funds, Inc. (the Funds), upon the death of John D. Hollingsworth, the company's founder and sole stockholder. According to Mr. Hollingsworth's last will and testament, the YMCA of Greenville will receive 10% of the annual distribution to beneficiaries of the Funds; the YMCA of Greenville accounts for this interest under the equity method of accounting and recognizes its share of changes in net assets of the Fund. The YMCA of Greenville recognized an unrealized loss of $1,734,500 at December 31, 2018 and an unrealized gain of $1,523,626 at and December 31, 2017 in the statement of activities.

Accounting Pronouncements Adopted:

In August 2016, the FASB issued (ASU) 2016-14, Not-for-Profit Entities: Topic 958. The amendments in this Update affect not-for-profit entity's (NFP's) and the users of their general-purpose financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources. The Association implemented this ASU effective for the year ended December 31, 2018.

Recent Accounting Pronouncements:

In May 2014, the FASB issued (ASU) 2014-09, Revenue from Contracts with Customers: Topic 606. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. The Association

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

has not yet implemented this ASU and is in the process of assessing the effect on the Association's financial statements.

In February 2016, the FASB issued (ASU) 2016-02, Leases. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. The Association has not yet implemented this ASU and is in the process of assessing the effect on the Association's financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$	2,204,719
Accounts receivable		213,781
Endowment spending-rate appropriations		91,861
	$	2,510,361

The Association's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Association's board-designated endowment of $1,504,168 is subject to an annual spending rate of five percent as described in Note 9. Although management does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Association's liquidity management plan, management invests cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was $253,289 as of December 31, 2018.

The YMCA also maintains a line of credit in the amount of $500,000, which could be drawn upon in the event of an anticipated liquidity need.

NOTE 3 – PLEDGES RECEIVABLE — CAPITAL CAMPAIGNS

The capital campaigns for the GHS Family Branch and Camp Greenville have received pledges of $2,458,197 and $3,871,926 respectively, as of December 31, 2018. The gross pledge receivable balances at December 31, 2018 for the GHS Family Branch and Camp Greenville capital campaigns were

NOTE 3 – PLEDGES RECEIVABLE — CAPITAL CAMPAIGNS (CONTINUED)

$265,000 and $616,150, respectively. A capital campaign is also underway for the Caine Halter Family Branch and pledges of $103,056 were received through December 31, 2018. The gross pledge receivable balance at December 31, 2018 for Caine Halter was $115,573. The pledges from these campaigns are expected to be collected in five years, with the donors designating their terms of payment.

Unconditional promises to give at December 31 are:

	2018	2017
Pledges due in less than one year	$ 711,581	$ 464,893
Pledges due in one to five years	285,142	639,975
Pledges due in more than five years	-	15,000
	996,723	1,119,868
Less: discount to net present value	(49,837)	(55,994)
	$ 946,886	$ 1,063,874

NOTE 4 – INVENTORIES

Inventories at December 31 consisted of the following:

	2018	2017
Merchandise for resale	$ 10,698	$ 8,631
Food inventory	5,000	8,541
	$ 15,698	$ 17,172

NOTE 5 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31:

	2018	2017
Land	$ 2,957,224	$ 2,957,224
Land improvements	5,228,362	5,208,798
Building and building improvements	35,442,805	35,075,387
Furniture and equipment	9,863,109	9,429,155
	53,491,500	52,670,564
Less: accumulated depreciation	28,064,636	25,950,692
Property and equipment, net	$ 25,426,864	$ 26,719,872

NOTE 5 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended December 31, 2018 and 2017 was $2,113,944 and $2,098,949, respectively.

NOTE 6 – CAPITALIZED FINANCING COSTS

The Association capitalized $173,671 in financing costs associated with the issuance of the 2007 JEDA bond. These costs are being amortized over the term of the bonds using the effective interest method. Amortization expenses were $8,684 for each of the years ended December 31, 2018 and 2017, respectively. Accumulated amortization for the years ended December 31, 2018 and 2017 was $99,866 and $91,182, respectively. For December 31, 2018 and 2017, the remaining unamortized capitalized financing costs balance is offset against the long-term portion of the revenue bonds, described in Note 11.

Future amortizations of capitalized financing costs as of December 31, 2018 are as follows:

2019	$ 8,684
2020	8,684
2021	8,684
2022	8,684
2023	8,684
Thereafter	30,385
	$ 73,805

NOTE 7 – RETIREMENT PLANS

The National Council of the YMCA organized a retirement plan for all YMCA employees who qualify for participation in the retirement program. To qualify for enrollment, the employee (exempt and non-exempt) must work a minimum of 1,000 hours per year in any two anniversary years. Contributions for this plan, which are based on employee compensation, are paid at 12% and are 100% funded by the Association.

