

**Financial Statements**

**The Community Y Foundation**

**December 31, 2011 and 2010**

***R****ainer*  
*& Company*

A Professional Corporation  
Certified Public Accountants

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A Professional Corporation  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
The Community Y Foundation  
Lansdowne, Pennsylvania

We have audited the accompanying statements of financial position of The Community Y Foundation as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Y Foundation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Rainer &amp; Company". The signature is written in a cursive style, with the ampersand being particularly stylized.

Rainer & Company

May 18, 2012

**THE COMMUNITY Y FOUNDATION**  
Statements of Financial Position  
December 31, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 266,537	\$ 152,562
Investment Income Receivable	7,180	10,819
Investments	<u>4,463,203</u>	<u>4,704,164</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,736,920</u></b>	<b><u>\$ 4,867,545</u></b>
 <u>LIABILITIES AND NET ASSETS</u>  		
Liabilities:		
Due To Affiliate	<u>\$ 34,305</u>	<u>\$ 63,794</u>
Net Assets:		
Unrestricted	2,152,022	2,239,687
Temporarily Restricted	279,315	284,816
Permanently Restricted	<u>2,271,278</u>	<u>2,279,248</u>
<b>TOTAL NET ASSETS</b>	<b><u>4,702,615</u></b>	<b><u>4,803,751</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,736,920</u></b>	<b><u>\$ 4,867,545</u></b>

The accompanying notes are an integral part of these statements.

**THE COMMUNITY FOUNDATION**  
 Statements of Activities  
 For the Years Ended December 31, 2011 and 2010

	2011			2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support and Revenue:</b>							
Public Support:							
Legacies and Bequests	\$ 1,000	\$ 0	\$ 0	\$ 12,050	\$ 0	\$ 0	\$ 12,050
Investment Income	80,760	86,130	0	84,520	92,203	0	176,723
Net Realized and Unrealized Gain (Loss) on Investments	(149,512)	0	0	292,035	0	0	292,035
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>(67,752)</b>	<b>86,130</b>	<b>0</b>	<b>388,605</b>	<b>92,203</b>	<b>0</b>	<b>480,808</b>
Net Assets Released from Restrictions:							
Restrictions Satisfied by Payments	91,631	(91,631)	0	70,372	(70,372)	0	0
<b>TOTAL PUBLIC SUPPORT, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>23,879</b>	<b>(5,501)</b>	<b>0</b>	<b>458,977</b>	<b>21,831</b>	<b>0</b>	<b>480,808</b>
<b>Expenses:</b>							
Program Services:							
Support - Community YMCA of Eastern Delaware County	91,631	0	0	70,372	0	0	70,372
Supporting Services:							
Management and General	12,394	0	0	12,017	0	0	12,017
Investment Fees	7,519	0	7,970	9,951	0	10,760	20,711
<b>TOTAL EXPENSES</b>	<b>111,544</b>	<b>0</b>	<b>7,970</b>	<b>92,340</b>	<b>0</b>	<b>10,760</b>	<b>103,100</b>
<b>CHANGE IN NET ASSETS</b>	<b>(87,665)</b>	<b>(5,501)</b>	<b>(7,970)</b>	<b>366,637</b>	<b>21,831</b>	<b>(10,760)</b>	<b>377,708</b>
Net Assets - Beginning	2,239,687	284,816	2,279,248	1,873,050	262,985	2,290,008	4,426,043
<b>NET ASSETS - ENDING</b>	<b>\$ 2,152,022</b>	<b>\$ 279,315</b>	<b>\$ 2,271,278</b>	<b>\$ 2,239,687</b>	<b>\$ 284,816</b>	<b>\$ 2,279,248</b>	<b>\$ 4,803,751</b>

The accompanying notes are an integral part of these statements.

