YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE GREATER SALT LAKE AREA (dba YMCA of GREATER SALT LAKE)

FINANCIAL STATEMENTS

Years Ended December 31, 2011 and 2010

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE GREATER SALT LAKE AREA

Table of Contents

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Young Men's Christian Association of the Greater Salt Lake Area

We have audited the accompanying statement of financial position of the Young Men's Christian Association of the Greater Salt Lake Area ("YMCA") as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the YMCA's management. Our responsibility is to express an opinion on these financial statements based upon our audit. The prior year summarized comparative information has been derived from the YMCA's December 31, 2010 financial statements and, in our report dated July 15, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2011 financial statements referred to above present fairly, in all material respects, the financial position of the YMCA as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
August 1, 2012

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE GREATER SALT LAKE AREA

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 with Summarized Comparative Financial Information for 2010

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2011	Summarized Comparative Totals 2010
Current assets:					
Cash and cash equivalents	$ 282,553	$ 92,514	$ -	$ 375,067	$ 272,605
Grants and accounts receivable, less allowance for uncollectible accounts ($3,527 in 2011 and $2,545 in 2010)	296,928	3,763	-	300,691	369,429
Unconditional promises to give, less allowance for uncollectible pledges ($524 in 2011 and $0 in 2010)	-	38,821	-	38,821	38,809
Prepaid expenses	3,664	-	-	3,664	5,267
Inventories	1,973	-	-	1,973	962
Total current assets	585,118	135,098	-	720,216	687,072
Investments	6,744	494	33,054	40,292	41,749
Unconditional promises to give, less current portion	-	48,750	-	48,750	-
Property and equipment, net	1,396,063	-	-	1,396,063	1,486,481
Other assets, deposits	1,200	-	-	1,200	1,200
Total assets	$ 1,989,125	$ 184,342	$ 33,054	$ 2,206,521	$ 2,216,502
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued expenses	$ 78,044	-	-	78,044	70,986
Deferred revenue	6,381	-	-	6,381	6,344
Total current liabilities	84,425	-	-	84,425	77,330
Net assets:					
Unrestricted - undesignated	1,899,700	-	-	1,899,700	1,963,997
Unrestricted - designated	5,000	-	-	5,000	5,000
Temporarily restricted	-	184,342	-	184,342	137,121
Permanently restricted	-	-	33,054	33,054	33,054
Total net assets	1,904,700	184,342	33,054	2,122,096	2,139,172
Total liabilities and net assets	$ 1,989,125	$ 184,342	$ 33,054	$ 2,206,521	$ 2,216,502

See Notes to Financial Statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE GREATER SALT LAKE AREA

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2011 with Summarized Comparative Financial Information for 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2011	Summarized Comparative Totals 2010
Public support and revenue:					
Contributions and grants	$ 273,169	$ 181,792	$ -	$ 454,961	$ 493,111
Government contracts and grants	1,143,442	-	-	1,143,442	1,152,562
Program fees	556,233	-	-	556,233	433,655
Special events, net of direct costs of $14,559; 2011 and $25,492; 2010	82,305	-	-	82,305	84,636
In-kind donations	1,005,964	-	-	1,005,964	998,998
Interest and dividend income	2,068	1,283	-	3,351	3,965
Unrealized and realized loss on investments	(1,418)	(1,353)	-	(2,771)	(345)
Gain on sale of property and equipment	-	-	-	-	1,000
Other revenue	1,412	-	-	1,412	1,457
	3,063,175	181,722	-	3,244,897	3,169,039
Net assets released from restrictions:					
Satisfaction of donor restrictions	134,501	(134,501)	-	-	-
Total public support and revenue	3,197,676	47,221	-	3,244,897	3,169,039
Expenses:					
Program services:					
Camp Roger	397,557	-	-	397,557	399,908
Extended school programs	1,989,227	-	-	1,989,227	2,008,574
Community family center	546,666	-	-	546,666	165,125
Total program services	2,933,450	-	-	2,933,450	2,573,607
Supporting services:					
Management and general	194,217	-	-	194,217	174,748
Fund raising activities	134,306	-	-	134,306	90,030
Total supporting services	328,523	-	-	328,523	264,778
Total expenses	3,261,973	-	-	3,261,973	2,838,385
Change in net assets	(64,297)	47,221	-	(17,076)	330,654
Net assets at beginning of year	1,968,997	137,121	33,054	2,139,172	1,808,518
Net assets at end of year	$ 1,904,700	$ 184,342	$ 33,054	$ 2,122,096	$ 2,139,172

