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YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION

AND

YMCA FOUNDATION OF THE PIKES PEAK REGION

Consolidated Financial Statements

For the Year Ended December 31, 2009

And

Independent Auditors' Report

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Young Men's Christian Association of the Pikes Peak Region

We have audited the accompanying statement of consolidated financial position of Young Men's Christian Association of the Pikes Peak Region and YMCA Foundation of the Pikes Peak Region (collectively, the Organization) as of December 31, 2009 and the related consolidated statements of activities, functional expenses and cash flows for the year 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 audit.

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 our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2009 and the change in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Stockman Kast Ryan + Co., LLP

May 18, 2010

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Cash and cash equivalents	$ 4,828	$ 168,954	$ 15,909	$ 189,691
Cash restricted for Camp Shadybrook		327,477		327,477
Cash restricted for Tri-Lakes		844,312		844,312
Cash held for capital construction	873,865			873,865
Accounts receivable	79,836			79,836
Promises to give, net		909,365		909,365
Investments	1,242,281		157,503	1,399,784
Prepaid expenses and other	509,361			509,361
Beneficial interest in trusts		162,000	1,160,000	1,322,000
Property and equipment, net	42,937,774		257,759	43,195,533
TOTAL ASSETS	$ 45,647,945	$ 2,412,108	$ 1,591,171	$ 49,651,224
LIABILITIES AND NET ASSETS				
Accounts payable	$ 442,191			$ 442,191
Accrued expenses	799,637			799,637
Deferred revenue	742,592			742,592
Charitable gift annuity	767,883			767,883
Interest rate swap agreement	441,659			441,659
Notes payable	230,000			230,000
Bonds payable	17,639,250			17,639,250
TOTAL LIABILITIES	21,063,212	$ —	$ —	21,063,212
NET ASSETS				
Unrestricted	24,584,733			24,584,733
Temporarily restricted		2,412,108		2,412,108
Permanently restricted			1,591,171	1,591,171
Total net assets	24,584,733	2,412,108	1,591,171	28,588,012
TOTAL LIABILITIES AND NET ASSETS	$ 45,647,945	$ 2,412,108	$ 1,591,171	$ 49,651,224

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Contributions	$ 1,441,035	$ 608,459		$ 2,049,494
Special events, net of expenses of 56,744	73,915			73,915
Total public support	1,514,950	608,459	$ —	2,123,409
Memberships	11,503,480			11,503,480
Program service fees	3,504,622	21,365		3,525,987
Gain on interest rate swap agreement	224,774			224,774
Rental income	169,058			169,058
Investment income	164,979		2,722	167,701
Change in value of split interest agreements	(59,281)	40,000	141,000	121,719
Merchandise sales	53,565			53,565
Other	440,844			440,844
Total revenue	16,002,041	61,365	143,722	16,207,128
Net assets released from restrictions	546,248	(546,248)		
Total revenue and public support	18,063,239	123,576	143,722	18,330,537
EXPENSES				
Program services	15,904,669	—	—	15,904,669
General and administrative	2,265,837			2,265,837
Fundraising	103,658			103,658
Total expenses	18,274,164	—	—	18,274,164
CHANGE IN NET ASSETS BEFORE EXTRAORDINARY ITEM	(210,925)	123,576	143,722	56,373
Extraordinary gain	211,363			211,363
CHANGE IN NET ASSETS	438	123,576	143,722	267,736
NET ASSETS, Beginning of year as previously stated	25,452,113	2,288,532	1,447,449	29,188,094
Adjustment for recognition of deferred revenue and charitable gift annuity	(867,818)			(867,818)
NET ASSETS, Beginning of year as restated	24,584,295	2,288,532	1,447,449	28,320,276
NET ASSETS, End of period	$ 24,584,733	$ 2,412,108	$ 1,591,171	$ 28,588,012

