Financial Report

The Young Men's Christian Association of Greater New Orleans, Louisiana

December 31, 2018

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Financial Report

The Young Men's Christian Association of Greater New Orleans, Louisiana

December 31, 2018

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Metairie, Louisiana

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Young Men's Christian Association
of Greater New Orleans, Louisiana,
Metairie, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of The Young Men's Christian Association of Greater New Orleans, Louisiana (YMCA) (a non-profit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

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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 Greater New Orleans, Louisiana as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited YMCA's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information (Schedule 1) is presented for purposes of additional analysis, is required by Louisiana Revised Statute 24:513(A)(3), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 10, 2019, on our consideration of YMCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering YMCA's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
May 10, 2019.

STATEMENT OF FINANCIAL POSITION

The Young Men's Christian Association of Greater New Orleans, Louisiana

Metairie, Louisiana

December 31, 2018
(with comparative totals for 2017)

ASSETS

	2018	2017
Cash and cash equivalents	$ 2,033,384	$ 1,623,286
Unconditional promises to give	83,304	85,570
Grants receivable	84,421	224,401
Other receivables	36,604	43,816
Prepaid expenses	115,367	98,658
Investments	422,852	431,749
Property and equipment, net	11,472,996	11,671,117
Financing and loan acquisition costs, net	9,505	14,257
Total assets	$ 14,258,433	$ 14,192,854

LIABILITIES

	2018	2017
Accounts payable and accrued expenses	$ 337,778	$ 413,081
Deferred revenue	48,733	42,770
Funds held for YMCA Alliance	11,596	10,137
Capital lease obligations	53,601	57,110
Financing and lease obligation	1,677,938	1,775,114
Total liabilities	2,129,646	2,298,212

NET ASSETS

	2018	2017
Without donor restrictions		
Undesignated	18,096	(421,349)
Invested in property and equipment	11,472,996	11,671,117
Total without donor restrictions	11,491,092	11,249,768
With donor restrictions	637,695	644,874
Total net assets	12,128,787	11,894,642
Total liabilities and net assets	$ 14,258,433	$ 14,192,854

See notes to financial statements.

STATEMENT OF ACTIVITIES

The Young Men's Christian Association of Greater New Orleans, Louisiana
Metairie, Louisiana

For the year ended December 31, 2018
(with comparative totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
Revenues and Public Support				
Membership dues	$ 2,791,953	$ -	$ 2,791,953	$ 2,783,549
Program fees	1,724,412	-	1,724,412	1,887,161
Grants	1,369,259	-	1,369,259	1,452,013
Federated campaigns	98,468	-	98,468	103,556
Contributions	175,789	305,630	481,419	324,570
Special events, net of direct costs ($75,098 for 2018 and $79,961 for 2017)	214,985	-	214,985	152,110
Interest income	1,675	-	1,675	1,848
Investment income (loss)	(32,145)	-	(32,145)	39,509
Gain on disposition of assets	4,128	-	4,128	-
Sales of supplies and services	49,881	-	49,881	58,182
Miscellaneous	32,063	-	32,063	32,552
Total revenues and public support before net assets released from restrictions	6,430,468	305,630	6,736,098	6,835,050
Net assets released from restrictions	312,809	(312,809)	-	-
Total revenues and public support	6,743,277	(7,179)	6,736,098	6,835,050
Expenses				
Program services	5,666,497	-	5,666,497	6,170,638
General and administrative	850,196	-	850,196	772,265
Fundraising	25,284	-	25,284	22,461
Total expenses	6,541,977	-	6,541,977	6,965,364
Changes in Net Assets Before Gain on Interest Rate Swap Agreement	201,300	(7,179)	194,121	(130,314)
Gain on interest rate swap agreement (Note 10)	40,024	-	40,024	49,558
Changes in Net Assets	241,324	(7,179)	234,145	(80,756)
Net Assets				
Beginning of year	11,249,768	644,874	11,894,642	11,975,398
End of year	$ 11,491,092	$ 637,695	$ 12,128,787	$ 11,894,642

