Central Florida YMCA Foundation, Inc.

Financial Report
December 31, 2017

Contents

Independent auditor's report	1
Financial statements	
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Notes to financial statements	5-11

RSM

RSM US LLP

Independent Auditor's Report

To the Audit Committee
Central Florida YMCA Foundation, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Central Florida YMCA Foundation, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, 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 misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 financial statements referred to above present fairly, in all material respects, the financial position of Central Florida YMCA Foundation, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Orlando, Florida
June 29, 2018

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

Central Florida YMCA Foundation, Inc.

Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ **66,147**	$ 43,049
investments (Notes 2 and 5)	**621,548**	569,289
Pledges receivable	**19,000**	22,000
Other assets	**-**	304
Land held for investment (Note 5)	**250,000**	250,000
Total assets	$ **956,695**	$ 884,642
Liabilities and Net Assets		
Liabilities:		
Due to Association (Note 4)	$ **260,903**	$ 188,850
Total liabilities	**260,903**	188,850
Net assets:		
Permanently restricted net assets (Note 3)	**695,792**	695,792
Total liabilities and net assets	$ **956,695**	$ 884,642

See notes to financial statements.

Central Florida YMCA Foundation, Inc.

Statements of Activities
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Public support and revenue:						
Pledges and contributions	$ -	$ -	$ -	$ -	$ 2,119	$ 2,119
Investment income (Note 2)	72,054	-	72,054	46,386	-	46,386
Net assets released from restrictions (Note 3)	-	-	-	25,000	(25,000)	-
Total public support and revenue	72,054	-	72,054	71,386	(22,881)	48,505
Expenses:						
Contribution to the Association (Note 3)	72,054	-	72,054	46,386	-	46,386
Write-off of uncollectible pledge (Note 3)	-	-	-	25,000	-	25,000
Total expenses	72,054	-	72,054	71,386	-	71,386
Change in net assets from operations	-	-	-	-	(22,881)	(22,881)
Other changes:						
Transfer due to change in donor purpose (Note 3)	-	-	-	-	(500,000)	(500,000)
Change in net assets	-	-	-	-	(522,881)	(522,881)
Net assets:						
Beginning of year	-	695,792	695,792	-	1,218,673	1,218,673
End of year	$ -	$ 695,792	$ 695,792	$ -	$ 695,792	$ 695,792

See notes to financial statements.

Central Florida YMCA Foundation, Inc.

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ -	$ (522,881)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	**(50,045)**	(25,995)
Donated investments	**-**	(2,119)
Provision for uncollectible pledges	**-**	25,000
Change in operating assets and liabilities:		
Decrease in pledges receivable	**3,000**	502,000
Decrease in other assets	**304**	75
Increase in due to Association	**72,053**	44,386
Net cash provided by operating activities	**25,312**	20,466
Cash flows from investing activities:		
Proceeds from sales of investments	**53,178**	32,710
Purchases of investments	**(55,392)**	(25,207)
Net cash (used in) provided by investing activities	**(2,214)**	7,503
Net increase in cash and cash equivalents	**23,098**	27,969
Cash and cash equivalents:		
Beginning	**43,049**	15,080
Ending	$ **66,147**	$ 43,049

See notes to financial statements.

Note 1. Nature of Foundation and Significant Accounting Policies

Nature of foundation: The Central Florida YMCA Foundation, Inc. (the Foundation) was established in October 2001 as a 501(c)(3) organization to provide scholarships to individuals for use in the Central Florida Young Men's Christian Association, Inc. (the Association) facilities and programs. The Association and Foundation have common members of their Boards of Directors and uses the same management and employees. They were organized to achieve common goals. Therefore, the Foundation's financial statements are included in the consolidated financial statements of the Association.

A summary of the Foundation's significant accounting policies follows:

Accounting principles: A nonprofit organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

***Unrestricted net assets*:** Net assets that are not subject to donor-imposed restricted stipulations, but may be designated for specific purposes by action of the Board of Directors.