**THE COMMUNITY FOUNDATION**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2011 and 2010

	2011			2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash Flows From Operating Activities:								
Change in Net Assets	\$ (87,665)	\$ (5,501)	\$ (7,970)	\$ (101,136)	\$ 366,637	\$ 21,831	\$ (10,760)	\$ 377,708
Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:								
Realized and Unrealized (Gain) Loss on Investments	149,512	0	0	149,512	(292,035)	0	0	(292,035)
(Increase) Decrease in Investment Income Receivable	1,753	0	1,885	3,638	(303)	(107)	0	(410)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	63,600	(5,501)	(6,085)	52,014	74,299	21,724	(10,760)	85,263
Cash Flows From Investing Activities:								
Proceeds from Sale of Investments	467,753	5,501	543,692	1,016,946	1,624,474	0	1,794,369	3,418,843
Purchase of Investments	(430,096)	0	(495,400)	(925,496)	(1,769,083)	(21,724)	(1,781,350)	(3,572,157)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	37,657	5,501	48,292	91,450	(144,609)	(21,724)	13,019	(153,314)
Cash Flows From Financing Activities:								
Advances from (Payments to) Affiliate	(29,489)	0	0	(29,489)	51,015	0	0	51,015
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,768	0	42,207	113,975	(19,295)	0	2,259	(17,036)
Cash and Cash Equivalents - Beginning	89,126	0	63,436	152,562	108,421	0	61,177	169,598
CASH AND CASH EQUIVALENTS - ENDING	\$ 160,894	\$ 0	\$ 105,643	\$ 266,537	\$ 89,126	\$ 0	\$ 63,436	\$ 152,562

Cash Flows From Operating Activities:  
 Change in Net Assets  
 Adjustments to Reconcile Change in Net Assets to Cash Provided (Used) by Operating Activities:  
 Realized and Unrealized (Gain) Loss on Investments  
 (Increase) Decrease in Investment Income Receivable  
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Cash Flows From Investing Activities:  
 Proceeds from Sale of Investments  
 Purchase of Investments  
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

Cash Flows From Financing Activities:  
 Advances from (Payments to) Affiliate  
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents - Beginning  
 CASH AND CASH EQUIVALENTS - ENDING

**THE COMMUNITY Y FOUNDATION**  
Notes to Financial Statements  
December 31, 2011 and 2010

**NOTE 1 - Summary of Significant Accounting Policies**

**Nature of Operations** - The Community Y Foundation (the Foundation) was organized on August 12, 1991 under the laws of Pennsylvania as a nonprofit organization.

The Foundation is a charitable association whose purpose is to hold in trust title to all the endowment funds and other similar property of The Community YMCA of Eastern Delaware County (the Community YMCA), and to expand, invest and disburse funds for the benefit of the association.

The Foundation's support comes primarily from members of the community.

**Basis of Accounting** - The financial statements of the Foundation have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

**Financial Statement Presentation** - The Foundation is required to report 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. In addition, the Foundation is required to present a statement of cash flows.

**Contributions and Grants** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. Contributions and grants are recognized when a donor makes a promise to give to the organization that is, in substance, unconditional. Donor restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

**Investments** - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values, which are determined by reference to quoted market prices, in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Permanently Restricted Net Assets** - Principal distributions received in prior years from the Dilworth Estate and their respective investment realized and unrealized gains are recorded as permanently restricted net assets due to donor-imposed restrictions requiring corpus be held in perpetuity. Realized and unrealized restricted investment losses are recorded as unrestricted net assets and future realized and unrealized gains are recorded as unrestricted net assets until the losses are completely recovered. Interest and dividend income from the restricted investments are reported as temporarily restricted net assets. Interest and dividend income from the restricted investments must first be used for the maintenance of Dilworth Hall, secondly for the maintenance of portions of the building of the Community YMCA and, thirdly may be used to support any program of the Community YMCA.

**THE COMMUNITY Y FOUNDATION**

Notes to Financial Statements

December 31, 2011 and 2010

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**Income Tax Status** - The Foundation is a non-profit organization, exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Internal Revenue Service has determined the Foundation is not a "private foundation."

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events** - The Foundation has evaluated subsequent events through May 18, 2012, which represents the date the financial statements were available to be issued.

**Contributed Services** - No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

**NOTE 2 - Related Party Transactions**

The Community Y Foundation contributed \$91,631 and \$70,372 to the Community YMCA for the years ended December 31, 2011 and 2010, respectively.

The Foundation has outstanding advances due to the Community YMCA of \$34,305 and \$63,794 at December 31, 2011 and 2010, respectively. The advances are non-interest bearing and have no set terms of repayment.