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

The Young Men's Christian Association
of Greater New Orleans, Louisiana
Metairie, Louisiana

For the year ended December 31, 2018
(with comparative totals for 2017)

	Program Services				Support Services				
	Youth Development	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total Support Services	2018 Totals	2017 Totals
Personnel costs									
Salaries and wages	$ 1,212,191	$ 1,358,714	$ 268,896	$ 2,839,801	$ 494,183	$ 525	$ 494,708	$ 3,334,509	$ 3,618,027
Employee benefits	181,062	112,205	56,774	350,041	86,472	-	86,472	436,513	494,460
Payroll taxes	114,402	114,653	21,610	250,665	38,787	46	38,833	289,498	282,431
Total personnel costs	1,507,655	1,585,572	347,280	3,440,507	619,442	571	620,013	4,060,520	4,394,918
Non-personnel costs									
Amortization	-	-	-	-	4,752	-	4,752	4,752	4,753
Conference and meetings	10,969	8,591	2,903	22,463	11,954	1,300	13,254	35,717	48,608
Contract services	89,605	96,140	63,631	249,376	98,021	8,709	106,730	356,106	333,014
Depreciation	226,775	255,122	87,025	568,922	4,290	-	4,290	573,212	587,322
Equipment - maintenance	24,104	33,766	4,597	62,467	3,646	-	3,646	66,113	82,645
Equipment	1,814	2,041	680	4,535	-	-	-	4,535	-
Interest and finance service fees	31,991	106,920	11,853	150,764	26,521	-	26,521	177,285	174,488
Insurance	53,619	52,127	20,680	126,426	16,444	-	16,444	142,870	143,092
Marketing	13,127	61,575	499	75,201	2,125	4,515	6,640	81,841	67,953
Membership dues	43,448	39,808	17,044	100,300	6,002	-	6,002	106,302	109,541
Miscellaneous	-	-	-	-	3,364	-	3,364	3,364	4,747
Occupancy	198,007	247,195	79,214	524,416	36,041	-	36,041	560,457	588,293
Postage	467	2,050	490	3,007	1,544	50	1,594	4,601	4,536
Supplies	192,699	61,213	22,482	276,394	5,059	10,139	15,198	291,592	349,519
Telephone	11,274	11,500	3,958	26,732	5,591	-	5,591	32,323	34,328
Travel	13,019	9,681	12,287	34,987	5,400	-	5,400	40,387	37,607
Total non-personnel costs	910,918	987,729	327,343	2,225,990	230,754	24,713	255,467	2,481,457	2,570,446
Total expenses	$ 2,418,573	$ 2,573,301	$ 674,623	$ 5,666,497	$ 850,196	$ 25,284	$ 875,480	$ 6,541,977	$ 6,965,364

See notes to financial statements.

STATEMENT OF CASH FLOWS

The Young Men's Christian Association of Greater New Orleans, Louisiana

Metairie, Louisiana

For the year ended December 31, 2018
(with comparative totals for 2017)

	2018	2017
Cash Flows From Operating Activities		
Changes in net assets	$ 234,145	$ (80,756)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization	4,752	4,753
Depreciation	573,212	587,322
Gain on disposition of assets	(4,128)	-
Gain on interest rate swap agreement	(40,024)	(49,558)
Realized gain on investments	(13,224)	(11,793)
Unrealized (gain) loss on investments	50,408	(24,058)
(Increase) decrease in operating assets:		
Unconditional promises to give	2,266	110,185
Grants receivable	139,980	(22,739)
Other receivables	7,212	20,504
Prepaid expenses	(16,709)	(525)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(35,279)	(112,686)
Deferred revenue	5,963	(565)
Funds held for YMCA Alliance	1,459	(2,998)
Net cash provided by operating activities	910,033	417,086

