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**YMCA of the Capital Area
Baton Rouge, Louisiana
December 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/27/08

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

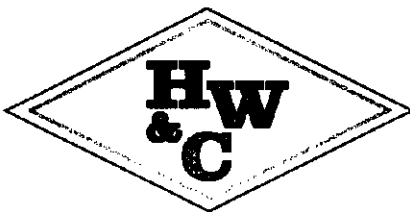


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HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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July 2, 2008

Independent Auditor's Report

To the Board of Directors
YMCA of the Capital Area
Baton Rouge, Louisiana

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of the

**YMCA of the Capital Area
(A Non-Profit Organization)
Baton Rouge, Louisiana**

as of December 31, 2007, and the related statement of revenue, support, expenditures and changes in net assets - modified cash basis, and statement of functional expenses - modified cash basis, for the year then ended. These financial statements are the responsibility of the YMCA of the Capital Area's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the YMCA of the Capital Area's 2006 financial statements, and in our report dated June 19, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

As described in Note 1, these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - modified cash basis of the YMCA of the Capital Area as of December 31, 2007, and its revenue, support, expenditures and changes in net assets for the year then ended on the basis of accounting described in Note 1.

Yours truly,

A handwritten signature in cursive script that reads "Hawthorn, Waymouth & Carroll, L.L.P.".

YMCA of the Capital Area
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2007,
With Summarized Financial Information as of December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted Endowment</u>	<u>2007 Total Funds</u>	<u>Summarized 2006 Total Funds</u>
Assets					
Cash and cash equivalents	\$1,126,861			\$1,126,861	\$1,160,636
Cash held in trust	6,922,048			6,922,048	
Certificate of deposit	333,076			333,076	317,863
Beneficial interest in investments held by others		\$1,857,054	\$370,932	2,227,986	1,889,745
Investments in unconsolidated subsidiaries at cost/Y-Mutual Insurance, Ltd.					48,372
Land, buildings and equipment	25,441,143			25,441,143	20,238,269
Assets held in trust	99,097			99,097	79,097
Overpayment of payroll taxes	_____	_____	_____	_____	16,537
<u>Total assets</u>	<u>33,922,225</u>	<u>1,857,054</u>	<u>370,932</u>	<u>36,150,211</u>	<u>23,750,519</u>
Current Liabilities					
Bonds payable	115,000			115,000	
Notes payable	31,374			31,374	5,075
Other liabilities	40,135			40,135	521
	<u>186,509</u>	_____	_____	<u>186,509</u>	<u>5,596</u>
Long-Term Liabilities					
Bonds payable	9,885,000			9,885,000	
Notes payable	71,722			71,722	15,748
<u>Total liabilities</u>	<u>9,956,722</u>	_____	_____	<u>9,956,722</u>	<u>21,344</u>
Net Assets					
Unrestricted (including designated of \$2,643,827 and \$2,067,469 at 2007 and 2006, respectively)	23,778,994			23,778,994	21,191,248
Temporarily restricted		1,857,054		1,857,054	2,204,644
Permanently restricted			370,932	370,932	333,283
<u>Net assets</u>	<u>23,778,994</u>	<u>1,857,054</u>	<u>370,932</u>	<u>26,006,980</u>	<u>23,729,175</u>
<u>Total liabilities and net assets</u>	<u>33,922,225</u>	<u>1,857,054</u>	<u>370,932</u>	<u>36,150,211</u>	<u>23,750,519</u>

The accompanying notes are an integral part of these statements.