The Association's retirement expense related to these plans was $555,888 and $543,419 for the years ended December 31, 2018 and 2017, respectively.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at several financial institutions. Interest bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, the Association's cash balances on deposit at these financial institutions are in excess of the federally insured limits. The Association has not experienced any losses in its bank accounts and believes it is not exposed to any significant credit risk on cash balances.

NOTE 9 – ENDOWMENT INVESTMENTS

The Foundation consists of individual donor donations for a variety of purposes which the Board has designated as endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation considers all contributions, unless specifically restricted by the donor, to be permanently restricted and part of the corpus.

Interpretation of Relevant Law

The Board of Directors has interpreted the State Prudent Management Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net asset with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standards of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Association and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Association.
7. The investment policies of the Association.

2018 Endowment Net Asset Composition by Type of Fund as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ -	$ 1,848,909	$ 1,848,909

2017 Endowment Net Asset Composition by Type of Fund as of December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds	$ -	$ 1,968,002	$ 1,968,002

NOTE 9 – ENDOWMENT INVESTMENTS (CONTINUED)

Changes in endowment net assets for the year ended December 31:

	With Donor Restrictions	Without Donor Restrictions	Total
Endowment net assets, December 31, 2016	$ -	$ 1,745,255	$ 1,745,255
Investment return:			
Investment income (loss), net	-	52,590	52,590
Net appreciation (depreciation) realized and unrealized	-	152,490	152,490
Contributions	-	195,693	195,693
Apropriation of endowment assets for expenditure	(178,026)	-	(178,026)
Net assets released from restrictions	178,026	(178,026)	-
Endowment net assets, December 31, 2017	$ -	$ 1,968,002	$ 1,968,002
Endowment net assets, December 31, 2017	$ -	$ 1,968,002	$ 1,968,002
Investment return:			
Investment income (loss), net	-	49,527	49,527
Net appreciation (depreciation) realized and unrealized	-	(185,404)	(185,404)
Contributions	-	209,561	209,561
Apropriation of endowment assets for expenditure	(192,777)	-	(192,777)
Net assets released from restrictions	192,777	(192,777)	-
Endowment net assets, December 31, 2018	$ -	$ 1,848,909	$ 1,848,909

Funds with Deficiencies: From time to time, the fair value of assets associated with Board restricted endowment funds may fall below the level that the Board requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2018 or 2017.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include board-designated funds. Under this policy, as approved by the Board of Directors, the

NOTE 9 – ENDOWMENT INVESTMENTS (CONTINUED)

endowment assets are invested in a manner that is intended to produce results that achieve conservative growth with moderate income; preservation of capital is a very important long-term objective. The Endowment Corporation expects its endowment funds, over rolling five-year periods, to provide an average rate of return of approximately seven percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Endowment Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment Corporation targets a diversified asset allocation that places a greater emphasis on equity-based investments (65% target allocation) to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Endowment Corporation has a policy of appropriating for distribution each year five percent of its endowment fund's average fair value over the prior five years. In establishing this policy, the Endowment Corporation considered the long-term expected return on its endowment. Accordingly, over the long term, the Endowment Corporation expects the current spending policy to allow its endowment to grow at an approximate average of two percent annually. This is consistent with the Endowment Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

At times, the Association has certain tort claims. The Association has insurance coverage for these claims and payments and expenses for these claims, if any, are expected to be within the policy coverage.

During the years ended December 31, 2018 and 2017, the Association participated in a federally assisted program; neither year met the threshold requirement of the Single Audit Act Amendments of 1996. Amounts received from federal grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

NOTE 11 – LONG-TERM DEBT

The following is a summary of the Association's long-term debt at December 31:

	2018	2017
3.75% note payable to bank in monthly installments of principal and interest totaling $1,693 through May 2021; secured by two vehicles with a net book value of $59,367 and $72,561 at December 31 2018 and 2017, respectively.	$ 46,718	$ 64,907

NOTE 11 – LONG-TERM DEBT (CONTINUED)

	2018	2017
3.81% note payable to bank in monthly installments of principal and interest totaling $860 through November 2021; secured by two vehicles with a net book value of $30,034 and $36,709 at December 31, 2018 and 2017, respectively.	$ 28,452	$ 37,536
4.09% note payable to bank in monthly installments of principal and interest totaling $7,740 through January 2020; secured by wellness equipment with a net book value of $52,979 and $158,938 at December 31, 2018 and 2017, respectively.	151,685	236,477
4.05% note payable to bank in monthly installments of principal and interest totaling $4,215 thorugh February 2020; secured by wellness equipment with a net book value of $86,616 and $144,360 at December 31, 2018 and 2017, respectively.	86,568	136,375
4.03% note payable to bank in monthly installments of principal and interest totaling $2,708 thorugh June 2020; secured by three vehicles with a total net book value of $115,453 and $136,444 at December 31, 2018 and 2017, respectively.	105,917	133,540
0.00% note payable to an equipment dealer in montly installments of $344 thorugh October 2022; secured by two gators with a net book value of $14,455 and $18,584 at December 31, 2018 and 2017, respectively.	15,831	19,961
0.00% note payable to an equipment dealer in monthly installments of $284 through April 2022; secured by a tractor with a net book value of $11,941 and $15,353 at December 31, 2018 and 2017, respectively.	11,372	14,784
3.99% note payable to bank in monthly installments of principal and interest totaling $10,566 thorugh December 2017; secured by wellness equipment with a net book value of $0 at December 31, 2018.	-	86,679