	2018	2017
Cash Flows From Investing Activities		
Purchases of investments	(689,869)	(448,644)
Proceeds from sales of investments	661,582	408,686
Purchases of property and equipment	(370,963)	(733,741)
Net cash used in investing activities	(399,250)	(773,699)
Cash Flows From Financing Activities		
Repayment of capital lease obligations	(3,509)	(115,814)
Repayment of financing and lease obligation	(97,176)	(92,124)
Net cash used in financing activities	(100,685)	(207,938)
Net Increase (Decrease) in Cash and Cash Equivalents	410,098	(564,551)
Cash and Cash Equivalents		
Beginning of year	1,623,286	2,187,837
End of year	$ 2,033,384	$ 1,623,286

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Young Men's Christian Association of Greater New Orleans, Louisiana
Metairie, Louisiana

December 31, 2018 and 2017

Note 1 - NATURE OF OPERATIONS

a. Description of Organization

The Young Men's Christian Association of Greater New Orleans, Louisiana (YMCA) is a not-for-profit organization established in 1852. YMCA's mission is to advance the cause of strengthening community through youth development, healthy living, and social responsibility. YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure.

b. Program Activities

Youth Development - YMCA is committed to nurturing the potential of every child and teen. YMCA believes that all kids deserve the opportunity to discover who they are and what they can achieve. That is why it helps young people cultivate the values, skills, and relationships that lead to positive behaviors, better health, and educational achievement. YMCA programs offer a range of experiences that enrich cognitive, social, physical and emotional growth.

Healthy Living - YMCA is a leading voice on health and well-being. YMCA brings families closer together, encourage good health and foster connections through fitness, sports, fun and shared interests. As a result, people in the community are receiving the support, guidance and resources they need to achieve greater health in spirit, mind and body. This is particularly important as the nation struggles with an obesity crisis, families struggle with work/life balance and individuals search for personal fulfillment.

Note 1 - NATURE OF OPERATIONS (Continued)

Social Responsibility - YMCA believes in giving back and supporting its neighbors. YMCA has been listening and responding to the community's most critical social needs. YMCA programs are how it delivers training, resources and support that empower its neighbors to effect change, bridge gaps and overcome obstacles. YMCA engages members, participants and volunteers in activities that strengthen the community and pave the way for future generations to thrive.

As part of its mission, YMCA programs are accessible, affordable, and open to all faiths, backgrounds, abilities, and income levels. YMCA provides financial assistance to people who otherwise may not have been able to afford to participate.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Young Men's Christian Association of Greater New Orleans, Louisiana is a non-profit organization organized under the laws of the State of Louisiana and is exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5).

The Financial Accounting Standards Board (FASB) guidance requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. As of December 31, 2018, management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements. Interest and penalties would be recognized as tax expense; however, there is no interest and penalties recognized in the statements of activities. The tax years after December 31, 2015 are still open to audit for both federal and state purposes.

b. Basis of Accounting

The financial statements of YMCA have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation

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.

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 purpose specified by the donor.

d. Operating Activities

Operating activities reflect all transactions increasing or decreasing net assets except those items associated with investments, contributions for facilities and equipment, property and equipment purchases and depreciation, and changes in the fair value of the interest rate swap.

e. 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 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.

f. Contributions and Revenue Recognition

YMCA reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Promises to Give

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. 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.

h. Contributed Services

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 and 2017.