YMCA of the Capital Area
Statement of Revenue, Support, Expenditures and Changes in Net Assets - Modified Cash Basis
Year Ended December 31, 2007,
With Summarized Financial Information for the Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted Endowment</u>	<u>2007 Total Funds</u>	<u>Summarized 2006 Total Funds</u>
Revenue and Support					
Membership fees	\$7,743,424			\$7,743,424	\$7,502,808
Program fees	2,917,432			2,917,432	2,557,234
United Way	234,607			234,607	254,607
Interest and investment income	185,114	\$100,709		285,823	226,303
Contributions	778,682	199,883	\$37,649	1,016,214	1,238,831
Contributions in-kind	120,900			120,900	43,000
Sales	86,010			86,010	82,071
Special events	145,850			145,850	120,407
Other income	10,977			10,977	9,803
Net assets released from restrictions	<u>648,182</u>	<u>(648,182)</u>	<u> </u>	<u> </u>	<u> </u>
<u>Total revenue and support</u>	<u>12,871,178</u>	<u>(347,590)</u>	<u>37,649</u>	<u>12,561,237</u>	<u>12,035,064</u>
Expenditures					
Program Services	8,852,511			8,852,511	7,586,208
Management and general	1,328,087			1,328,087	1,344,361
Fund raising	<u>102,834</u>	<u> </u>	<u> </u>	<u>102,834</u>	<u>87,541</u>
<u>Total expenditures</u>	<u>10,283,432</u>	<u> </u>	<u> </u>	<u>10,283,432</u>	<u>9,018,110</u>
Changes in Net Assets	2,587,746	(347,590)	37,649	2,277,805	3,016,954
Net Assets, beginning of year	<u>21,191,248</u>	<u>2,204,644</u>	<u>333,283</u>	<u>23,729,175</u>	<u>20,712,221</u>
Net Assets, end of year	<u>23,778,994</u>	<u>1,857,054</u>	<u>370,932</u>	<u>26,006,980</u>	<u>23,729,175</u>

The accompanying notes are an integral part of these statements.

YMCA of the Capital Area
Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2007,
With Summarized Financial Information for the Year Ended December 31, 2006

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses 2007</u>	<u>Total Expenses 2006</u>
Salaries and wages	\$3,637,623	\$711,949	\$89,584	\$4,439,156	\$4,106,010
Employee benefits and taxes	648,678	166,133	10,750	825,561	838,863
Occupancy	863,863	86,152		950,015	955,192
Insurance	330,278	35,665		365,943	365,943
Supplies	670,729	11,090		681,819	689,072
Dues and subscriptions	128,074	13,995		142,069	113,834
Contractual services	1,237,009	169,904		1,406,913	1,003,930
Equipment repairs and maintenance	153,370	5,950		159,320	214,669
Special events	166,091	1,041		167,132	139,351
Printing and publications	65,026	13,215	1,100	79,341	71,889
Travel and employee expenses	109,321	50,597		159,918	123,181
Conferences and meetings	96,857	34,124		130,981	176,384
Telephone	126,165	11,150		137,315	111,827
Postage and shipping	15,724	5,885	900	22,509	21,992
Interest	25,125			25,125	346
In kind expense	120,900			120,900	43,000
Awards and grants	4,000			4,000	10,100
Loss on investment	48,372			48,372	
Bond issuance costs	230,306			230,306	
Bond discount	175,000			175,000	
Miscellaneous		11,237		11,237	4,146
Capital campaign expense			500	500	28,381
<u>Total expenditures</u>	<u>8,852,511</u>	<u>1,328,087</u>	<u>102,834</u>	<u>10,283,432</u>	<u>9,018,110</u>

The accompanying notes are an integral part of these statements.

YMCA of the Capital Area
Notes to Financial Statements
December 31, 2007

Note 1-Significant Accounting Policies

A. Nature and Purpose

YMCA of the Capital Area (YMCA), Baton Rouge, Louisiana, is an association of persons united in a common effort to enhance the quality of life, spiritually, mentally, physically and socially for all people in our community through the ecumenical application of Christian principles.

Major programs include physical education classes such as swimming, flag football, cheerleading, basketball, soccer, baseball, after-school childcare, summer camp programs and youth leadership programs such as Youth Legislator, Black Achievers and Model U.N.

The major sources of funding are from membership dues and program fees.

B. Accounting Basis

The financial statements of the YMCA have been prepared on the modified cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. No provision for depreciation is made and bond issuance costs and bond discounts are expensed rather than capitalized and amortized.