**NOTE 3 - Investments**

The cost or other basis, unrealized appreciation (depreciation), and market values of investments at December 31, 2011 and 2010 are summarized as follows:

		2011	
	Cost or Other Basis	Unrealized Appreciation (Depreciation)	Market Value
<b>Unrestricted:</b>			
U.S. Government Obligations	\$ 3,187	\$ 610	\$ 3,797
Debt Mutual Funds	798,518	33,395	831,913
Equity Mutual Funds	1,243,688	97,310	1,340,998
<b>TOTAL UNRESTRICTED</b>	<b>2,045,393</b>	<b>131,315</b>	<b>2,176,708</b>
<b>Permanently Restricted:</b>			
Marketable Debt Securities	49,687	18,168	67,855
Debt Mutual Funds	789,265	37,316	826,581
Equity Mutual Funds	1,283,986	108,073	1,392,059
<b>TOTAL PERMANENTLY RESTRICTED</b>	<b>2,122,938</b>	<b>163,557</b>	<b>2,286,495</b>
<b>TOTAL</b>	<b>\$ 4,168,331</b>	<b>\$ 294,872</b>	<b>\$ 4,463,203</b>



**THE COMMUNITY FOUNDATION**  
Notes to Financial Statements  
December 31, 2011 and 2010

**NOTE 3 - Investments (Continued)**

	2010		
	Cost or Other Basis	Unrealized Appreciation (Depreciation)	Market Value
<b>Unrestricted:</b>			
U.S. Government Obligations	\$ 3,409	\$ 576	\$ 3,985
Debt Mutual Funds	750,317	28,944	779,261
Equity Mutual Funds	1,282,704	195,860	1,478,564
<b>TOTAL UNRESTRICTED</b>	<b>2,036,430</b>	<b>225,380</b>	<b>2,261,810</b>
<b>Permanently Restricted:</b>			
Marketable Debt Securities	49,688	10,900	60,588
Debt Mutual Funds	791,439	31,614	823,053
Equity Mutual Funds	1,344,226	214,487	1,558,713
<b>TOTAL PERMANENTLY RESTRICTED</b>	<b>2,185,353</b>	<b>257,001</b>	<b>2,442,354</b>
<b>TOTAL</b>	<b>\$ 4,221,783</b>	<b>\$ 482,381</b>	<b>\$ 4,704,164</b>

**NOTE 4 - Concentration of Credit Risk**

The Foundation maintains cash balances at one financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation. Additionally, the Foundation has cash accounts with investment company money market funds that are uninsured. In the normal course of business, the Foundation may have deposits that exceed insured balances.

**NOTE 5 - Endowment**

The Foundation maintains a donor-restricted endowment fund from the Dilworth Estate. Endowment spending policies are informal and are at the discretion of the Foundation's Board of Trustees. Endowment investment policies include the following:

- Each class of equities shall be limited to no more than 15% of the fair value of the equity portfolio unless specifically authorized by the Foundation's Board of Trustees. Equity holdings in any one security shall not exceed 10% of the equity portion of the portfolio measured at fair value.
- The average market-weighted rating of fixed income securities shall be AA or better and no security may be purchased which is rated below investment grade BBB, unless specifically authorized by the Foundation's Board of Trustees. With the exception of U.S. Treasury and Agency Obligations, no single fixed income security shall represent more than 10% of the fixed income securities portion of the portfolio measured at fair value.
- If commercial paper or bankers acceptances are used for short-term investments, they must be rated at least the equivalent of A-1 by Standard and Poor's or at least P-1 by Moody's.

**THE COMMUNITY Y FOUNDATION**  
Notes to Financial Statements  
December 31, 2011 and 2010

NOTE 5 - Endowment (Continued)

A reconciliation of endowment activity by net asset class is summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning Balance - January 1, 2010	\$ (241,545)	\$ 262,985	\$2,290,008	\$ 2,311,448
Investment Income	0	92,203	0	92,203
Net Realized and Unrealized Gain on Investments	148,546	0	0	148,546
Support - Community YMCA of Eastern Delaware County	0	(70,372)	0	(70,372)
Investment Fees	0	0	(10,760)	(10,760)
<b>BALANCE - DECEMBER 31, 2010</b>	<b>(92,999)</b>	<b>284,816</b>	<b>2,279,248</b>	<b>2,471,065</b>
Investment Income	0	86,130	0	86,130
Net Realized and Unrealized Loss on Investments	(72,196)	0	0	(72,196)
Support - Community YMCA of Eastern Delaware County	0	(91,631)	0	(91,631)
Investment Fees	0	0	(7,970)	(7,970)
<b>BALANCE - DECEMBER 31, 2011</b>	<b>\$ (165,195)</b>	<b>\$ 279,315</b>	<b>\$2,271,278</b>	<b>\$ 2,385,398</b>