See Notes to Financial Statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE GREATER SALT LAKE AREA

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2011 with Summarized Comparative Financial Information for 2010

	Program Services			Support Services			
	Camp Roger	Extended School Programs	Community Family Center	Management and General	Fundraising	Totals 2011	Summarized Comparative Totals 2010
Wages, taxes, and benefits:							
Wages	$ 120,468	$ 841,951	$ 237,334	$ 118,863	$ 87,728	$ 1,406,344	$ 1,142,424
Payroll taxes and benefits	20,489	122,963	34,810	16,957	10,578	205,797	159,889
Total wages, taxes and benefits	140,957	964,914	272,144	135,820	98,306	1,612,141	1,302,313
Other expenses:							
Rent	4,306	788,451	159,168	19,195	2,464	973,584	871,912
Professional fees	8,617	34,138	7,614	5,646	3,581	59,596	140,607
Food	34,477	63,027	8,878	2,030	1,048	109,460	98,954
Depreciation	80,438	-	30,401	5,744	-	116,583	94,769
Program supplies	9,964	34,002	5,069	164	181	49,380	43,673
Printing and advertising	18,999	5,903	11,054	2,906	15,069	53,931	41,572
Transportation	3,431	23,257	6,363	88	94	33,233	32,720
Office supplies	734	5,535	9,418	1,466	874	18,027	23,497
Equestrian program	21,091	-	-	-	-	21,091	23,355
Insurance	10,591	3,491	5,069	2,455	240	21,846	20,505
Postage	7,328	216	2,103	1,185	358	11,190	19,017
Travel	2,957	7,443	790	9,172	3,152	23,514	15,022
Admission fees	4,896	12,634	5,280	-	-	22,810	14,454
Telephone services	3,158	7,169	2,616	1,410	928	15,281	14,114
Utilities	12,650	1,313	6,070	266	72	20,371	13,756
Seminars and meetings	1,005	16,110	2,394	1,452	3,124	24,085	13,579
Program equipment	6,504	6,770	5,821	65	1,167	20,327	11,432
YUSA support	1,241	4,735	1,258	833	434	8,501	10,417
Bank charges	6,225	196	1,929	2,238	1,230	11,818	9,371
Repairs and maintenance	12,700	4,150	2,460	9	-	19,319	7,004
Bad debt	-	4,789	-	-	-	4,789	6,437
Licenses and permits	4,462	254	51	112	19	4,898	6,330
Awards and recognition	818	237	602	311	1,350	3,318	1,785
Dues	-	450	114	1,562	482	2,608	1,735
Miscellaneous	8	43	-	88	133	272	55
Total other expenses	256,600	1,024,313	274,522	58,397	36,000	1,649,832	1,536,072
Total expenses	$ 397,557	$ 1,989,227	$ 546,666	$ 194,217	$ 134,306	$ 3,261,973	$ 2,838,385

See Notes to Financial Statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE GREATER SALT LAKE AREA

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	$ (17,076)	$ 330,654
Adjustment to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	116,583	94,769
Change in allowance for uncollectible accounts and pledges	1,506	1,138
Realized and unrealized loss on investments	1,457	345
Donated property and equipment	(2,500)	-
Stock donations	(9,215)	(4,182)
(Gain) on disposal of property and equipment	-	(1,000)
Amortization of discount on pledges receivable, net	-	(38)
Change in operating assets and liabilities:		
Grants and accounts receivable	67,756	(103,900)
Unconditional promises to give	(49,286)	(8,828)
Prepaid expenses	1,603	14,184
Inventories	(1,011)	47
Accounts payable and accrued expenses	7,058	36,228
Deferred revenue	37	2,839
Contributions restricted for long-term purposes:		
Investment in property and equipment	-	(300,225)
Endowment	-	(33,054)
Net cash flows from operating activities	116,912	28,977
Cash flows from investing activities:		
Purchase of property and equipment	(23,665)	(548,246)
Purchase and redemption of assets restricted for investment in property and equipment	-	103,349
Purchase of assets restricted for endowment	-	(33,054)
Purchase of investments	-	(5,621)
Proceeds from sale of property and equipment	-	1,000
Proceeds from sale of investments	9,215	4,058
Net cash flows from investing activities	(14,450)	(478,514)
Cash flows from financing activities:		
Collections of contributions restricted for long-term purposes:		
Investment in property and equipment	-	300,225
Endowment	-	33,054
Net cash flows from financing activities	-	333,279
Net increase (decrease) in cash and cash equivalents	102,462	(116,258)
Cash and cash equivalents at beginning of the year	272,605	388,863
Cash and cash equivalents at end of the year	$ 375,067	$ 272,605
Supplemental cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