C. Use of Estimates

The preparation of financial statements in conformity with modified cash basis accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the YMCA has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the YMCA in perpetuity.

E. Cash and Cash Equivalents

The YMCA considers all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents.

F. Investments

The YMCA carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Assets, Liabilities and Net Assets - Modified Cash Basis. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Revenue, Support, Expenditures and Changes in Net Assets - Modified Cash Basis.

G. Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. No provision for depreciation is made. Donated assets are recorded at an estimated fair value on the date of donation.

YMCA of the Capital Area
Notes to Financial Statements
December 31, 2007

Note 1-Significant Accounting Policies (Continued)

H. Income Taxes

Pursuant to current federal and state income tax regulations, the YMCA is exempt from taxes under Internal Revenue Code 501 (c)(3), as a public charity. The YMCA had no unrelated business income for the year ended December 31, 2007 and is not classified as a private foundation.

I. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

J. Advertising Costs

Advertising costs are expensed as paid.

K. Donated Materials and Services

A substantial number of volunteers donated over 40,000 hours to the YMCA's program services during 2007. These donated services are not reflected in the financial statements since the services do not require specialized skills.

L. Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

Note 2-Unrestricted Net Assets

Revenue and expenditures of the unrestricted net assets represent cash transactions of the existing branches of YMCA of the Capital Area.

Note 3-Unrestricted Designated Net Assets

Unrestricted designated net assets represent funds that the management and Board of Directors of the YMCA have designated to provide a reserve for improvements to and replacement of buildings and equipment. At December 31, 2007, the total unrestricted designated net assets was \$2,643,827. Disbursements of \$196,552 were allocated from these assets in 2007.

**YMCA of the Capital Area
Notes to Financial Statements
December 31, 2007**

Note 4-Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2007 are as follows:

Beneficial interest in investments	
Baton Rouge Area Foundation	<u>\$1,857,054</u>

Permanently Restricted Net Assets

Permanently restricted net assets are endowment funds managed by the Baton Rouge Area Foundation. These funds are subject to donor restrictions requiring that the principal be invested in perpetuity and that only income be used.

Net assets were permanently restricted for the following purposes at December 31, 2007:

Endowment Fund	<u>\$370,932</u>
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Note 5-Land, Buildings and Equipment

The following is a breakdown of land, buildings and equipment as of December 31, 2007:

Buildings and parking lots	\$13,172,235
Land	951,034
Swimming pools	733,785
Transportation equipment	361,895
Exercise equipment	1,811,911
Furniture and fixtures	1,141,259
Leasehold improvements	15,157
Tennis Court Complex	2,131,673
Construction in progress	<u>5,122,194</u>
	<u>25,441,143</u>

The YMCA had four contracts with various construction companies with a remaining amount of approximately \$5,144,032 to be incurred in 2008 for the construction and renovation of the facilities at C.B. Pennington, P.G. Manship, Baranco-Clark, and A.C. Lewis.

Note 6-Beneficial Interest in Investments Held by Others

In the statement of assets, liabilities and net assets - modified cash basis at December 31, 2007, the aggregate transfers to a recipient association, for which the YMCA of the Capital Area is specified as the beneficiary, amounted to \$2,227,986, are recorded as a beneficial interest in the investments held by the Baton Rouge Area Foundation. Variance power was not granted to the recipient association. Interest is distributed as requested by the association.

**YMCA of the Capital Area
Notes to Financial Statements
December 31, 2007**

Note 6-Beneficial Interest in Investments Held by Others (Continued)

The YMCA's Beneficial Interest in Investments Held by Others at December 31, 2007 is summarized as follows:

	<u>Fair Value</u>
Common stock	\$1,558,540
Bond Index Fund	667,946
Mineral Rights	<u>1,500</u>
	<u>2,227,986</u>