YMCA receives services from a large number of volunteers who give significant amounts of their time to the programs of the YMCA. No amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

i. Functional Allocation of Expenses

Expenses are charged directly to program, management or fundraising in general categories based on specific identification. Indirect expenses have been allocated based on full time equivalent expenses and facility square footage usages.

j. Cash and Cash Equivalents

YMCA considers all investments with original maturities of three months or less to be cash equivalents.

k. Unamortized Loan Costs

Financing costs related to the financing and lease obligation have been capitalized and are being amortized over the estimated life of the obligation. Financing and loan acquisition costs totaled $47,525 as of December 31, 2018 and 2017. Accumulated amortization totaled $38,020 and $33,268 as of December 31, 2018 and 2017, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Promises to Give

Contributions are recognized when the donor makes a promise to give to YMCA that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are recognized as assets, net of an allowance for uncollectible amounts. The YMCA provides for estimated uncollectible promises to give based on prior years' experience and management's analysis of specific promises made. As of December 31, 2018 and 2017, management determined an allowance was not necessary.

m. Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management monitors outstanding balances and provides for uncollectible amounts on a specific account basis. Management believes all outstanding balances as of December 31, 2018 and 2017 are fully collectible.

n. Investments

Investments are reported at fair value and are based primarily on quoted market prices or estimated fair value.

o. Property and Equipment

Property and equipment consist of land, buildings, office furniture and equipment, and leasehold improvements, and is stated at cost or, if contributed, at fair market value at date of donation, net of accumulated depreciation. Repairs and maintenance are charged to expense as incurred; major renewals and betterments are capitalized. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets. Buildings and building improvements are depreciated over 10 to 40 years, other depreciable property, and equipment from 3 to 10 years. Only major replacements and improvements with a cost in excess of $1,000 are capitalized and included in property and equipment.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Derivative Instruments

YMCA has a derivative instrument that is used as a hedge to a variable interest loan. YMCA accounts for this derivative instrument under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*. More specifically, FASB ASC 815-20 requires that the fair value of derivatives be recorded as a liability and a related loss or as an asset and a related gain depending on the future net payments forecasted under the derivative.

q. Impairment of Long-lived Assets

The carrying value of YMCA's long-lived assets is reviewed to determine if facts or circumstances suggest that the assets may be impaired or that the remaining useful, depreciable life may need to be changed. YMCA considers internal and external factors related to each asset, including future asset utilization and business climate. If these factors and the projected undiscounted cash flows of the asset over the remaining life indicate that the asset will not be recoverable, the carrying value will be adjusted down to the estimated fair value, if less than book value. As of December 31, 2018 and 2017, there are no impaired long-lived assets.

r. Deferred Revenue

Membership dues and program fees that are designated for or related to future years' activities are deferred and recognized as revenue in the period in which they apply.

s. Recently Issued Accounting Standards

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. Accounting Standards Updates (ASUs) 2016-14 reduces the required number of classes of net assets from three to two: *net assets with restrictions and net assets without restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Recently Issued Accounting Standards (Continued)

Presentation of Financial Statements for Not-for-Profit Entities (Continued)

requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. YMCA has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended December 31, 2017.

Revenue from Contracts with Customers

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers,* which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The new revenue standard is now effective for annual reporting periods beginning after December 15, 2018, with certain early adoption provisions available. YMCA is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. YMCA is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

t. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2018. Management has performed their analysis through May 10, 2019, the date the financial statements were available to be issued.

u. Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 financial statement presentation.

Note 3 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2018 and 2017 are restricted for the following purposes or periods:

	2018	2017
Net assets with donor restrictions:		
Restricted for		
Capital expenditures	$ 554,391	$ 559,304
Subsequent periods	83,304	85,570
Totals	$ 637,695	$ 644,874

Note 4 - CONCENTRATION OF CREDIT RISK

YMCA maintains cash balances at several local financial institutions where they are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. As of December 31, 2018, YMCA had approximately $1,542,000 of cash deposits in excess of the insured limits.

Note 5 - AVAILABILITY OF FINANCIAL ASSETS

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

Cash and cash equivalents	$ 2,033,384
Unconditional promises to give	83,304
Grants receivable	84,421
Other receivables	36,604
Investments	422,852
Total financial assets	2,660,565
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(564,391)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,096,174

Note 6 - UNCONDITIONAL PROMISES TO GIVE

Promises of donors to make contributions to YMCA are included in the financial statements as unconditional promises to give. Unconditional promises to give as of December 31, 2018 and 2017 totaled $83,304 and $85,570, respectively, substantially all of which are due within one year.

