

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF MIDDLE TENNESSEE**

**FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Young Men's Christian Association of Middle Tennessee  
Nashville, Tennessee

We have audited the accompanying financial statements of the Young Men's Christian Association of Middle Tennessee (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, 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 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 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 the Young Men's Christian Association of Middle Tennessee as of December 31, 2015 and 2014, 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.

*Francis Owen & Harold P. Lee*

Nashville, Tennessee  
April 26, 2016

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,733,664	\$ 9,871,057
Accounts and grants receivable:		
Membership and program fees, net	808,825	1,476,717
Grants and contracts	195,278	152,589
Pledges receivable, net	374,834	147,571
Note receivable	91,653	-
Prepaid expenses and other assets	953,358	546,105
Total current assets	13,157,612	12,194,039
Pledges receivable, less current portion, net	1,098,043	1,017,616
Note receivable, less current portion, net	1,365,000	-
Property and equipment - held for sale, net	3,749,999	2,387,500
Property and equipment, net	117,292,084	124,305,205
Bond issue costs, net	72,213	76,462
Cash restricted for investment in property and equipment	1,026,526	272,008
Total assets	\$ 137,761,477	\$ 140,252,830
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 2,986,289	\$ 1,328,667
Accrued expenses	3,623,541	4,966,438
Deferred membership and other revenues	1,347,370	1,962,897
Current portion of notes payable	190,641	35,722
Current portion of bonds payable	1,421,528	2,949,177
Current portion of capital leases	1,966,512	936,636
Total current liabilities	11,535,881	12,179,537
Line of credit	1,871,718	5,844,414
Deferred lease revenue	1,056,868	1,170,665
Long term interest rate swap	3,111,723	2,239,029
Long term notes payable, less current portion	3,324,316	54,816
Long term bonds payable, less current portion	44,888,819	47,414,060
Long term capital leases, less current portion	1,700,816	1,388,673
Total liabilities	67,490,141	70,291,194
Net assets:		
Unrestricted:		
Undesignated	63,241,599	64,739,724
Board-designated	3,789,661	3,784,717
Total unrestricted	67,031,260	68,524,441
Temporarily restricted	3,240,076	1,437,195
Total net assets	70,271,336	69,961,636
Total liabilities and net assets	\$ 137,761,477	\$ 140,252,830

See accompanying notes to financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended December 31, 2015**  
**(With Summarized Financial Information for the Year Ended December 31, 2014)**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>	<b>2014 Total</b>
Operating activities:					
Public support:					
Contributions	\$ 3,367,052	\$ 433,687	\$ -	\$ 3,800,739	\$ 3,972,779
Foundation and corporate grants	695,730	643,037	-	1,338,767	1,050,491
Special events, net	585,488	-	-	585,488	839,748
Gain (loss) of disposal of property and equipment	71,604	-	-	71,604	(205,755)
Total public support	<u>4,719,874</u>	<u>1,076,724</u>	<u>-</u>	<u>5,796,598</u>	<u>5,657,263</u>
Revenue:					
Membership fees, net	43,533,000	-	-	43,533,000	46,064,734
Program fees, net	22,251,616	-	-	22,251,616	23,204,946
Government grants and contracts	2,055,785	-	-	2,055,785	1,818,438
Other income	1,114,170	-	-	1,114,170	856,160
Sales to members	835,198	-	-	835,198	887,481
Consulting and management fees	174,829	-	-	174,829	183,152
Interest income	14,194	-	-	14,194	113,776
Total revenue	<u>69,978,792</u>	<u>-</u>	<u>-</u>	<u>69,978,792</u>	<u>73,128,687</u>
Total public support and revenue	<u>74,698,666</u>	<u>1,076,724</u>	<u>-</u>	<u>75,775,390</u>	<u>78,785,950</u>
Expenses:					
Program services	65,637,156	-	-	65,637,156	71,769,906
Administrative	8,342,223	-	-	8,342,223	9,633,895
Fundraising	1,832,000	-	-	1,832,000	1,530,644
Total expenses	<u>75,811,379</u>	<u>-</u>	<u>-</u>	<u>75,811,379</u>	<u>82,934,445</u>
Changes in net assets from operations	<u>(1,112,713)</u>	<u>1,076,724</u>	<u>-</u>	<u>(35,989)</u>	<u>(4,148,495)</u>
Non-operating activities:					
Unrealized loss on interest rate swap	(872,694)	-	-	(872,694)	(377,947)
Contributions for capital assets	308,715	1,167,507	-	1,476,222	848,040
Loss on restructuring	(257,839)	-	-	(257,839)	(2,297,442)
Release from restriction	441,350	(441,350)	-	-	-
Total non-operating activities	<u>(380,468)</u>	<u>726,157</u>	<u>-</u>	<u>345,689</u>	<u>(1,827,349)</u>
Change in net assets	<u>(1,493,181)</u>	<u>1,802,881</u>	<u>-</u>	<u>309,700</u>	<u>(5,975,844)</u>
Net assets - beginning of year	<u>68,524,441</u>	<u>1,437,195</u>	<u>-</u>	<u>69,961,636</u>	<u>75,937,480</u>
Net assets - end of year	<u>\$ 67,031,260</u>	<u>\$ 3,240,076</u>	<u>\$ -</u>	<u>\$ 70,271,336</u>	<u>\$ 69,961,636</u>