Note 7-Long-term Debt

Bond payable to Louisiana Local Government Environmental Facilities and Community Development Authority due in semiannual interest payments on March 1 st and September 1 st of each year at a rate of 6.25% and annual principal payments on September 1 st . The bond matures September 1, 2037. Funds are held in trust by the Bank of New York.	\$10,000,000
Note payable to a financial institution due in monthly principal and interest installments of \$521 with interest at 6.39%, maturing in 2010, secured by a vehicle.	15,722
Note payable to a financial institution due in monthly principal payments of \$971 maturing in 2009. This note is interest free and is secured by a vehicle.	18,913
Note payable to financial institution due in monthly principal and interest installments of \$850 with interest at 6.75%, maturing in 2012, secured by vehicle.	36,300
Note payable to financial institution due in monthly principal and interest installments of \$753 with interest at 6.75%, maturing in 2012, secured by vehicle.	<u>32,161</u>
	10,103,096
Less current portion of long-term debt	<u>146,374</u>
	<u>9,956,722</u>

Following are the maturities of the long-term debt payable:

	<u>Bonds</u>	<u>Notes</u>	<u>Total</u>
2008	\$115,000	\$31,374	\$146,374
2009	130,000	29,908	159,908
2010	135,000	21,823	156,823
2011	145,000	18,458	163,458
2012	155,000	1,533	156,533
Thereafter	<u>9,320,000</u>	<u> </u>	<u>9,320,000</u>
	<u>10,000,000</u>	<u>103,096</u>	<u>10,103,096</u>

YMCA of the Capital Area
Notes to Financial Statements
December 31, 2007

Note 8-Operating Leases

The YMCA leases exercise equipment and building space for program services under operating leases. Lease expense was \$118,911 for the year ended December 31, 2007. Obligations under operating leases in future years are as follows:

2008	\$118,911
2009	113,862
2010	96,930
2011	64,620

Certain operating leases provide for renewal options for an additional year at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Note 9-Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses specifically identifiable to a particular program are charged to the program. Management and general expenses include expenses that are not directly identifiable with a specific program, but provide for the overall support and direction of the YMCA.

Note 10-Pension Plan

The YMCA participates in a multi-employer defined contribution plan for all eligible employees who meet certain age and length of service requirements. For these employees, the YMCA contributes 12% of salary. Contributions to the plan amounted to \$255,384 for 2007.

Note 11-Assets Held in Trust

The YMCA created a deferred compensation plan Trust for its CEO in 2002. The plan consists of five annual payments of \$20,000, beginning in 2003, being paid into an insurance policy which the CEO will become fully vested in after five years of service.

Note 12-Concentration of Credit Risk

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

Supplementary Information

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
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July 2, 2008

**Independent Auditor's Report
on Supplementary Information**

To the Board of Directors
YMCA of the Capital Area
Baton Rouge, Louisiana

Our report on the audit of the basic financial statements of the YMCA of the Capital Area at December 31, 2007 appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The 2007 information in the schedules of assets and revenue, five year revenue, expenditure and functional expense comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the statements of assets, liabilities and net assets - modified cash basis of YMCA of the Capital Area as of December 31, 2006, 2005, 2004, and 2003, and the related statements of revenue, support, and changes in net assets - modified cash basis for each of the four years then ended (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the 2006, 2005, 2004 and 2003 information included in the schedules of assets, revenue comparison, expenditures comparison and functional expense comparison is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