Note 7 - INVESTMENTS

Investments as of December 31, 2018 and 2017 are comprised of the following:

	2018		
	Cost	Fair Market Value	Excess of Market Over Cost (Cost Over Market)
Equity securities	$ 116,816	$ 105,339	$ (11,477)
Mutual funds	315,493	317,513	2,020
Totals	$ 432,309	$ 422,852	$ (9,457)

	2017		
	Cost	Fair Market Value	Excess of Market Over Cost
Equity securities	$ 101,556	$ 108,157	$ 6,601
Mutual funds	289,242	323,592	34,350
Totals	$ 390,798	$ 431,749	$ 40,951

Note 7 - INVESTMENTS (Continued)

	Cost	Market	Market Over Costs (Cost Over Market)
Balances as of December 31, 2018	$ 432,309	$ 422,852	$ (9,457)
Balances as of December 31, 2017	$ 390,798	$ 431,749	40,951
Increase in unrealized depreciation			(50,408)
Net realized gain			13,224
Interest and dividend income			11,918
Less: management fees			(6,879)
Net investment loss - 2018			$ (32,145)

	Cost	Market	Excess of Market Over Cost
Balances as of December 31, 2017	$ 390,798	$ 431,749	$ 40,951
Balances as of December 31, 2016	$ 339,047	$ 355,940	16,893
Increase in unrealized appreciation			24,058
Net realized gain			11,793
Interest and dividend income			9,789
Less: management fees			(6,131)
Net investment income - 2017			$ 39,509

Note 8 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy 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 under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that YMCA has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset'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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by YMCA are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by YMCA are deemed to be actively traded.

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while YMCA believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis as of December 31, 2018 and 2017 are comprised of and determined as follows:

		2018		
		Based on		
Description	Total Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	$ 105,339	$ 105,339	$ -	$ -
Mutual funds	317,513	317,513	-	-
	$ 422,852	$ 422,852	$ -	$ -

		2017		
		Based on		
Description	Total Assets Measured At Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	$ 108,157	$ 108,157	$ -	$ -
Mutual funds	323,592	323,592	-	-
	$ 431,749	$ 431,749	$ -	$ -

As of December 31, 2018, there were no assets measured at fair value on a non-recurring basis.

Note 9 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 and 2017 consists of the following:

	2018	2017
Land	$ 1,978,929	$ 1,978,929
Buildings	11,408,882	11,408,882
Furniture and equipment	2,475,989	2,916,854
Leasehold improvements	1,470,411	1,320,121
Construction in progress	218,383	74,614
	17,552,594	17,699,400
Less accumulated depreciation	(6,079,598)	(6,028,283)
Totals	$ 11,472,996	$ 11,671,117

Depreciation expense totaled $573,211 and $587,322 for the years ended December 31, 2018 and 2017, respectively.

Note 10 - CAPITAL LEASE OBLIGATIONS

As of December 31, 2018 and 2017, YMCA had capital leasing arrangements for equipment with varying interest rates ranging from approximately 1.90% to 4.47%. As of December 31, 2018 and 2017, the following is a schedule of capitalized cost and accumulated depreciation acquired through capital leases:

	2018	2017
Capitalized costs	$ 175,269	$ 367,133
Accumulated depreciation	(123,382)	(312,733)
Net book value	$ 51,887	$ 54,400

Depreciation expense on equipment acquired through the capital lease totaled $43,817 and $111,769 for the years ended December 31, 2018 and 2017, respectively.

Capitalized costs, accumulated depreciation, and depreciation expense are included in the totals of property and equipment in Note 9.