See accompanying notes to the financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating activities:				
Public support:				
Contributions	\$ 3,972,779	\$ -	\$ -	\$ 3,972,779
Foundation and corporate grants	1,050,491	-	-	1,050,491
Special events, net	839,748	-	-	839,748
Loss on disposal of property and equipment	(205,755)	-	-	(205,755)
Total public support	<u>5,657,263</u>	<u>-</u>	<u>-</u>	<u>5,657,263</u>
Revenue:				
Membership fees, net	46,064,734	-	-	46,064,734
Program fees, net	23,204,946	-	-	23,204,946
Government grants and contracts	1,818,438	-	-	1,818,438
Sales to members	887,481	-	-	887,481
Other income	856,160	-	-	856,160
Consulting and management fees	183,152	-	-	183,152
Interest income	113,776	-	-	113,776
Total revenue	<u>73,128,687</u>	<u>-</u>	<u>-</u>	<u>73,128,687</u>
Total public support and revenue	<u>78,785,950</u>	<u>-</u>	<u>-</u>	<u>78,785,950</u>
Expenses:				
Program services	71,769,906	-	-	71,769,906
Administrative	9,633,895	-	-	9,633,895
Fundraising	1,530,644	-	-	1,530,644
Total expenses	<u>82,934,445</u>	<u>-</u>	<u>-</u>	<u>82,934,445</u>
Changes in net assets from operations	<u>(4,148,495)</u>	<u>-</u>	<u>-</u>	<u>(4,148,495)</u>
Non-operating activities:				
Unrealized loss on interest rate swap	(377,947)	-	-	(377,947)
Contributions for capital assets	846,497	1,543	-	848,040
Loss on restructuring	(2,297,442)	-	-	(2,297,442)
Release from restriction	1,369,950	(1,369,950)	-	-
Total non-operating activities	<u>(458,942)</u>	<u>(1,368,407)</u>	<u>-</u>	<u>(1,827,349)</u>
Changes in net assets	(4,607,437)	(1,368,407)	-	(5,975,844)
Net assets - beginning of year	<u>73,131,878</u>	<u>2,805,602</u>	<u>-</u>	<u>75,937,480</u>
Net assets - end of year	<u>\$ 68,524,441</u>	<u>\$ 1,437,195</u>	<u>\$ -</u>	<u>\$ 69,961,636</u>

See accompanying notes to the financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2015**

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs:				
Salaries and wages	\$ 28,431,575	\$ 4,472,087	\$ 1,080,269	\$ 33,983,931
Employee benefits	2,985,007	453,502	181,105	3,619,614
Payroll taxes	2,731,423	372,891	74,412	3,178,726
Total personnel costs	34,148,005	5,298,480	1,335,786	40,782,271
Non-personnel costs:				
Occupancy	9,635,514	383,473	-	10,018,987
Depreciation and amortization	8,243,655	397,943	-	8,641,598
Supplies	4,071,518	149,126	166,261	4,386,905
Purchased services	1,569,899	377,244	105,271	2,052,414
Technology system and services	1,200,162	757,586	30,924	1,988,672
Financing costs	1,677,886	15,929	-	1,693,815
Conferences, meetings, and staff development	889,312	169,110	30,981	1,089,403
Equipment	671,756	320,764	3,960	996,480
Promotion and publication	962,998	10,609	-	973,607
Awards, grants and assistance	952,884	-	-	952,884
Travel, meals and entertainment	406,353	141,144	9,713	557,210
Membership and professional dues	450,439	50,706	4,049	505,194
Bad debt expense	256,629	-	113,511	370,140
Miscellaneous	172,550	121,845	30,032	324,427
Liability and other insurance	222,863	46,033	-	268,896
Postage and shipping	104,733	102,231	1,512	208,476
Total non-personnel costs	31,489,151	3,043,743	496,214	35,029,108
Total expenses	<u>\$ 65,637,156</u>	<u>\$ 8,342,223</u>	<u>\$ 1,832,000</u>	<u>\$ 75,811,379</u>

See accompanying notes to the financial statements.