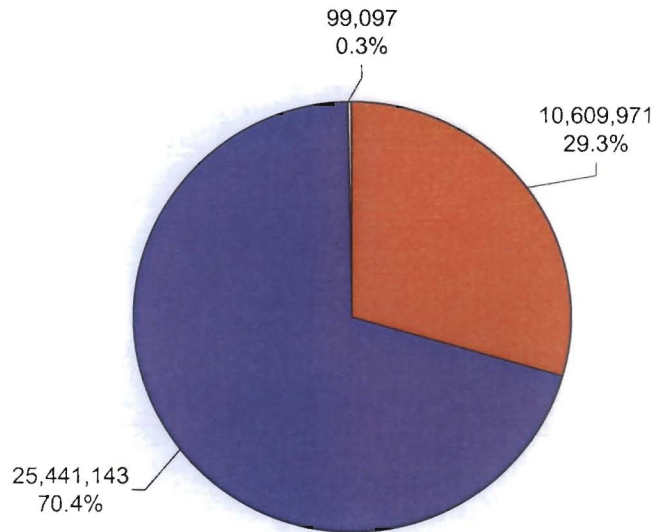
Yours truly,

A handwritten signature in cursive script that reads "Hawthorn, Waymouth & Carroll, L.L.P." The signature is written in dark ink and is positioned below the "Yours truly," text.