See Notes to Financial Statements

(1) Summary of significant accounting policies

YMCA and nature of activities – The mission of the Young Men's Christian Association of The Greater Salt Lake Area (the "YMCA") is "to provide our communities with programs and services that enhance healthy mind, body and spirit in which we strive to build strong kids, strong families and strong communities." It is driven by community need, guided by community volunteers, and open to all. In all programs, the YMCA builds values of caring, honesty, respect and responsibility. The YMCA's vision is to be the leader in understanding and meeting our communities' needs by developing and adapting quality programs that provide value to children and their families. They accomplish their mission and vision through the following programs:

The YMCA's Camp Roger is a non-denominational residential camp for boys and girls ages seven through seventeen located on 40-acres in the Uinta Mountains. The children are taught the values of caring, honesty, respect and responsibility throughout their stay while participating in a variety of camp activities. Camp Roger gives children an opportunity to learn new skills, build confidence and develop independence.

Extended school programs provide enrichment with a safe, supervised and fun place for children ages five through twelve to be after school. The YMCA offers programs at 19 different schools/locations in Salt Lake and Weber Counties. The enrichment programs offer homework help, snacks and structured activities each day. Activities include academics, sports, music, creativity, science, games, arts and crafts, teambuilding and more. Each extended school program helps children gain the skills necessary to become successful teenagers and adults.

During the year ended December 31, 2010, the YMCA started and completed construction of the YMCA Community Family Center (the "Center") located in Taylorsville, Utah. The YMCA Community Family Center is an innovative solution, which allows the YMCA, schools and cities to work together to better understand and adapt to our communities' needs. The Center serves all individuals in the community through programs specific for children, teens, adults and families. Participants at the Center are taught the importance of youth development, healthy living and social responsibility. The Center adapts to the needs of the community on a continual basis to ensure that the community's needs are being met.

The YMCA believes that no family should be turned away for inability to pay, so scholarships and financial assistance are available in all YMCA programs.

Basis of presentation –The YMCA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of restricted net assets is determined by the nature of any donor-imposed restrictions.

- **Unrestricted net assets** represent expendable funds available for operations which are not otherwise limited by donor restrictions.

- **Temporarily restricted net assets** consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the YMCA may spend the funds.

(1) Summary of significant accounting policies (continued)

- **Permanently restricted net assets** are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The YMCA has elected to treat all temporarily restricted contributions in which the restrictions are met in the current year as unrestricted contributions.

Use of estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

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

Grants and accounts receivable – Grants and accounts receivable are recorded at their net fair market value less an appropriate allowance for uncollectible amounts. The YMCA uses the allowance method to determine uncollectible receivables. The allowance is based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted.

Unconditional promises to give – Unconditional promises to give consist of amounts not yet collected from pledges that meet the definition of unconditional promises to give. Unconditional promises to give are recorded as received at their net realizable value. The YMCA uses the allowance method to determine uncollectible pledges. The allowance is based on historical experience and management's analysis of specific balances. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are not included as support until the conditions are substantially met.

Inventories – Inventories are stated at the lower of cost or market, and consist of miscellaneous camp merchandise purchased for resale to camp participants. Cost is determined using the first-in, first-out method. Market is based upon realizable value.

Property and equipment – The YMCA capitalizes all expenditures for property and equipment in excess of $1,000. Property and equipment are stated at cost less accumulated depreciation, or if acquired by gift, at estimated fair value at the date of the gift.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life are expensed as incurred.