NOTE 11 – LONG-TERM DEBT (CONTINUED)

	2018	2017
3.75% note payable to bank in monthly installments of principal and interest totaling $4,149 thorugh May 2019; secured by five vehicles with a total net book value of $138,377 and $170,713 at December 31, 2018 and 2017, respectively.	$ 20,549	$ 68,559
4.29% note payable to bank in monthly installments of principal and interest totaling $13,092 through December 2020; secured by wellness equipment with a net book value of $260,886 and $434,810 at December 31, 2018 and 2017, respectively.	384,369	521,773
4.29% note payable to bank in monthly installments of principal and interest totaling $5,265 through December 2020; secured by wellness equipment with a net book value of $104,902 and $174,837 at December 31, 2018 and 2017, respectively.	154,556	209,804
5.25% note payable to equipment financing in monthly installments of principal and interest totaling $985 through April 2023; secured by building equipment with a net book value of $51,602 and $57,638 at December 31, 2018 and 2017, respectively.	45,711	54,866
4.44% note payable to bank in montly installments of principal and interest totaling $926 through June 2023; secured by a vehicle with a net book value of $46,005 at December 31, 2018.	44,505	-
4.49% note payable to bank in monthly installments of principal and interest totaling $1,576 through December 2018; secured by wellness equipment with a net book value of $30,259 and $42,362 at December 31, 2018 and 2017, respectively.	-	16,987

NOTE 11 – LONG-TERM DEBT (CONTINUED)

	2018	2017
4.00% note payable to bank in annual principal installments of $247,395 through January 2025; interest is due monthly; secured by land, building, and furniture, fixtrues and equipment with total net book values of $4,371,591 and $4,499,064 at December 31, 2018 and 2017, respectively.	$ 5,195,296	$ 3,942,691
Total notes payble	6,291,529	5,544,939
Less: current portion	688,894	875,206
Notes payable, less current portion	$ 5,602,635	$ 4,669,733

In January 2018, the Association consolidated the $3,942,691 note payable and the $1,500,000 Line of Credit outstanding into a single debt instrument.

Future maturities of notes payable as of December 31, 2018 are as follows:

2019	$ 688,894
2020	773,999
2021	324,469
2022	289,975
2023	255,868
Thereafter	3,958,324
	$ 6,291,529

Revenue Bonds:

	2018	2017
SC-JEDA (Jobs-Economic Development Authority) revenue bonds payable in annual principal installments of $375,000 to $2,527,000 plus interest at a variable, weekly rate through March 2028, secured by real	$ 2,652,000	$ 3,027,000
Less: current portion	(375,000)	(375,000)
Less: unamortized capitalized financing costs	(73,805)	(82,489)
Revenue bonds payable, less current portion	$ 2,203,195	$ 2,569,511

NOTE 11 – LONG-TERM DEBT (CONTINUED)

Future maturities of revenue bonds payable as of December 31, 2018 are as follows:

2019	$ 375,000
2020	375,000
2021	375,000
2022	375,000
2023	375,000
Thereafter	777,000
	$ 2,652,000

The revenue bond agreement includes restrictive covenants. As of December 31, 2018 and 2017, management believes the Association was in compliance with the covenants.

Interest expense on all debt obligations for the years ended December 31, 2018 and 2017 was $329,376 and $305,123, respectively.

NOTE 12 – LINE OF CREDIT

The Association entered into a line of credit agreement with a bank for $1,500,000 in 2016. At December 31, 2017 there were $1,500,000 of borrowings against the line. In January 2018, the Association consolidated the $1,500,000 Line of Credit and the $3,942,691 note payable into a single debt instrument. As part of that instrument, the organization entered into an additional line of credit agreement with the same bank for $500,000. The additional line of credit will be available for capital development. The line of credit bears interest at 4.5%. Borrowings outstanding at December 31, 2018 were $214,735.

NOTE 13 – OBLIGATIONS UNDER CAPITAL LEASES

The Company leased wellness equipment and other equipment under capital leases; the assets and liabilities under these capital leases were recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets were depreciated over their estimated productive lives. Depreciation of assets under these capital leases was included in depreciation expense for the years ended December 31, 2018 and 2017.