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2009

	Program Services						
	Briargate Program	Downtown Program	Tri-Lakes Program	Southeast Program	Garden Ranch Program	Camp Program	Meridian Ranch Program
PAYROLL EXPENSE							
Salaries	$ 1,511,563	$ 1,516,263	$ 1,235,628	$ 1,315,085	$ 967,738	$ 272,204	$ 269,957
Employee benefits	166,462	209,060	99,910	137,264	123,165	23,345	27,240
Payroll taxes	134,301	134,113	110,412	117,733	89,573	31,304	23,903
Total	1,812,326	1,859,436	1,445,950	1,570,082	1,180,476	326,853	321,100
OPERATING EXPENSE							
Occupancy	504,730	567,962	437,555	502,075	384,135	105,712	4,050
Supplies	150,941	188,465	95,565	96,424	66,183	134,977	26,666
Contractual services	61,267	60,036	50,908	48,991	28,408	14,448	7,279
Insurance	52,823	54,014	38,417	36,909	33,759	39,675	8,265
Organization dues	43,189	42,757	36,933	24,622	24,100	6,134	2,347
Printing, publications and promotions	51,269	39,864	42,859	28,658	24,503	15,052	4,405
Education, conferences and training	17,082	16,098	8,130	19,123	8,210	3,671	2,598
Telephone	12,391	27,631	19,506	23,838	13,379	7,624	2,469
Travel and transportation	15,996	9,359	15,384	8,427	4,528	26,628	2,745
Fundraising expense							
Equipment maintenance		13,322	381	4,669	6,945	79	
Postage and shipping	2,474	2,631	2,868	2,435	2,864	1,405	84
Miscellaneous	119	222	187	9	9	2,066	31
Total operating expense	912,281	1,022,361	748,693	796,180	597,023	357,471	60,939
Total expenses before interest, depreciation and amortization	2,724,607	2,881,797	2,194,643	2,366,262	1,777,499	684,324	382,039
Depreciation and amortization	351,557	215,158	563,941	332,173	177,818	86,097	
Interest	66,610	20,010	341,247	36,867	46,674	24,788	
Total expenses	$ 3,142,774	$ 3,116,965	$ 3,099,831	$ 2,735,302	$ 2,001,991	$ 795,209	$ 382,039

	Program Services				Supporting Services		
	Fountain Program	Cordera Program	Childcare	Total	General and Administrative	Fund Raising	Total
PAYROLL EXPENSE							
Salaries	$ 234,525	$ 187,636	$ 17,493	$ 7,528,092	$ 1,419,047		$ 8,947,139
Employee benefits	32,831	9,857		829,134	274,325		1,103,459
Payroll taxes	21,889	16,070		679,298	114,530		793,828
Total	289,245	213,563	17,493	9,036,524	1,807,902	-	10,844,426
OPERATING EXPENSE							
Occupancy	1,269	16,147		2,523,635	991		2,524,626
Supplies	16,917	16,212		792,350	36,444		828,794
Contractual services	8,329	2,781		282,447	205,319		487,766
Insurance	3,962	1,600		269,424	13,876		283,300
Organization dues	2,625	3,302		186,009	18,491		204,500
Printing, publications and promotions	4,938			211,548	(12,911)		198,637
Education, conferences and training	19,842	819		95,573	51,228		146,801
Telephone	3,837	934		111,609	18,046		129,655
Travel and transportation	4,964	334		88,365	31,696		120,061
Fundraising expense				-		103,658	103,658
Equipment maintenance	247			25,643			25,643
Postage and shipping	120			14,881	7,036		21,917
Miscellaneous	22	57		2,722	35,128		37,850
Total operating expense	67,072	42,186	-	4,604,206	405,344	103,658	5,113,208
Total expenses before interest, depreciation and amortization	356,317	255,749	17,493	13,640,730	2,213,246	103,658	15,957,634
Depreciation and amortization	999			1,727,743	8,008		1,735,751
Interest				536,196	44,583		580,779
Total expenses	$ 357,316	$ 255,749	$ 17,493	$ 15,904,669	$ 2,265,837	$ 103,658	$ 18,274,164

See notes to financial statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE PIKES PEAK REGION AND YMCA FOUNDATION OF THE PIKES PEAK REGION