***Temporarily restricted net assets*:** Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

***Permanently restricted net assets*:** Net assets subject to donor-imposed stipulations that they be permanently maintained by the Foundation.

Liquidity: Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash equivalents: For purposes of the statements of cash flows, the Foundation considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents include a money market account.

Investments and investment income: Investments are stated at their estimated fair value. Realized gains and losses are recorded at date of disposition based on the difference between the net proceeds and the cost of the investments sold, using the specific identification method. Unrealized gains and losses are reported for the changes in estimated fair value between reporting periods. Interest and dividend income is recognized when earned. Investment income, reported in the accompanying statements of activities includes realized and unrealized gains and losses as well as interest and dividend income.

Donor-imposed restrictions: All contributions to the Foundation are restricted by the donor to be maintained by the Foundation in perpetuity and, therefore, are classified as permanently restricted.

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

Note 1. Nature of Foundation and Significant Accounting Policies (Continued)

Fair value of financial instruments: Under the Financial Accounting Standards Board's (FASB) authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Income taxes: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

The Foundation follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions, which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Foundation files income tax returns in the U.S. federal jurisdiction. Generally, the Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before December 31, 2014.

Endowments funds: The Foundation follows accounting standards relating to endowments of nonprofit organizations and net asset classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and enhanced disclosures for all endowment funds. These standards require additional disclosures about endowments (both donor-restricted funds and board-designated funds).

The Foundation's endowment funds included donor restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation maintains the original historical dollar value of the contribution received as an endowment. The Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) those limited circumstances where donors have required that a portion of investment return be added to the endowment.

Note 1. Nature of Foundation and Significant Accounting Policies (Continued)

The Foundation 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 Foundation 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 Foundation.
7) The investment policies of the Foundation.

Spending policy: Endowments are established to preserve principal and generate an income stream to support the purpose of the funds held. A spending policy establishes a reasonable, sustainable, consistent and predictable expenditure level which enables the Foundation to use endowment earnings to support its operations and the Association to the fullest extent possible, while ensuring that the principal value of the endowment is maintained and protected from the effects of inflation.

The Foundation has established a policy that investment income from endowments are used to support its operations and the Association. Investment income from endowments to be used to support its operations and the Association is determined by investment earnings on endowments, net of any realized gains or losses. The original principal in the restricted endowment is invested in perpetuity and thus is not available to fund any draws.

Investment policy: The general investment objective is to provide income to augment and support current operating needs and to provide contributions to the Association, together with principal growth to offset the effects of inflation. The endowment funds are diversified across asset classes to achieve an optimal balance between risk and return. The Foundation establishes a reasonable risk level it is willing to accept when it determines in which funds to invest. The Audit Committee is responsible for determining how and where funds are invested. All investments will be made within the Investment Policy Guidelines set by the Audit Committee.

Recent accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will become effective for annual reporting periods of nonpublic entities beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU No. 2016-05 is effective for annual periods beginning after December 15, 2017. The Foundation is currently evaluating the effect that the standard will have on its financial statements.

Note 1. Nature of Foundation and Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU No. 2016-15 is effective for annual periods beginning after December 15, 2017. ASU No. 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Foundation is currently evaluating the effect that the standard will have on its financial statements.

The FASB has issued, certain new or modifications to, or interpretations of, existing accounting guidance in addition to the ASU's described above. The Foundation has considered the new pronouncements and does not believe that any other new or modified principles will have a material impact on the Foundation's reported financial position or operations in the near term.

Subsequent events: Management has evaluated subsequent events through June 29, 2018, which is the date the financial statements were available to be issued.

Note 2. Investments

The fair value of investments as of December 31, 2017 and 2016, consist of the following:

	2017	2016
Mutual funds	$ 236,963	$ 220,146
Exchange-traded funds	384,585	349,143
	$ 621,548	$ 569,289

During the years ended December 31, 2017 and 2016, investment income included realized and unrealized gains of $50,045 and $25,995, respectively, and interest and dividends earned on investments of $22,009 and $20,391, respectively, which are included in investment income in the accompanying statements of activities.