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2014**

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs:				
Salaries and wages	\$ 31,299,750	\$ 4,411,100	\$ 1,067,347	\$ 36,778,197
Employee benefits	3,244,455	1,283,061	148,962	4,676,478
Payroll taxes	3,127,104	407,646	76,644	3,611,394
Total personnel costs	<u>37,671,309</u>	<u>6,101,807</u>	<u>1,292,953</u>	<u>45,066,069</u>
Non-personnel costs:				
Occupancy	10,874,119	408,468	-	11,282,587
Depreciation and amortization	8,576,887	763,423	-	9,340,310
Supplies	4,550,711	141,901	109,674	4,802,286
Purchased services	1,639,078	650,624	37,710	2,327,412
Financing costs	1,995,539	27,291	-	2,022,830
Technology system and services	1,239,744	591,759	33,015	1,864,518
Conferences, meetings, and staff development	880,148	207,058	17,848	1,105,054
Promotion and publication	908,584	24,794	-	933,378
Equipment	696,178	219,944	3,019	919,141
Awards, grants and assistance	856,476	-	-	856,476
Travel, meals and entertainment	539,406	132,285	10,369	682,060
Membership and professional dues	375,615	61,396	4,114	441,125
Bad debt expense	431,752	-	-	431,752
Liability and other insurance	263,163	34,505	-	297,668
Postage and shipping	160,790	120,391	3,441	284,622
Miscellaneous	110,407	148,249	18,501	277,157
Total non-personnel costs	<u>34,098,597</u>	<u>3,532,088</u>	<u>237,691</u>	<u>37,868,376</u>
Total expenses	<u>\$ 71,769,906</u>	<u>\$ 9,633,895</u>	<u>\$ 1,530,644</u>	<u>\$ 82,934,445</u>

See accompanying notes to the financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 309,700	\$ (5,975,844)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	8,641,598	9,340,310
Loss on disposition and impairment of property and equipment	18,848	2,317,935
Donated property and equipment	-	(846,497)
Increase in interest rate swap	872,694	377,947
Contributions for property and equipment	(1,476,222)	(1,543)
Changes in operating assets and liabilities:		
Accounts and grants receivable	625,203	(73,922)
Pledges receivable	(224,885)	(693,541)
Prepaid expenses and other assets	(407,253)	450,667
Accounts payable and accrued expenses	(83,053)	(1,722,605)
Deferred membership and other revenues	(615,527)	318,220
Deferred lease revenue	(113,797)	(79,499)
Net cash provided by operating activities	<u>7,547,306</u>	<u>3,411,628</u>
Cash flows from investing activities:		
Purchases of property and equipment	(4,075,062)	(2,895,978)
(Increase) decrease in cash restricted for investment in property and equipment	(754,518)	584,900
Principal payments received on note receivable	8,347	-
Proceeds from sale of property and equipment	<u>3,029,470</u>	<u>598,200</u>
Net cash used in investing activities	<u>(1,791,763)</u>	<u>(1,712,878)</u>
Cash flows from financing activities:		
Proceeds received from contributions for property and equipment	1,393,417	1,478,591
Principal payments on debt obligations	(7,956,479)	(5,553,913)
Proceeds from debt obligations	3,355,312	3,835,110
Principal payments on capital lease obligations	<u>(1,685,186)</u>	<u>(4,248,898)</u>
Net cash used in financing activities	<u>(4,892,936)</u>	<u>(4,489,110)</u>
Increase (decrease) in cash and cash equivalents	862,607	(2,790,360)
Cash and cash equivalents - beginning of year	<u>9,871,057</u>	<u>12,661,417</u>
Cash and cash equivalents - end of year	<u><u>\$ 10,733,664</u></u>	<u><u>\$ 9,871,057</u></u>

See accompanying notes to the financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Supplemental cash flow disclosures:		
Non-cash investing and financing activities:		
Donated property and equipment	\$ -	\$ 846,497
Property and equipment acquired through capitalized leases	<u>\$ 3,027,205</u>	<u>\$ 3,020,324</u>
Sale of property financed through note receivable	<u>\$ 1,465,000</u>	<u>\$ -</u>
Accounts payable for construction-in-progress	<u>\$ 397,778</u>	<u>\$ -</u>
Interest expense paid	<u>\$ 1,693,815</u>	<u>\$ 2,022,830</u>

See accompanying notes to the financial statements.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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

**General**

The Young Men’s Christian Association of Middle Tennessee (the “YMCA”) is a worldwide charitable fellowship united by a common loyalty to Jesus Christ for the purpose of helping people grow in spirit, mind and body. As the region’s leading nonprofit dedicated to strengthening community, the YMCA works side-by-side with neighbors to make sure that everyone, regardless of age, income or background, has the opportunity to learn, grow and thrive. With 15 family wellness centers and over 150 program locations, the YMCA exists to nurture the potential of children and teens, improve the region’s health and well-being and to provide opportunities to give back and support neighbors.

**Basis of Presentation**

The accompanying financial statements present the financial position and operations of the corporate office and all YMCA centers on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. All significant transactions and balances between and among the Corporate Office and the centers have been eliminated in combination.

Resources are classified as unrestricted, temporarily restricted and permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

*Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors’ stipulations results in the release of the restriction. Unrestricted net assets include certain board designated reserves for contingencies, major maintenance and capital asset additions.

*Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.

*Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations or certain restricted purposes. The YMCA had no permanently restricted net assets as of December 31, 2015 or 2014.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions 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.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

The YMCA also receives grant revenue from various federal and state agencies. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

Any gifts of equipment or materials are reported as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

**Donated Services**

Many individuals volunteer their time and perform a variety of tasks for or on behalf of the YMCA. During 2015 and 2014, contributed services meeting the requirements for recognition in the financial statements was not significant.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of checking account balances, savings account balances, and money market funds that can be liquidated without significant penalty or restriction.

**Accounts and Grants Receivable**

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. The allowance for doubtful accounts for accounts and grants receivable at December 31, 2015 and 2014, is \$83,100 and \$169,397, respectively.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using an appropriate discount rate commensurate with the rate on U.S. Government bonds whose maturities correspond to the maturities of the contributions and management's estimate of credit risk for each contribution. Amortization of the discount is recognized using the interest method over the term of the gift and is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends.

**Prepaid Expenses**

Prepaid expenses include certain marketing and promotional costs pertaining to future campaigns and are paid in advance and charged to operating expense when the campaign occurs.

Advertising, marketing and promotional costs incurred totaled \$1,314,903 and \$1,254,475 for the years ended December 31, 2015 and 2014, respectively.

**Property and Equipment**

Land, building, equipment, furniture and software are reported at cost at the date of purchase or at estimated fair value at date of gift to the YMCA. The YMCA's policy is to capitalize purchases with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets ranging from two to forty years for equipment and furniture, five to seven years for software, fifteen to twenty years for land improvements and forty years for buildings and improvements.

Interest costs are capitalized in connection with construction of qualifying assets. Capitalization begins when expenditures for qualifying assets are made, activities necessary to prepare the asset for its intended use are in progress, and interest cost is being incurred. Capitalization ends when the asset is ready for its intended use. Capitalized interest cost is depreciated the same as the associated qualifying asset.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment (Continued)**

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The YMCA assesses recoverability of the carrying value of the asset by estimating future net cash flows expected to result from the assets, including eventual disposition. If the future cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and its estimated fair value.

**Bond Issue Costs and Amortization**

Bond issue costs are capitalized and amortized by the straight-line method over the term of the related bond issue. Accumulated amortization at December 31, 2015 and 2014 was \$12,744 and \$8,495, respectively.

**Derivatives**

The YMCA utilizes derivative financial instruments to manage its interest rate exposure by reducing the impact of fluctuating interest rates on its debt service requirements. Derivatives are recognized as either assets or liabilities in the statement of financial position at fair value. Changes in the fair value of derivatives are recognized currently in the statement of activities.

**Deferred Revenues**

Deferred revenue consists of membership dues, unearned revenue from a lease, and advance operational and maintenance costs received from a leasee.

Income from membership dues is deferred initially and recognized over the periods to which the dues relate.

Deferred lease revenue is recognized into income on the straight-line method over the term of the lease.

The reimbursement for operational and maintenance costs relating to a lease is recognized as the actual costs are incurred which is currently expected to represent a term of approximately 15 years.

Grant funds received prior to expenditure are recorded initially as deferred revenue and recognized in the period a liability is incurred for eligible expenditures under the terms of the grant.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The YMCA qualifies as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The YMCA pays tax on unrelated business income from certain activities. These activities and the related tax were insignificant in 2015 and 2014.

The YMCA files U.S. Federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the YMCA files a Tennessee state income tax return.

The YMCA follows Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The YMCA has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended December 31, 2012 through 2015. There is no accrual for uncertain tax positions at December 31, 2015 and 2014.

**Program and Supporting Services**

The following program and supporting services are included in the accompanying financial statements:

Program Services - includes activities carried out to fulfill the YMCA’s mission to provide nurturing and healthy development of children, teens, adults, seniors, families and communities.

Supporting Services:

Administrative - relates to the overall direction of the organization. These expenses are not identifiable with a particular program or event or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative activities.



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Program and Supporting Services (Continued)**

Fundraising - includes costs of activities directed toward appeals for financial support including annual giving campaigns and grants. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

As part of its fundraising efforts, the YMCA holds periodic special events. Direct expenses related to special events are included within special event revenue in the accompanying statements of activities and totaled \$254,172 and \$321,097 for the years ended December 31, 2015 and 2014, respectively.

**Allocation of Functional Expenses**

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

**Use of Estimates**

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

**Fair Value Measurements**

The YMCA classifies its financial assets and liabilities based on a hierarchy consisting of: Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market but for which observable market inputs are readily available), and Level 3 (securities valued based on significant unobservable inputs).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for financial assets and liabilities:

Interest rate swaps are measured at fair value on a recurring basis utilizing Level 2 inputs. The YMCA obtains bank quotations to value its interest rate swaps. For purposes of potential valuation adjustments to its derivative positions, the YMCA evaluates the credit risk of its counterparties as well as that of the YMCA.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurements (Continued)**

The carrying value of cash and cash equivalents, accounts and grants receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying value of contributions receivable approximates fair value because of the present value discount included in the carrying amount. Notes payable, bonds payable, and capital lease obligations have a carrying value which approximates the fair value of the outstanding balance of the notes, bonds, and capital lease obligations, respectively. The estimated fair value amounts have been determined by the YMCA using available market information and appropriate valuation methodologies.