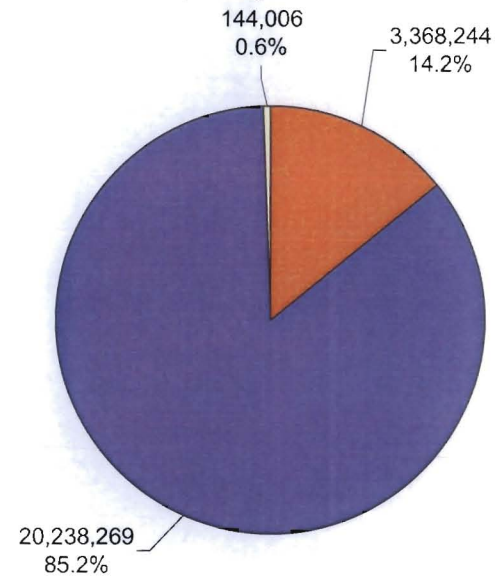
YMCA of the Capital Area

Schedule of Assets

\$36,150,211 for 2007



\$23,750,519 for 2006



■ Cash and Investments

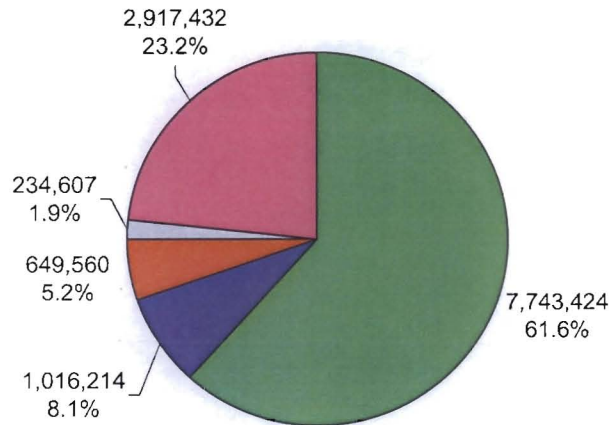
■ Property & Equipment

□ Other

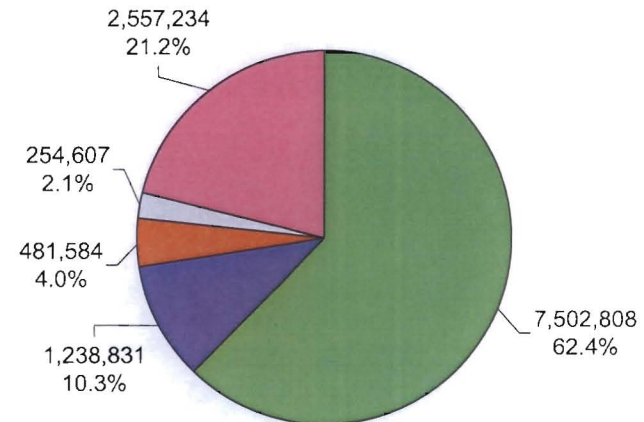
YMCA of the Capital Area

Revenue Comparison

\$12,561,237 for 2007



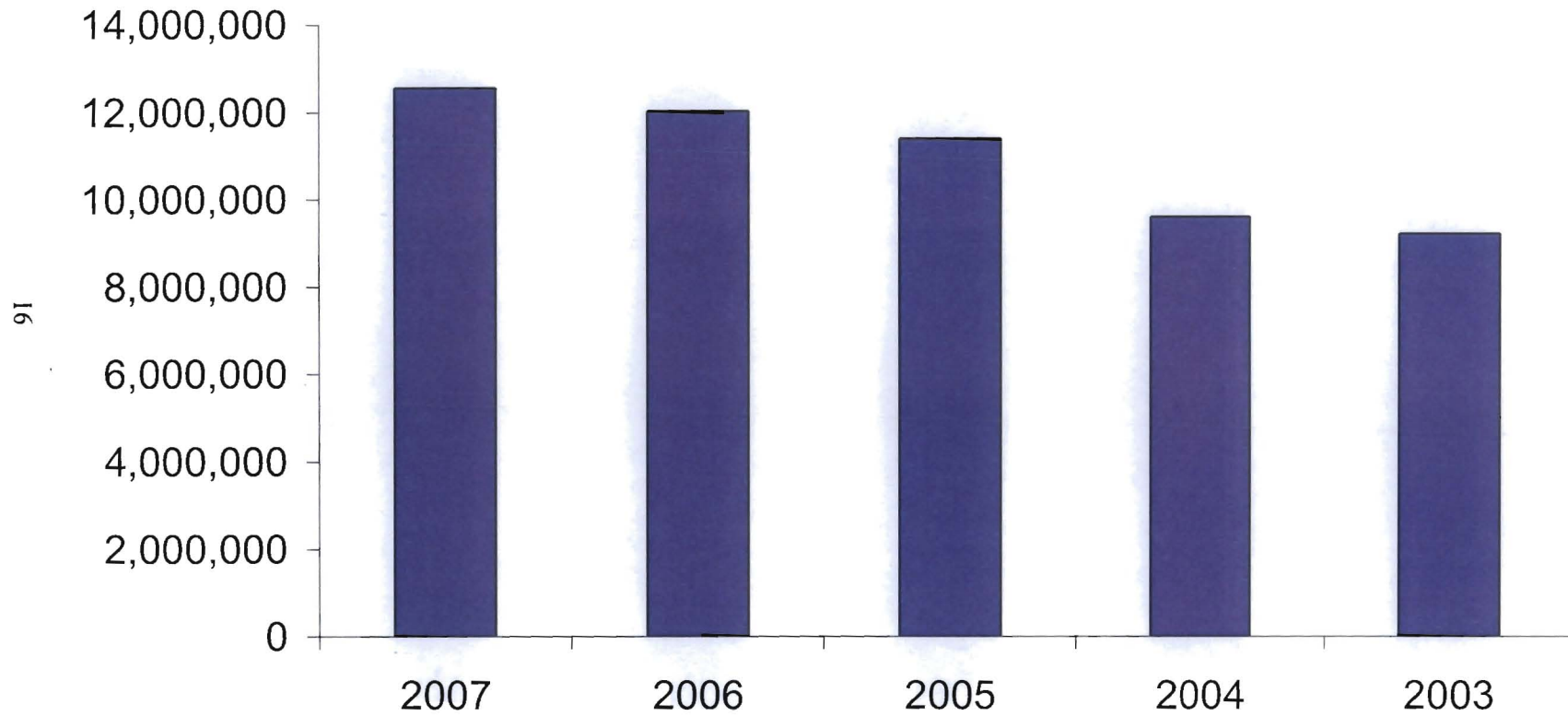
\$12,035,064 for 2006



■ Membership Fees ■ Contributions ■ Other ■ United Way ■ Program Fees

YMCA of the Capital Area

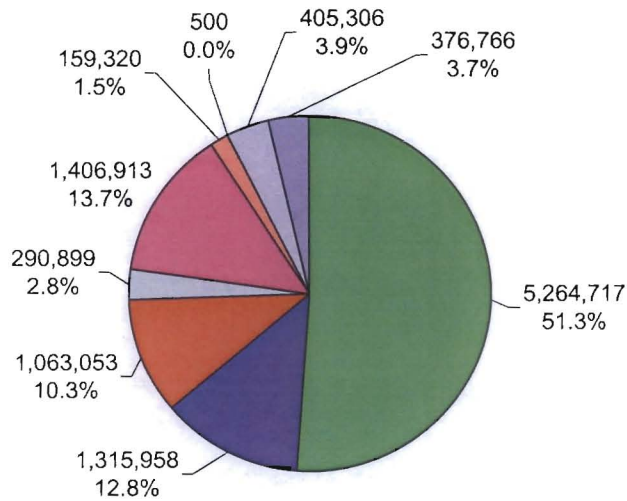
Five Year Revenue Comparison