(1) Summary of significant accounting policies (continued)

Depreciation is computed using the straight-line method over the following useful lives:

Assets	Useful Lives
Buildings	10 – 40 years
Building improvements	15 – 25 years
Camp equipment	5 – 10 years
Office furniture and equipment	3 – 7 years
Vehicles	5 years
Software	3 years

Long-lived assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended December 31, 2011 and 2010, respectively.

Investments – Investments are stated at estimated fair value. Realized and unrealized gains and losses, interest, and dividends on investments are recorded as unrestricted unless such amounts are restrict by the donor or by law. Investments received as gifts are recorded at the estimated fair value at the date of the gift.

Public support and revenues – The YMCA derives its revenues from program fees, government contracts and grants, contributions, and miscellaneous sources. Camping and program revenue is recognized in the period to which the service or activity relates.

The YMCA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at actual cost to the YMCA. The direct costs of the special events, which ultimately benefit the donor rather than the YMCA, are recorded as costs of direct donor benefits in the statement of activities.

Grants and other contributions of cash and other assets are reported at fair value at the date the written promise to give is received. Conditional promises to give or indications of intentions to give are not reported until the condition(s) are met. Restricted gifts are recorded as revenue when cash is received or a written promise is given by a donor.

Contributions of donated noncash assets are recorded at their fair values when received. A substantial number of volunteers have donated significant amounts of time and services to the YMCA's program operations and fund-raising efforts. However, such contributed services do not meet the criteria for recognition of contributed services contained in U.S. generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements. Other contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values when received.

(1) Summary of significant accounting policies (continued)

Deferred revenue – Deferred revenue consists of tuition payments and camp user deposits received during the current year for services to be provided by the YMCA in the next year.

Functional allocation of expenses – The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the YMCA.

Income taxes – The YMCA qualifies as a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and comparable state laws and, therefore, is not subject to federal or state income taxes. The YMCA does not believe it has any material uncertain tax positions. The YMCA's 2009 and future tax returns, though not currently under audit, are subject to examination by both the Internal Revenue Service and applicable state tax commissions.

Fair value measurements - definition and hierarchy – The FASB established a framework for measuring fair value and disclosing fair value measurements to financial statement users. Fair value is the price that would be received to sell an asset or paid to transfer a liability (referred to as the "exit price") in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for specific assets or liabilities at the measurement date. The fair value should be based on assumptions that market participants would use, including consideration of nonperformance risk.

In determining fair value, the YMCA uses various valuation approaches. The FASB framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the YMCA. Unobservable inputs are inputs that reflect the YMCA's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the YMCA has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2—Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

(1) Summary of significant accounting policies (continued)

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the YMCA in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the YMCA's own assumptions are set to reflect those that the YMCA believes market participants would use in pricing the asset or liability at the measurement date.

See Note 14 for a description of valuation techniques applied to the major categories of financial instruments measured at fair value.

Advertising – Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2011 and 2010 was $29,991 and $32,134, respectively. Advertising expenses are included in printing and advertising expenses on the Statements of Functional Expenses.

New accounting pronouncements – The following accounting pronouncements were recently issued by the FASB.

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amended wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. ASU No. 2011-04 is effective for annual periods beginning after December 15, 2011. The adoption of ASU No. 2011-04 is not expected to have a significant impact on the YMCA's financial statements.

(2) Prior year summarized financial information

The financial statements include prior-year summarized comparative information in total and do not include information by the unrestricted, temporarily restricted, and permanently restricted net asset classes as required by U.S. generally accepted accounting principles. Accordingly, the information should be read in conjunction with the YMCA's financial statements as of and for the year ended December 31, 2010, from which the summarized comparative information was derived.