Following is a summary of property held under capital leases:

	2018	2017
Program equipment	$ 520,150	$ 561,568
Fixtures and equipment	198,278	166,673
Less: Accumulated depreciation	(457,957)	(268,528)
	$ 260,471	$ 459,713

NOTE 13 – OBLIGATIONS UNDER CAPITAL LEASES (CONTINUED)

Minimum future lease payments under capital leases as of December 31, 2018 are:

2019	$ 161,657
2020	119,895
2021	10,642
2022	7,332
2023	6,107
Total minimum lease payments	305,633
Less: amount representing interest	(16,396)
Present value of net minimum lease payments	289,237
Less: current portion	(150,450)
	$ 138,787

Interest rates on capitalized leases vary and are imputed based on the Association's borrowing rate at the inception of each lease.

NOTE 14 – DEFERRED REVENUE

The Association defers recognition of revenue for membership deposits and fees received in advance for use of facilities at Camp Greenville. The balances at December 31 were as follows:

	2018	2017
Deferred membership deposits	$ 298,300	$ 231,587
Deferred Camp Greenville facility fees	339,233	252,885
	$ 637,533	$ 484,472

NOTE 15 – OPERATING LEASES

The Association has operating leases for office equipment and vehicles. Rent expense under leases for the years ended December 31, 2018 and 2017, amounted to approximately $340,000 and $400,000, respectively.

Future minimum lease payments under the operating leases are as follows:

2019	$ 299,757
2020	207,075
2021	147,758
2022	24,583
2023	-
Thereafter	-
	$ 679,173

NOTE 16 – FAIR VALUE INFORMATION

Fair values of assets and liabilities measured on a recurring basis at December 31, 2018 and 2017 were as follows:

Description	Assets (Liabilities) Fair Value	Assets (Liabilities) Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2018:		
ASSETS:		
Investments:		
Corporate stock		
Energy	$ 65,189	$ 65,189
Materials	28,818	28,818
Industrials	183,629	183,629
Consumer Discretionary	111,711	111,711
Consumer Staples	66,391	66,391
Healthcare	90,200	90,200
Financials	244,964	244,964
Information Technology	182,406	182,406
Telecommunications	104,043	104,043
Utilities	23,190	23,190
Real Estate	31,567	31,567
Non Classified	361,276	361,276
Total corporation stock	1,493,384	1,493,384
Corporate bonds	111,411	111,411
U.S. Government securities	82,031	82,031
TOTAL ASSETS	$ 1,686,826	$ 1,686,826
LIABILITIES:		
Derivative instrument	$ -	$ -

NOTE 16 – FAIR VALUE INFORMATION (CONTINUED)

	Assets (Liabilities)	
Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2017:		
ASSETS:		
Investments:		
Corporate stock		
Energy	$ 84,053	$ 84,053
Materials	32,092	32,092
Industrials	91,521	91,521
Consumer Discretionary	127,515	127,515
Consumer Staples	68,813	68,813
Healthcare	92,614	92,614
Financials	227,176	227,176
Information Technology	171,097	171,097
Telecommunications	20,724	20,724
Utilities	28,386	28,386
Real Estate	30,526	30,526
Non Classified	618,510	618,510
Total corporation stock	1,593,027	1,593,027
Corporate bonds	152,479	152,479
U.S. Government securities	78,862	78,862
TOTAL ASSETS	$ 1,824,368	$ 1,824,368
LIABILITIES:		
Derivative instrument	$ -	$ -

The valuation techniques for the assets and liabilities presented above were determined as follows:

- Level 1 fair values for investments were determined by reference to quoted market prices in active markets.

The Association had no Level 2 or 3 assets or liabilities at December 31, 2018 or 2017.

NOTE 17 – FEDERAL GRANTS

During the years ending December 31, 2018 and 2017, the Association received federal awards; as stated previously, neither year met the threshold requirement of the Single Audit Act Amendments of 1996.

NOTE 17 – FEDERAL GRANTS (CONTINUED)

The purpose of the grant program is to help communities design and carry out local programs that prevent chronic diseases such as cancer, diabetes, and heart disease. The Association contracted with third-party organizations for the performance of a substantive portion of the program funded under the grant award. These organizations (sub-recipients) are accountable to the YMCA for the use of the funds through various reporting and performance requirements.

NOTE 18 – NET ASSETS

Net assets restricted by time or purpose at December 2018 and 2017 are available for the following purposes or programs:

	2018	2017
Capital campaign	$ 1,706,568	$ 584,926
Other	(818,796)	(520,379)
	$ 887,772	$ 64,547

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 21, 2019, the date these financial statements were available to be issued.