No changes in the valuation methodologies were made during 2015 or 2014.

**Subsequent Events**

The YMCA evaluated subsequent events through April 26, 2016, when these financial statements were available to be issued. Except as discussed in Notes 8 and 9, YMCA management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 10,733,664	\$ 9,871,057
Cash restricted for investment in property and equipment	<u>1,026,526</u>	<u>272,008</u>
	<u>\$ 11,760,190</u>	<u>\$ 10,143,065</u>

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Pledges receivable consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Temporarily restricted:		
Less than one year	\$ 562,322	\$ 259,765
Over one year	<u>1,201,934</u>	<u>1,168,980</u>
	1,764,256	1,428,745
Less: allowance for uncollectible contributions	(187,488)	(112,194)
Less: discount to net present value	<u>(103,891)</u>	<u>(151,364)</u>
Total	<u>\$ 1,472,877</u>	<u>\$ 1,165,187</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 3 – CONTRIBUTIONS RECEIVABLE (Continued)**

Contributions receivable are discounted at rates ranging from 0.72% to 5.17%.

**NOTE 4 – NOTE RECEIVABLE**

During 2015, the YMCA financed the sale of property held for sale (see Note 5) by entering into a note receivable agreement with the purchaser. The note requires monthly interest payments calculated at an annual rate of 5%. Additionally, periodic principal payments are required with the balance due in full on November 15, 2017.

Annual principal payments to be received under the note receivable at December 31, 2015 are:

Years Ending	
December 31:	
2016	\$ 91,653
2017	<u>1,365,000</u>
	<u>\$ 1,456,653</u>

**NOTE 5 – PROPERTY AND EQUIPMENT - HELD FOR SALE**

During 2009, the YMCA received a land donation with an estimated fair value of \$600,000. Management determined that the YMCA would sell the land and listed the property for sale. During 2014, the YMCA recognized an impairment loss of \$312,500 which was included within restructuring costs in the accompanying 2014 statement of activities. During 2015, the property was sold. A gain of \$1,285 is included in restructuring costs in the accompanying statement of activities.

During 2011, the YMCA received a land donation with an estimated fair value of \$2,000,000. During the same year, the YMCA purchased adjacent land for \$1,825,738. During 2013, management determined that the YMCA would sell the land and listed the property for sale and recognized an impairment loss of \$1,725,738. During 2015, the property was sold and a note receivable for the balance was negotiated with the purchaser (see Note 4). A loss of \$682,500 is included in restructuring costs in the accompanying statement of activities.

During 2015, the YMCA ceased operations in a facility with a net recorded value of \$4,913,552 at the date of closure. The property is currently listed for sale and has been recorded to reflect management's estimate of net proceeds to be received upon the ultimate sale of the property. An impairment loss of \$1,163,553 is included in restructuring costs in the accompanying 2015 statement of activities.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Land and land improvements	\$ 15,538,300	\$ 16,371,682
Buildings and improvements	133,627,865	139,673,067
Equipment and furniture	39,768,788	41,554,938
Software	4,116,376	4,024,031
Construction in progress	<u>1,537,395</u>	<u>126,551</u>
	194,588,724	201,750,269
Less: accumulated depreciation	<u>(77,296,640)</u>	<u>(77,445,064)</u>
	<u>\$117,292,084</u>	<u>\$124,305,205</u>

Construction in progress includes expansions and additions that were underway at December 31, 2015 and 2014 at certain YMCA centers.

**NOTE 7 – DEFERRED LEASE REVENUE**

In June 2006, the YMCA entered into an agreement with Fifty Forward (a nonprofit organization) for facility use and maintenance. Under the terms of the lease, Fifty Forward has the right to occupy approximately 20% of the space at the Bellevue Family YMCA and J.L. Turner Center for Lifelong Learning for an initial term of 20 years, with four consecutive five-year renewal options. The agreement required an initial advance payment of \$2,000,000, of which \$1,486,636 was prepaid rent for the entire initial lease term, and \$513,364 was a prepayment for estimated operational costs and maintenance for approximately 15 years. The remaining unamortized balance of deferred lease revenue for the Bellevue facility totaled \$1,056,868 and \$1,170,665 at December 31, 2015 and 2014, respectively. The agreement with Fifty Forward also includes revenue sharing provisions related to certain jointly sponsored programs primarily directed to senior citizens at the Bellevue facility.