(3) Unconditional promises to give

Unconditional promises to give consist of the following at December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
Unconditional promises to give due in:		
Less than one year	$ 39,345	$ 38,809
Between one and five years	48,750	-
Total unconditional promises to give	88,095	38,809
Less allowance for doubtful accounts	(524)	-
Net unconditional promises to give	$ 87,571	$ 38,809

(4) Investments

Investments, carried at fair value, consist of the following at December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
Common stock	$ 1,744	$ 3,131
Mutual funds	38,548	38,618
Total investments at fair value	$ 40,292	$ 41,749

Investment returns for the year ended December 31, 2011, are summarized by net asset class as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 2,068	$ 1,283	$ -	$ 3,351
Realized loss on disposal of investments	(21)	-	-	(21)
Unrealized loss on investments	(1,397)	(1,353)	-	(2,750)
Total investment return	$ 650	$ (70)	$ -	$ 580

(5) Property and equipment

The following is a summary of property and equipment as of December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
Cost		
Buildings	$ 1,520,652	$ 1,520,652
Building improvements	278,457	276,598
Camp equipment	202,939	202,939
Office furniture and equipment	72,391	66,122
Vehicles	52,973	40,386
Software	13,026	7,576
Total cost	2,140,438	2,114,273
Less accumulated depreciation and amortization	(744,375)	(627,792)
Net property and equipment	$ 1,396,063	$ 1,486,481

The depreciation and amortization expense charged to operations was $116,583 and $94,769 for the years ended December 31, 2011 and 2010, respectively.

During 2008, the YMCA entered into a Collaboration Agreement with the Granite School District (Granite) whereby the YMCA agreed to construct a facility on land owned by Granite for the purposes of providing academic enrichment and other activities. The agreement covers the period from June 1, 2009 through May 31, 2014, and automatically renews in one-year increments at the end of the initial term. Either party may terminate the agreement by giving written notice of such termination 180 days prior to the next annual renewal date. The net book value of the building was $447,792 at December 31, 2011 and is being depreciated over the 30 year expected term of the agreement, including expected renewals.

(6) Board designated net assets

Board designated net assets consist of board designated endowment funds of $5,000 at December 31, 2011 and 2010.

(7) Temporarily restricted net assets

Temporarily restricted net assets consist of cash, accounts receivable and unappropriated earnings on permanent endowments at December 31, 2011 and 2010, that are available for the following purposes:

(7) Temporarily restricted net assets (continued)

	December 31,	
	2011	2010
Extended school programs	$ 162,454	$ 105,554
Camp Roger	12,098	16,867
Community Family Center	9,790	10,700
Other operations	-	4,000
Total temporary restricted net assets	$ 184,342	$ 137,121

(8) Permanently restricted net assets

Permanently restricted net assets consist of the Tom E. and Nancy A. Nissalke Camp Fund. The YMCA initially designated $5,000 to the Fund in May 2010. Additional contributions of $33,054 were made by various donors during the year ended December 31, 2010. The permanently restricted net assets balance was $33,054 as of December 31, 2011 and 2010.

(9) Endowment

The YMCA's endowment includes both donor-restricted endowment and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The YMCA has contracted the Community Foundation of Utah (the "CFU") to manage the endowment funds. CFU participates in determining how funds should be invested and the distribution approval process.

Interpretation of relevant law - The Board of Directors of the YMCA has interpreted the Uniform Prudent Management of Institutional Funds Act law (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the YMCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

(9) Endowment (continued)

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

Endowment net asset composition by type of fund as of December 31, 2011, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 494	$ 33,054	$ 33,548
Board-designated endowment funds	5,000	-	-	5,000
Total endowment net assets	$ 5,000	$ 494	$ 33,054	$ 38,548

Changes in endowment net assets for the year ended December 31, 2011 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 5,000	$ 564	$ 33,054	$ 38,618
Investment return:				
Investment income	-	1,283	-	1,283
Net depreciation (realized and unrealized)	-	(1,353)	-	(1,353)
Total investment return	-	(70)	-	(70)
Contributions	-	-	-	-
Endowment net assets, end of year	$ 5,000	$ 494	$ 33,054	$ 38,548

Funds with deficiencies – It is possible that the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the YMCA to retain as a fund of perpetual duration. There were no deficiencies reported as of December 31, 2011.

(9) Endowment (continued)

Return objectives and risk parameters – The YMCA attempts to maximize long-term gains with an acceptable level of risk and to provide funding for special projects consistent with the mission of the YMCA or to act as an emergency funding source. Endowment assets include those assets of donor-restricted funds that the YMCA must hold in perpetuity or for donor-specified periods. The endowment assets are invested in a manner that is intended to maximize return with reasonable risk.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the YMCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending policy and how the investment objective relates to spending policy – Distribution of endowment funds are approved by the Board of Directors and the Community Foundation of Utah and made when deemed appropriate. Distributions from the endowment account will be made when other funding is not available and in accordance with the endowment purpose. This is consistent with the YMCA's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. There were no amounts appropriated for expenditures during the year ended December 31, 2011.