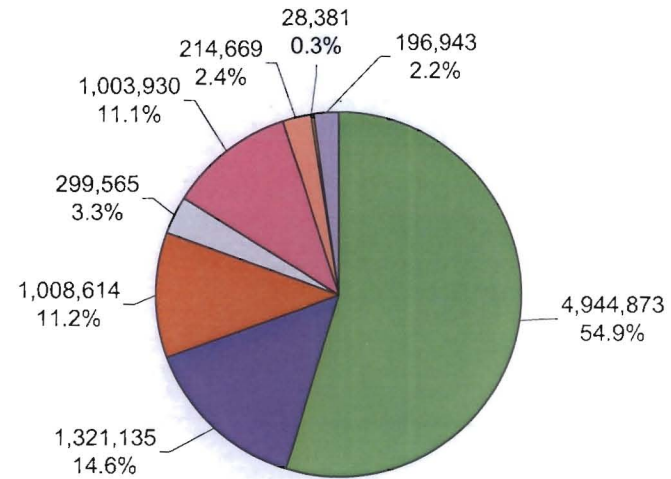
YMCA of the Capital Area

Expenditures Comparison

\$10,283,432 for 2007



\$9,018,110 for 2006

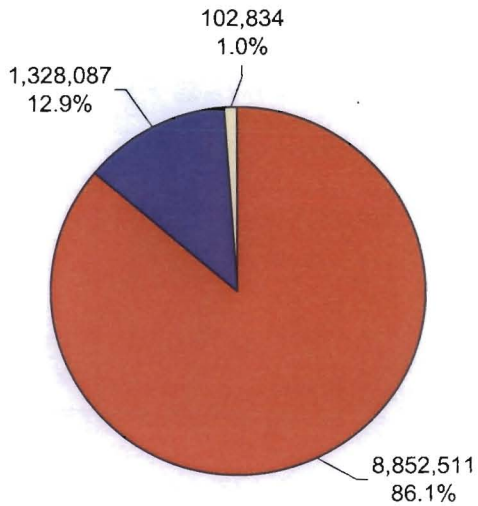


- Personnel
- Occupancy & Insurance
- Office Expenses
- Travel & Conferences
- Contractual Services
- Maintenance & Repairs
- Capital Campaign
- Bond Issuance Costs
- Other

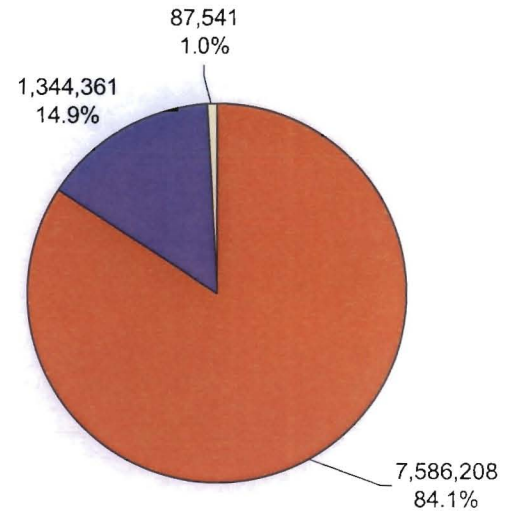
YMCA of the Capital Area

Functional Expense Comparison

\$10,283,432 for 2007



\$9,018,110 for 2006



■ Program Services

■ Management and General

□ Fund Raising