**NOTE 8 – LINE OF CREDIT**

During 2012, the YMCA entered into a line of credit with a financial institution in conjunction with the refinancing of its existing notes and bonds payable (see Note 9). The line of credit provided for maximum borrowings of \$15,000,000 through June 30, 2017. In 2015, the agreement was amended to extend the maturity to October 31, 2020. The agreement requires monthly interest payments calculated at a rate of LIBOR plus 1.30% (1.60% and 1.46% at December 31, 2015, and 2014, respectively) in addition to a fee of 0.25% of the unused principal balance. In 2015, the amendment increased the fee on the unused principal balance to 1.00%. The amendment also included a provision to periodically convert portions of the balance to term notes, based upon the purpose for which the funds were drawn as well as the length of time the funds remain unpaid. During 2015, balances totaling \$3,463,649 were converted to two term loans. Subsequent to December 31, 2015,

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 8 – LINE OF CREDIT (Continued)**

an additional \$1,710,000 was converted to a term loan in April 2016 (see Note 9). Outstanding borrowings on the line of credit totaled \$1,871,718 and \$5,844,414 at December 31, 2015 and 2014, respectively. The line of credit contains restrictive covenants and is secured by a negative pledge of the YMCA's assets. The YMCA was in compliance with all covenants at December 31, 2015.

**NOTE 9 – NOTES AND BONDS PAYABLE**

On July 1, 2012, the YMCA entered into an agreement with a financial institution to provide up to \$57 million in financing through a guaranty and credit qualified tax exempt loan and up to \$15 million in financing (see line of credit discussed in Note 7) through a taxable debt facility. These debt instruments served to refinance substantially all existing debt and provide additional borrowing capacity. The industrial development bond associated with the tax exempt loan was approved by the Davidson County Industrial Development Board on May 8, 2012. The guaranty and credit agreement contains restrictive covenants and is secured by a negative pledge of the YMCA's real property. In October 2015, the agreement was amended to adjust the monthly payment requirement and provide the financial institution the option to call the bonds, with 90 days notice, on October 1, 2015, October 1, 2030, and October 1, 2035. The YMCA was in compliance with all covenants at December 31, 2015.

Notes and bonds payable consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
<u>Bonds Payable</u>		
2012 Industrial Revenue Bonds, face value \$57,000,000, final maturity date of June 1, 2037. Payments toward principal repayment are due monthly. Interest on the bonds is determined weekly by the Remarketing Agent. Rates at December 31, 2015 and 2014 were 1.61% and 1.55%, respectively.	(1) \$ 46,310,347	\$ 50,363,237
<u>Notes Payable</u>		
Term note converted from the line of credit draw to finance major maintenance and renovation costs. The note requires principal payments of \$13,636 plus interest, due monthly. Remaining principal is due upon maturity on October 31, 2020. The interest rate at December 31, 2015 was 1.62%.	1,963,649	-
<u>Notes Payable</u>		
Term note converted from the line of credit draw to pay down bond payable portion associated with property sold in 2015. Monthly interest only payments required with principal due in full on January 1, 2018. The interest rate at December 31, 2015 was 1.62%.	1,491,653	-

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 9 – NOTES AND BONDS PAYABLE (Continued)**

Notes and bonds payable consisted of the following at December 31 (Continued):

	<u>2015</u>	<u>2014</u>
<u>Notes Payable</u>		
Notes payable on vehicles purchased for employee and program usage. Total monthly payments range from \$389 to \$667, including interest ranging from 0% to 4.89% per annum. Maturities range through 2018.	<u>59,655</u>	<u>90,538</u>
Total notes and bonds payable	<u>\$ 49,825,304</u>	<u>\$ 50,453,775</u>

Annual principal maturities and required reimbursement payments of notes and bonds payable as of December 31, 2015, are as follows:

<u>Years Ending December 31:</u>	<u>Notes Payable</u>	<u>2012 Bond Issue</u>	<u>Total</u>
2016	\$ 190,641	\$ 1,421,528	\$ 1,612,169
2017	185,997	1,474,681	1,660,678
2018	1,665,581	1,531,768	3,197,349
2019	163,637	1,591,067	1,754,704
2020	1,309,101	1,652,674	2,961,775
Thereafter	<u>-</u>	<u>38,638,629</u>	<u>38,638,629</u>
	<u>\$ 3,514,957</u>	<u>\$ 46,310,347</u>	<u>\$ 49,825,304</u>

- (1) At December 31, 2014, the YMCA had an interest rate swap agreement with SunTrust Bank in order to lessen exposure to fluctuating interest rates on the Bonds. The interest rate swap was applicable to a scheduled notional amount, which reduced annually each January. The agreement required the YMCA to make a monthly interest payment to the Bank equal to a per annum rate of 2.95% times the scheduled annual notional amount (\$25,429,869 at December 31, 2014), and the Bank made a monthly interest adjustment payment to the YMCA equal to the applicable notional amount times a per annum rate of 77% of LIBOR (0.12% at December 31, 2014). Effective November 1, 2015, the swap was terminated and a new agreement was entered into with SunTrust Bank's affiliate, STI Institutional & Government, Inc. The agreement provides for a 10 year term and an increased notional amount of \$46,426,417. The agreement requires the YMCA to make a monthly interest payment to the Bank equal to a per annum rate of 2.32% times the scheduled annual notional amount (\$46,310,347 at December 31, 2015), and the Bank made a monthly interest adjustment payment to the YMCA equal to the applicable notional amount times a per annum rate of 77% of LIBOR (0.19% at December 31, 2015).