Note 10 - CAPITAL LEASE OBLIGATIONS (Continued)

Future minimum payments under the capital lease obligations as of December 31, 2018 are as follows:

Year Ending December 31,		
2019	$	34,540
2020		17,271
2021		4,318
Total future payments		56,129
Less amount representing interest		(2,528)
Present value of net future payments	$	53,601

Interest expense for the capital lease obligations totaled $2,969 and $4,178 for the years ended December 31, 2018 and 2017, respectively.

Note 11 - FINANCING AND LEASE OBLIGATIONS

YMCA financed the renovations of existing facilities and the acquisition of property and fixtures by entering into a finance and lease agreement in the aggregate principal amount of $5,000,000. The financing and lease agreement (the "Agreement"), was dated December 1, 2010. In conjunction with the Agreement, YMCA accepted the assignment and assumption of the Agreement and guarantees the Agreement. As additional collateral, YMCA issued a mortgage on certain existing property and future facilities to be constructed.

The funding of the obligation is in three phases. The first phase totaled $2,327,691 and was issued on December 1, 2010 ("Project Part I"). The second phase totals $1,912,309 ("Project Part II"), and the final phase totals $760,000 ("Project Part III"), these phases have not been drawn on as of December 31, 2018.

The outstanding balance under this obligation was $1,677,938 and $1,775,114 as of December 31, 2018 and 2017, respectively.

YMCA entered into an interest rate swap agreement in December 2010 with a local financial institution. The notional amount on this agreement as of December 31, 2018 and 2017 was approximately $1,678,000 and $1,775,000, respectively, and bears interest at a fixed rate of 5.35%. The floating interest rate on the swap agreement is calculated based on 59.80% of USD-LIBOR-BBA (2.5027% and 1.5643% as of December 31, 2018 and 2017, respectively) plus 228 basis points. This agreement was effective December 22, 2010 and terminates on December 28, 2020. The hedge agreement is designed to hedge the risk of changes in interest rates.

Note 11 - FINANCING AND LEASE OBLIGATIONS (Continued)

YMCA follows Topic 815, *Derivatives and Hedges*, which requires YMCA to recognize all of its derivative instruments as either assets or liabilities on the Statement of Financial Position at fair value. The accounting for the change in fair value of the derivative instrument is recognized as a component of change in unrestricted net assets in the Statement of Activities. YMCA has recognized an unfavorable position with the counterparty in the amounts of $49,711 and $89,735 as accounts payable and accrued expenses on the Statements of Financial Position as of December 31, 2018 and 2017, respectively, and recorded unrealized gains of $40,024 and $49,558 on the Statements of Activities for the years ended December 31, 2018 and 2017, respectively.

Interest expense on the bonds and swap agreement for the years ended December 31, 2018 and 2017 was approximately $94,000 and $99,000, respectively.

The obligations of projects Part II and III will bear interest at the same rate of interest as the Project Part I obligation and will mature on various dates through December 28, 2020. Principal and interest payments are due monthly. The required principal payments for the Project Part II and III obligations will be determined subsequent to the issuance of the proceeds. The required principal payments for Project Part I are as follows:

Year Ending December 31,	
2019	$ 102,504
2020	1,575,434
Total	$ 1,677,938

Note 12 - GRANTS

YMCA participates in a number of state and federally-assisted grant programs. Federal and state grants are included in grants revenue for the years ended December 31, 2018 and 2017. The programs are subject to compliance audits. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under the terms and compliance requirements of the grants. YMCA's management believes that the amount of disallowances, if any, which may arise from future audits, will not be material to the financial statements.

Note 13 - NATIONAL YMCA ORGANIZATION

YMCA is a member of the National YMCA Organization and is responsible for paying monthly dues to the National YMCA. Differences between estimated revenues and actual revenues resulted in an overpayment of dues in both 2018 and 2017. The balance due from the National YMCA as of December 31, 2018 and 2017 was $10,323 and $11,038, respectively.

Note 14 - RETIREMENT PLANS

YMCA participates in a defined contribution, individual account, money purchase retirement plan which is administered by the National YMCA Retirement Fund. Employer contributions to the plan for the years ended December 31, 2018 and 2017 totaled $219,169 and $239,022, respectively.