CONSOLIDATED STATEMENT OF CASH FLOWS
DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 267,736
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,735,751
Provision for uncollectible promises to give	(32,500)
Amortization of discount on promises to give	(242,000)
Gain on disposal of property and equipment	(11,075)
Net realized and unrealized gains on investments	(139,577)
Gain on interest rate swap	(224,774)
Change in value of split interest agreement	(121,719)
Change in operating assets and liabilities:	
Accounts receivable	22,960
Prepaid expenses and other	4,550
Accounts payable and accrued expenses	119,410
Deferred revenue	(241,540)
Net cash provided by operating activities	1,137,222
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturities of investments	1,117,832
Proceeds on sale of property and equipment	15,468
Purchase of investments	(1,356,018)
Purchase of property and equipment	(1,817,804)
Net decrease in restricted cash and cash held for construction	(195,350)
Net cash used in investing activities	(2,235,872)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of promissory note	184,397
Collections of contributions restricted for long-term purposes	523,158
Principal payments on bonds payable	(32,033)
Principal payments on promissory note	(69,623)
Net cash provided by investing activities	605,899
NET DECREASE IN CASH AND CASH EQUIVALENTS	(492,751)
CASH AND CASH EQUIVALENTS, Beginning of year	682,442
CASH AND CASH EQUIVALENTS, End of year	$ 189,691
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid for interest	$ 580,779

See notes to financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Young Men's Christian Association of the Pikes Peak Region's (YMCA) purpose and objectives are to operate institutions exclusively for religious, charitable, scientific and educational purposes, including the rehabilitation and welfare of youth and to establish and maintain a fellowship of individuals and families of all faiths and to help persons develop Christian personalities and to aid in building a Christian society through the improvement of physical, mental, social, moral and educational conditions of persons who participate in YMCA programs and the community served by the YMCA. The YMCA currently has nine centers operating out of six facilities (including Camp Shadybrook) serving individuals in the Colorado Springs and surrounding El Paso County area.

The YMCA Foundation of the Pikes Peak Region (Foundation) was established in 2008 as a supporting organization of the YMCA.

Principles of Consolidation — The consolidated financial statements include the accounts of the YMCA and the Foundation (collectively referred to as the Organization). The Foundation is consolidated since the YMCA has both an economic interest in and control over the Foundation. All material interorganization transactions have been eliminated.

Basis of Presentation — The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents — For purposes of the statement of cash flows, the Organization considers cash, amounts due from banks and highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents.

Accounts Receivable — Accounts receivable relate to amounts due for various services. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. At December 31, 2009 no allowance had been recorded on the accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

Promises to Give — Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments — Investments are recorded at fair market value, with realized and unrealized gains and losses included as unrestricted revenue in the consolidated statements of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Donated investments are recorded at fair value on the date of donation. Fair values for mutual funds and common stocks are determined principally through quoted market prices. Fair values for fixed income securities are determined principally through pricing services.

Property and Equipment — Property and equipment are stated at cost or, if donated, at the fair market value at the date of the donation. Acquisitions of property and equipment in excess of $3,000 and having a useful life exceeding one year and expenditures, repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of ten to fifty years for buildings and improvements and three to twenty-five years for furniture, fixtures and equipment.

Contributions — Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

Donation of long-lived assets — The Organization has recorded donations of the use of long-lived assets in which the donor retains legal title as contribution revenue in the period in which the contribution or promise to give is received and expenses in the period in which the contribution or promise to give is received and expenses in the period the long-lived assets are used. The Organization has adopted a policy of not implying a time restriction and has recorded donated assets as increases in unrestricted net assets

Income Tax Status — The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Revenue Recognition— Income from membership dues is deferred and recognized over the periods to which the dues relate.

Functional Allocation of Expense — The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated statements of functional expenses provide a detail of the natural classifications of those functional expenses.

Marketing — The Organization expenses marketing costs as they are incurred. Total marketing expenses for 2009 were $218,470 and are included in printing, publications, promotions and fundraising expenses in the statement of functional expenses.

Use of Estimates — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States 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.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through May 18, 2010, the date the financial statements were available for issuance.

2. PRIOR PERIOD ADJUSTMENTS

During 2009, the Organization determined that it had not been deferring income from membership dues over the periods to which the dues relate, as required by accounting principles generally accepted in the United States of America. Accordingly, an adjustment was made during 2009 to increase deferred revenue for deferred membership dues as of the beginning of the year. The effect of the restatement was to decrease net assets by $779,261.

The Organization also determined that it had not been properly recording its obligation related to it charitable gift annuity (see Note 9). Accordingly, an adjustment was made during 2009 to increase the obligation for the Charitable Gift Annuity as of the beginning of the year. The effect of the restatement was to decrease net assets by $88,557.