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist principally of contributions restricted for the following at December 31:

	<u>2015</u>	<u>2014</u>
Capital improvements	\$ 2,189,348	\$ 1,437,195
Grants restricted for specific programs	643,037	-
Contributions restricted for 2016 operations	<u>407,691</u>	<u>-</u>
	<u>\$ 3,240,076</u>	<u>\$ 1,437,195</u>

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The YMCA has received certain federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantors.

**NOTE 12 – CONCENTRATIONS OF CREDIT RISK**

The YMCA maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to statutory limits. As of December 31, 2015, the YMCA’s depositor accounts exceeded FDIC insurance limits by approximately \$12,985,000.

Contributions receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources. Contributions receivable from one donor amounted to 66% of total gross outstanding contributions receivable as of December 31, 2015 (one donor comprised 81% of gross outstanding contributions receivable as of December 31, 2014).

**NOTE 13 – EMPLOYEE BENEFIT PLANS**

The YMCA participates in a defined contribution, individual account, money purchase retirement plan, which is administered by the Young Men’s Christian Association Retirement Fund (a separate corporation) (the “Retirement Fund”). This plan is for the benefit of all eligible professional and nonprofessional staff of duly organized and reorganized YMCA’s throughout the United States.

Contributions to the plan by employees and employer YMCAs are based on a percentage of the participating employees’ salaries. Employer contribution rates were 10% and 12% for the years ended December 31, 2015, and 2014, respectively. Total contributions to the plan by the YMCA of Middle Tennessee, which are included in employee benefits in the accompanying statements of functional expenses, amounted to \$1,889,329 in 2015 and \$2,262,577 in 2014.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 13 – EMPLOYEE BENEFIT PLANS (Continued)**

The Retirement Fund is operated as a church pension plan and is a nonprofit, tax-exempt New York State corporation. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

**NOTE 14 – RELATED PARTY TRANSACTIONS AND RELATED ENTITIES**

The YMCA purchases insurance, contracts for marketing services, law services, construction services and architectural services from entities in which certain Board members are affiliated. The total of such expenditures approximated \$325,000 in 2015 and \$921,000 in 2014.

The YMCA Foundation of Middle Tennessee (the “YMCA Foundation”) was formed to establish a sustaining means of support, using its income primarily for the benefit of the YMCA. The YMCA has representation on the YMCA Foundation’s Board of Directors but does not have a majority voting interest. The YMCA Foundation receives donor designated funds and also makes grants to other nonprofit organizations. For the year ended December 31, 2015, the YMCA Foundation paid out total grants of \$357,007 (\$754,997 in 2014), of which \$317,053 (\$741,505 in 2014) was paid to the YMCA and included in grant revenues.

A condensed summary of financial information of the YMCA Foundation as of and for the years ended December 31, follows:

	<u>2015</u>	<u>2014</u>
Total assets	\$ 7,904,791	\$ 8,317,785
Total liabilities	<u>145,579</u>	<u>55,551</u>
Net assets	<u>\$ 7,759,212</u>	<u>\$ 8,262,234</u>
Net assets:		
Unrestricted	\$ 6,743,178	\$ 7,210,990
Unrestricted – Philanthropic funds	61,317	97,527
Temporarily restricted	<u>954,717</u>	<u>953,717</u>
Total net assets	<u>\$ 7,759,212</u>	<u>\$ 8,262,234</u>
Total support and revenue, including realized and unrealized (losses) and gains on investments of (\$446,773) in 2015 and \$612,742 in 2014.	<u>\$ (78,524)</u>	<u>\$ 1,389,443</u>
Total expenses	<u>\$ 424,498</u>	<u>\$ 808,439</u>
Resources held for the benefit of the YMCA	<u>\$ 7,697,895</u>	<u>\$ 8,164,707</u>



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 15 – LEASES**

The YMCA is obligated under several noncancelable operating leases for office space, equipment and vehicles that expire at various dates through 2023. Total rental expense incurred under these leases for the years ended December 31, 2015 and 2014, amounted to: office space - \$777,274 and \$1,091,386, respectively; equipment - \$173,000 and \$171,405, respectively; and vehicles - \$98,371 and \$82,168, respectively.

The YMCA has also entered into several noncancelable capital leases for equipment that expire at various dates through 2020. Total capital lease payments made under these leases for the years ended December 31, 2015 and 2014 amounted to \$1,687,444 and \$4,339,735, including \$72,495 and \$90,837 of imputed interest, respectively.