Note 3. Permanently Restricted Net Assets

The returns on the endowment fund have been included in unrestricted investment income on the accompanying statements of activities since they are either unrestricted by the donor or are restricted for scholarships that are given out during the course of the same year.

Changes in the Foundation's endowment net assets are as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets at December 31, 2015	$ -	$ 1,218,673	$ 1,218,673
Pledges and contributions	-	2,119	2,119
Interest and dividends	20,391	-	20,391
Net realized and unrealized gains on investments	25,995	-	25,995
Net assets released from restrictions	25,000	(25,000)	-
Contribution to the Association	(46,386)	-	(46,386)
Write-off of uncollectible pledge	(25,000)	-	(25,000)
*Transfer due to change in donor purpose	-	(500,000)	(500,000)
Endowment net assets at December 31, 2016	-	695,792	695,792
Interest and dividends	22,009	-	22,009
Net realized and unrealized gains on investments	50,045	-	50,045
Contribution to the Association	(72,054)	-	(72,054)
Endowment net assets at December 31, 2017	$ -	$ 695,792	$ 695,792

* During the year ended December 31, 2016, the donor changed the purpose and designation of this contribution.

The endowment incurred a net investment gain of $72,054 and $46,386 during the years ended December 31, 2017 and 2016, respectively, that was contributed to the Association through a contribution by the Foundation.

Note 4. Due to Association

The Foundation owes the Association $260,903 and $188,850 as of December 31, 2017 and 2016, respectively, consisting of amounts owed on scholarships paid by the Association on behalf of the Foundation. The amounts are non-interest-bearing.

Note 5. Fair Value Measurements

The following tables summarize the fair value measurements by level measured on a recurring basis as of December 31, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Large cap fund	$ 27,646	$ -	$ -	$ 27,646
Mid cap fund	7,799	-	-	7,799
World allocation fund	89,572	-	-	89,572
Intermediate bonds fund	36,820	-	-	36,820
International equities fund	20,360	-	-	20,360
Bank loans fund	54,766	-	-	54,766
Exchange-traded funds:				
Large cap fund	154,035	-	-	154,035
Large blend fund	31,682	-	-	31,682
Small cap fund	45,375	-	-	45,375
Corporate bonds fund	53,011	-	-	53,011
Intermediate bonds fund	25,233	-	-	25,233
International equities fund	52,267	-	-	52,267
Multialternative fund	22,982	-	-	22,982
Total investments (Note 2)	$ 621,548	$ -	$ -	$ 621,548
Land held for investment	$ -	$ -	$ 250,000	$ 250,000

	2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Large cap fund	$ 24,027	$ -	$ -	$ 24,027
Mid cap fund	8,362	-	-	8,362
World allocation fund	80,046	-	-	80,046
Intermediate bonds fund	36,862	-	-	36,862
International equities fund	16,657	-	-	16,657
Bank loans fund	54,192	-	-	54,192
Exchange traded funds:				
Large cap fund	164,223	-	-	164,223
Small cap fund	39,591	-	-	39,591
Corporate bonds fund	105,657	-	-	105,657
Intermediate bonds fund	25,004	-	-	25,004
International equities fund	14,668	-	-	14,668
Total investments (Note 2)	$ 569,289	$ -	$ -	$ 569,289
Land held for investment	$ -	$ -	$ 250,000	$ 250,000

Note 5. Fair Value Measurements (Continued)

The Foundation's mutual and exchange traded funds are valued based on the quoted market price of the fund on active markets as of the valuation date which represents the net asset value of shares held by the Foundation. The Foundation has no Level 2 financial assets. The Foundation's Level 3 financial assets consist of land held for investment which was contributed to the Foundation and was valued based on management's best estimate of its fair value.

Note 6. Concentrations of Credit Risk

The Foundation's financial instruments that are exposed to concentrations of credit risk consist of investments. Investments consist primarily of mutual and exchange traded funds. Although the market value of investments is subject to fluctuations on a day-to-day basis, management believes the current investment strategy is prudent for the long-term welfare of the Foundation.