Note 15 - OPERATING LEASES

YMCA has certain operating leases for office and warehouse space and various office equipment used in operations. Rent expense related to these leases totaled $38,964 and $32,046 for the years ended December 31, 2018 and 2017, respectively, and is included in contract services, occupancy and equipment expenses in the accompanying Statement of Functional Expenses for the years ended December 31, 2018 and 2017.

Future minimum lease payments under these non-cancellable operating leases as of December 31, 2018 are as follows:

Year Ending December 31,	
2019	$ 32,550
2020	31,206
2021	31,206
2022	23,405
Total	$ 118,367

Note 16 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Cash paid for interest	$ 100,064	$ 106,259

Note 17 - PRIOR PERIOD INFORMATION

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with YMCA's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

SUPPLEMENTAL INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

The Young Men's Christian Association of Greater New Orleans, Louisiana

Metairie, Louisiana

For the year ended December 31, 2018

Agency Head Name: Gordon Wadge, President, Chief Executive Officer

Purpose:	
Salary	$ 160,000
Benefits - insurance	6,852
Benefits - retirement	19,200
Benefits - other	1,018
Car allowance	0
Vehicle provided by the Association	0
Per diem	0
Reimbursements	240
Travel	1,343
Registration fees	0
Conference travel	1,228
Continuing professional education fees	0
Housing	0
Unvouched expenses	0
Special meals	0
	$ 189,881

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
The Young Men's Christian Association
of Greater New Orleans, Louisiana,
Metairie, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The Young Men's Christian Association of Greater New Orleans, Louisiana (YMCA), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered YMCA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YMCA's internal control. Accordingly, we do not express an opinion on the effectiveness of YMCA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of YMCA's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YMCA's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of YMCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
May 10, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

The Young Men's Christian Association
of Greater New Orleans, Louisiana
Metairie, Louisiana

For the year ended December 31, 2018

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes _X_ No
• Significant deficiency(ies) identified that are not considered to be a material weakness?	____ Yes _X_ None reported
Noncompliance material to financial statements noted?	____ Yes _X_ No

b) Federal Awards

YMCA did not expend more than $750,000 in Federal awards during the year ended December 31, 2018, and therefore, is exempt from the audit requirements of Title 2 U.S. Code for Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2018.

No significant deficiencies were noted during the audit of the financial statements for the year ended December 31, 2018.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements (Continued)

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2018.

Section III - Federal Award Findings and Questioned Costs

Internal Control/Compliance

YMCA did not expend more than $750,000 in Federal awards during the year ended December 31, 2018 and, therefore, was exempt from the audit requirements of Title 2 U.S. Code for Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

The Young Men's Christian Association
of Greater New Orleans, Louisiana
Metairie, Louisiana

For the year ended December 31, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the consolidated financial statements for the year ended December 31, 2017.

No significant deficiencies were noted during the audit of the consolidated financial statements for the year ended December 31, 2017.

Compliance and Other Matters

No compliance findings material to the consolidated financial statements were reported during the audit for the year ended December 31, 2017.

Section II - Internal Control and Compliance Material to Federal Awards

YMCA did not expend more than $750,000 in Federal awards during the year ended December 31, 2018 and, therefore, was exempt from the audit requirements of Title 2 U.S. Code for Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

Section III - Management Letter

A management letter was not issued in connection with the audit for the year December 31, 2017.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Young Men's Christian Association of Greater New Orleans, Louisiana
Metairie, Louisiana

For the year ended December 31, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2018.

No significant deficiencies were noted during the audit of the financial statements for the year ended December 31, 2018.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2018.

Section II - Internal Control and Compliance Material to Federal Awards

YMCA did not expend more than $750,000 in Federal awards during the year ended December 31, 2018 and, therefore, was exempt from the audit requirements of Title 2 U.S. Code for Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2018.