(10) Operating leases

YMCA leases office space and equipment under operating leases. Future minimum lease payments as of December 31, 2011, are as follows:

Years Ending December 31,		
2012	$	26,104
2013		13,601
2014		14,360
2015		12,571
2016		12,200
Thereafter		11,000
Total future minimum lease payments	$	89,836

The YMCA also has agreements with various school districts for free use of facilities and the YMCA records in-kind rent expense equal to the fair market value for use of the facilities. Total rent expense was $973,584 and $871,912 for the years ended December 31, 2011 and 2010, respectively.

The YMCA entered into a 20-year special use permit with the USDA Forest Services to use land for Camp Roger in 1999. The permit fees due each year vary and are dependent upon the amount of campers that attend Camp Roger each year. The amount paid under this agreement was $7,320 and $5,914 for the years ended December 31, 2011 and 2010, respectively.

(11) Retirement plan

The YMCA participates in a defined contribution, individual account and money purchase retirement plan, which is administered by the Young Men's Christian Association Retirement Fund ("YMCA Retirement Fund"), a separate corporation organized under the laws of the state of New York.

The plan is for the benefit of all eligible professional and nonprofessional staff of the YMCA who qualify under the participation requirements. Each participating employee may contribute monthly to the YMCA Retirement Fund. The YMCA is required to contribute monthly to the YMCA Retirement Fund regular payments equal to a percentage of each participating employee's monthly compensation. Currently, the percentage is 12%.

The YMCA contributed $36,873 and $28,453 to the YMCA Retirement Fund on behalf of its employees during the years ended December 31, 2011 and 2010, respectively.

(12) In-kind donations

During the years ended December 31, 2011 and 2010, the YMCA received the following non-cash donations of materials, services and free use of facilities that have been reflected in the financial statements of the YMCA:

	2011	2010
Donated rent	$ 949,868	$ 845,679
Professional fees	1,550	129,873
Supplies and equipment	6,770	12,901
Food and snacks	7,636	8,291
Printing and copying	16,083	2,239
Admission fees	7,389	15
Trainings and travel	12,940	-
Repairs and maintenance	3,728	-
Total non-cash donations	$ 1,005,964	$ 998,998

The use of facilities and land has been donated by various school districts in which the YMCA's extended school programs operate. Amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair market value of the donated facilities. The non-cash donations were made for the purpose of supporting and running the Camp Roger, Extended School Programs and the Community Family Center.

(13) Concentrations

The YMCA maintains cash and investments in bank and brokerage accounts which at times may exceed the federally insured limits of $250,000, set by the Federal Deposit Insurance Corporation. The YMCA has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

(13) Concentrations (continued)

The YMCA receives significant support from government agencies. These government contracts and grants account for 36% and 36% of public support and revenues during the years ended December 31, 2011 and 2010, respectively.

Grants and accounts receivable include three significant grants, which represent approximately 47% of the grants and accounts receivable balance as of December 31, 2011. At December 31, 2010, there were three significant grants which represent approximately 65% of the grants and accounts receivable balance.

(14) Fair value measurements

The following fair value hierarchy tables present information about the YMCA's assets measured at fair value on a recurring basis as of December 31, 2011 and 2010.

Assets measured at fair value on a recurring basis as of December 31, 2011 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011
Common stock	$ 1,744	$ -	$ -	$ 1,744
Mutual funds	38,548	-	-	38,548
Total	$ 40,292	$ -	$ -	$ 40,292

Assets measured at fair value on a recurring basis as of December 31, 2010 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
Common stock	$ 3,131	$ -	$ -	$ 3,131
Mutual funds	38,618	-	-	38,618
Total	$ 41,749	$ -	$ -	$ 41,749

(15) Subsequent events

During January 2012, the YMCA filed the appropriate paperwork with the Department of Commerce of the State of Utah to change the name of the organization to the Young Men's Christian Association of Northern Utah (dba YMCA of Northern Utah).

The YMCA has evaluated subsequent events through August 1, 2012, which is the date these financial statements were available to be issued.