3. INVESTMENTS

Investments are carried at fair value and consist of the following at December 31, 2009:

Bond mutual funds	$ 444,067
Equity mutual funds	324,998
Water rights	210,000
Common stock	201,421
Corporate bonds	119,577
Government securities	46,375
Other investments	53,346
Total	$ 1,399,784

The water rights consist of 143.2 shares of Mountain Mutual Reservoir Company purchased by the Organization to help insure a water supply for Camp Shadybrook. The shares are not publicly traded and management believes that $210,000 approximates the fair value of shares at December 31, 2009.

Investment income consists of the following:

Net realized and unrealized gains	$ 139,577
Interest and dividends	28,124
Total	$ 167,701

4. PROMISES TO GIVE

The Organization instituted capital campaigns to raise funds to build new facilities and improve existing facilities in the Briargate, Southeast, Camp Shadybrook and Tri-Lakes areas of the Pikes Peak Region. Cash and promises to give raised through the capital campaign are restricted to payment of costs related to the facilities and campaign costs. Those restrictions will be considered to expire as payments are made. Discounts on future promises to give are recorded at a discount rate of 5.25%.

Unconditional promises to give are as follows:

Net unconditional promises to give:	
Due in less than one year	$ 702,972
Due in one to five years	497,393
Total	1,200,365
Allowance for uncollectable amounts	(230,000)
Unamortized discount	(61,000)
Total	$ 909,365

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

Land	$ 7,675,026
Buildings and improvements	46,594,069
Furniture and equipment	4,235,834
Construction in progress	656,573
Total	59,161,502
Less accumulated depreciation	15,965,969
Net property and equipment	$ 43,195,533

Included in buildings and improvements is $4,600,000 paid by the City of Colorado Springs for the aquatics portion of the Southeast facility. Under the terms of the contribution the City will retain title for 25 years at which time the Organization will receive title. However, the Organization has unrestricted use of the aquatics facilities and is responsible for its operation and management.

6. BENEFICIAL INTEREST IN TRUSTS

The Organization is the beneficiary of various irrevocable, perpetual trusts held and administered by third parties. Under the terms of the trust agreements, the Organization is to receive a stated percentage of the interest earned on the corpus of the trust assets in perpetuity for its unrestricted use. The Organization's share of the assets held in the trusts totaled $1,160,000 as of December 31, 2009 and are reported at fair value and included in permanently restricted net assets in the Organization's consolidated statements of financial position. Fair value in the trusts is determined primarily based on the Organization's proportionate share of the fair value of the underlying assets of the trusts. Fair value of the underlying assets is determined using quoted market prices and pricing services.

The Organization is also the beneficiary of two charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other beneficiaries over the trust's term. At the end of the trust's term, the remaining assets are available to the Organization's use. Assets held in the charitable remainder trusts totaled $162,000 at December 31, 2009 and are reported at fair value in the Organization's Statement of Financial Position as temporarily restricted net asset.

7. BONDS PAYABLE

Bonds payable consist of the following at December 31:

Bonds payable	$ 17,720,000
Less unamortized discount	80,750
Bonds payable, net	$ 17,639,250

On December 26, 2006, El Paso County, Colorado (the County) issued $19,000,000 of Colorado Variable Rate Demand Revenue Bonds (the Bonds), the proceeds of which were loaned to the Organization. The Bonds mature on December 31, 2025. An additional $16,000,000 of 2006 bonds is available to be issued in the future, if the Organization proceeds with development of new facilities.

The Bonds were issued to finance the costs of: 1) acquiring, constructing, completing and equipping real and personal property in connection with the construction of the Tri-Lakes facility and to finance additional improvements and renovations to other facilities; 2) refinancing the Issuer's outstanding Variable Rate Demand Revenue Bonds, Series 2002; and 3) paying certain costs of issuance relating to the Bonds. The County issued the Bonds under an Indenture of Trust between the County and Wells Fargo Bank West, National Association (Wells Fargo), the Trustee. Payment of principal and interest on the Bonds, and purchase price of the Bonds upon optional and mandatory tender, are secured by an irrevocable direct-pay Letter of Credit from Wells Fargo in the amount of $10,503,713. Repayments of advances on the Letter of Credit are made according to the terms of the Reimbursement Agreement with Wells Fargo.