Assets recorded under capital leases are included in property, plant and equipment and consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Cost	\$ 6,047,530	\$ 3,020,324
Accumulated depreciation	<u>(2,973,600)</u>	<u>(1,006,775)</u>
Net book value	<u>\$ 3,073,930</u>	<u>\$ 2,013,549</u>

Future minimum lease payments required under all noncancelable leases as of December 31, 2015, are:

Years Ending December 31:	<u>Operating Leases</u>				<u>Capital Leases</u>
	<u>Office</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>	<u>Equipment</u>
2016	\$ 847,846	\$ 186,608	\$ 6,582	\$ 1,041,036	\$ 2,019,385
2017	865,531	108,855	1,646	976,032	1,285,782
2018	576,488	-	-	576,488	340,835
2019	433,273	-	-	433,273	94,799
2020	375,041	-	-	375,041	6,641
Thereafter	<u>960,000</u>	<u>-</u>	<u>-</u>	<u>960,000</u>	<u>-</u>
	<u>\$ 4,058,179</u>	<u>\$ 295,463</u>	<u>\$ 8,228</u>	<u>\$ 4,361,870</u>	<u>\$ 3,747,442</u>
Less: interest imputed at rates ranging from 1.50% to 1.98%					<u>80,114</u>
Present value of future minimum lease payments					<u>\$ 3,667,328</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 15 – LEASES (Continued)**

The Association has entered into agreements to sublease three facilities to tenants under noncancelable operating lease agreements. The leases require monthly rental receipts ranging from \$7,000 to \$20,000 per month over the terms of the leases. The leases terminate in 2018 and 2023.

Future minimum rental payments to be received required under the long-term lease agreements as of December 31, 2015 are:

Years Ending December 31:	
2016	\$ 496,733
2017	565,733
2018	344,533
2019	303,333
2020	320,000
Thereafter	<u>960,000</u>
	<u>\$ 2,990,332</u>

**NOTE 16 – RESTRUCTURING COSTS**

During 2013, YMCA staff and a volunteer task force conducted a center sustainability review with the objective of maintaining service and ensuring the long-term fiscal stability of the YMCA.

In connection therewith, during 2014, the YMCA entered into an agreement to sell certain assets comprising the Putnam County Family YMCA to the Upper Cumberland Family YMCA ("Upper Cumberland") for \$496,500. Property and equipment at this facility with a depreciated value of \$2,115,375 were disposed in connection with the restructuring. Additionally during 2014, the YMCA's lease for the Mt. Juliet Family YMCA facility was not renewed and the center closed. Property and equipment at this facility with a depreciated value of \$16,902 were disposed in connection with this closure.

The following table summarizes the financial impact of ceasing operations at the centers for the year ended December 31, 2014.

Impairment charge for Mt. Juliet land	\$ 312,500
Loss on disposal of property and equipment, Upper Cumberland and Mt. Juliet	1,799,680
Employee severance and other expenses	<u>185,262</u>
Total	<u>\$ 2,297,442</u>

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF MIDDLE TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2015 and 2014**

**NOTE 16 – RESTRUCTURING COSTS (Continued)**

In 2015, the decision was made to cease operations at the North Clarksville facility and subsequently sublease the property. Future lease payments exceeded future expected lease income by \$216,449 and were recorded in restructuring costs. Related depreciated assets of \$204,843 were considered impaired during the closure. Additionally, operations at the Rutherford YMCA were ceased effective August 2015 and the property was listed for sale. An impairment charge of \$1,163,553 has been made to record the facility at net estimated value.

The YMCA entered into an agreement to sell certain assets comprising the Harding Place YMCA for \$864,581. Property and equipment at this facility with a depreciated value of \$674,318 were disposed in connection with the restructuring. The YMCA also entered into an agreement to sell certain assets comprising the Donelson Tennis Center for \$700,806. Property and equipment at this facility with a depreciated value of \$353 were disposed in connection with the restructuring.

In 2013, the decision was made to sell the Mt. Juliet land and Crossing land parcels. In 2013 and 2014, the properties were considered impaired and the loss recorded in restructuring costs. In 2015, the Mt. Juliet and Crossings locations, valued in property and equipment as \$2,100,000 and \$287,500, respectively, were sold for proceeds of \$1,417,500 and \$286,215, respectively.

In 2013, future minimum lease payments were accrued related to Oakwood Commons and Cool Springs. Sublease agreements for these facilities were entered into in 2015. Estimated rental payments offset related accruals and reduced the restructuring costs by \$657,000.

In 2013, the YMCA entered into an agreement to transfer ownership of the Maury County YMCA to a local nonprofit organization. The agreement required the nonprofit organization to remit \$1,100,000 to the YMCA, if the property was sold within seven years of the transfer. In 2015, the nonprofit sold the property and remitted \$1,100,000 to the YMCA. The proceeds are recorded as an offset to restructuring costs in 2015.

The following table summarizes the financial impact of center closings for the year ended December 31, 2015:

Impairment charges for Rutherford and North Clarksville	\$ 1,368,396
Employee severance and other expenses	636,925
Future operating lease payments, North Clarksville	216,449
Gain on disposal of property and equipment, Harding Place, Donelson Tennis Center, Mt. Juliet, and Crossings	(206,931)
Future sublease rental income, Oakwood Commons and Cool Springs	(657,000)
Payment resulting from sale of Maury County property	<u>(1,100,000)</u>
Loss on restructuring	<u>\$ 257,839</u>