The bonds bear interest at a weekly interest rate determined by the Remarketing Agent payable on the first business day of each march, June, September and December commencing March 1, 2007 (effective rate at December 31, 2009 is .21%).

The Letter of Credit is secured by the Organization's real property and improvements. Under the Indenture of Trust and the Mortgage and Loan Agreement, commencing on March 1, 2007 and each quarter thereafter, the Organization shall deposit into the Bond Principal Fund at Wells Fargo, an amount equal to one-forth of the annual principal reduction coming due on the immediately succeeding December 1 (whether at maturity or upon a sinking fund redemption) and into the Bond Interest Fund on the business day next preceding each interest payment date, an amount equal to the interest coming due on the Bonds on the immediately succeeding interest payment date.

The loan agreement under the bonds payable and the related reimbursement agreement under letters of credit contain certain restrictive covenants including limitations on new indebtedness, disposals of assets or investments, and a minimum ratio of net income available for debt service to current debt expense. As of December 31, 2009 the Organization was in compliance with these covenants.

The Organization enters into interest rate swap agreements as a hedge against the exposure to variability in expected future cash flows related to variable-rate debt. The Organization has interest rate swap agreements outstanding for the purpose of hedging the risk of interest rate fluctuations associated with the bonds payable, not for speculation. In June 2003, the Organization entered into an interest rate swap agreement associated with Colorado Variable Rate Demand Obligation Bonds, Series 2002. Pursuant to the agreement, the Organization pays a rate of 2.85% on bonds of $4,347,500 and receives interest at the Bond Market Association (BMA) municipal swap index. The swap, which matures June 12, 2010, was transferred to the new bond financing obtained from El Paso County in December 2006. In December 2007, the Organization entered into an interest rate swap agreement associated with its Colorado Variable Rate Demand Obligation Bonds, which matures December 1, 2017. Pursuant to the agreement, the Organization pays a rate of 3.74% on bonds of $5,796,158 and receives interest at the BMA index. The Organization recorded an unrealized gain of $224,774 due to changes in the fair value of the interest swap agreements during the year ended December 31, 2009.

Amounts required to be deposited into the Bond Principal Fund are as follows:

2010	$ 0
2011	655,000
2012	695,000
2013	725,000
2014	760,000
Thereafter	14,885,000
Total	$ 17,720,000

8. NOTES PAYABLE

Notes payable consist of the following at December 31:

Note payable to an individual, payable in monthly installments of $1,080, including interest at 9.0%, due June 2018. The note is secured by land.	$ 76,777
Note payable to a financing company, payable in monthly installments of $455, including interest at 4.9%, due October 2013. The note is secured by a vehicle.	18,307
Notes payable to a vendor for equipment, payable in monthly installments of approximately $7,051, including interest at 5.5% to 7.4%, due December 2010 through 2012. The notes are secured by equipment.	134,916
Total	$ 230,000

Required annual minimum principal payments on the above notes are as follows:

2010	$ 77,095
2011	76,524
2012	16,702
2013	11,884
2014	9,020
Thereafter	38,775
Total	$ 230,000

9. CHARITABLE GIFT ANNUITY

The Organization entered into a charitable gift annuity under which the Organization obtained ownership of land and a building, valued at $1,260,000 with the Organization obligated to pay the donor monthly payments of $6,300 for as long as the donor lives. A liability was recorded for the present value of future payments over the donor's estimated remaining life expectancy, using a discount rate of 6%.

10. BOARD DESIGNATED UNRESTRICTED NET ASSETS

It is the policy of the Board of Directors of the Organization to review its plans for future needs and to designate appropriate sums to assure adequate financing for the needs identified. Amounts designated by the Board of Directors for specific future needs are treated as board designated unrestricted net assets. The balance can be transferred to the undesignated portion of unrestricted net assets at the Board's discretion. Board designated amounts as of December 31, 2009 are as follows:

Designated for:	
Future building improvements	$ 797,288
Endowment funds	631,862
Future maintenance	354,235
Health and dental plans	171,517
Future equipment purchases	162,024
Technology	106,429
Unemployment	52,761
Use in specific programs	49,998
Future vehicle purchases	30,218
Total	$ 2,356,332

11. RESTRICTIONS ON NET ASSETS

Restricted net assets are available for the following purposes:

Temporarily Restricted:	
Time reserved promises to give	$ 909,365
Improvements to Camp Shadybrook	327,477
Construction of new Tri-Lakes facility	844,312
Organization programs	168,954
Organization's share of charitable trusts receivable	162,000
Total temporarily restricted net assets	$ 2,412,108
Permanently Restricted:	
Beneficial interest in perpetual trusts	$ 1,160,000
Land for Briargate facility	257,759
Organization endowment fund	43,987
Military program endowment fund	119,427
Berwick memorial endowment fund	9,998
Total permanently restricted net assets	$ 1,591,171

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization is required to use a fair value hierarchy that 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. 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: Prices determined using significant unobservable inputs.

The investment'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.

The following table sets forth by Level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31, 2009:

	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
ASSETS				
Bond mutual funds	$ 444,067	$ 444,067		
Equity mutual funds	324,998	324,998		
Common stocks	201,421	201,421		
Corporate bonds	119,577		$ 119,577	
Other investments	53,346	53,346		
Government securities	46,375		46,375	
Water rights	210,000			$ 210,000
Beneficial interest in trusts	1,322,000		1,322,000	
Total	$ 2,721,784	$ 1,023,832	$ 1,487,952	$ 210,000
LIABILITIES				
Interest rate swap agreement	$ 441,659			$ 441,659
Charitable gift annuity	767,883		$ 767,883	
Total	$ 1,188,282	$ —	$ 767,883	$ 441,659

Activity relating to liabilities measured on a recurring basis using significant unobservable inputs (Level 3) is summarized below:

Interest rate swap agreements, beginning of year	$ 666,433
Change in value recognized as a gain	(224,774)
Interest rate swap agreements, end of year	$ 441,659

There was no activity relating to assets measured on a recurring basis using significant unobservable inputs (Level 3).

13. ENDOWMENT FUNDS

The Society's "endowment fund" has been designated by the Board of Directors to function as an endowment. There are no donor imposed restrictions on the endowment fund; accordingly the endowment fund assets are classified as unrestricted net assets in the accompanying Statement of Financial Position.

The Organization has adopted investment and spending policies for the endowment funds that attempt to maintain the purchasing power of the endowment assets. Specifically the primary investment management objectives of the endowment funds are to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

To satisfy it's long-term investment objectives, the Organization 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. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Organization had the following endowment funds related activities:

Endowment funds balance, beginning of year	$ 716,400
Interest and dividends	18,112
Net realized and unrealized gains	89,309
Total investment return	107,421
Amounts expended	(21,269)
Endowment funds balance, end of year	$ 802,552

14. DONATED SERVICES, FACILITIES AND MATERIALS

The Organization recognizes donated services as contributions if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed materials are recorded in the financial statements at their estimated fair value on the date of receipt.

A school district has provided local school facilities for use in YMCA programs at no charge to the Organization. This donation of space was not valued and was not included in contributions or expenses since management did not believe it was a material amount.

In addition, a substantial number of volunteers have donated significant amounts of their time in the Organization's fundraising and membership development programs. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Generally Accepted Accounting Standards.

15. LEASES

The Organization leases office equipment, program space and vehicles under operating leases. The following is a schedule of future rental payments under these leases at December 31, 2009:

2010	$ 17,557
2011	7,488
2012	5,928
2013	4,693
2014	2,964
Total	$ 38,630

Rental expense under operating leases was $24,782 in 2009.

16. COMMITMENTS AND CONTINGENCIES

The Organization is primarily self-insured for health costs and believes adequate accruals are maintained to cover the retained liability. The accrual for self-insurance liabilities are determined by management are based on claims filed and an estimate of material claims incurred but not yet reported and are not discounted. The Organization maintains third-party stop-loss insurance policies to cover health costs in excess of $20,000 per employee in each year.

17. RETIREMENT PLAN

The Organization participates in a defined contribution retirement plan sponsored by the National Organization, which covers all employees who meet the eligibility requirements as stated in the plan. Retirement contributions at 12% of eligible compensation were $617,768 in 2009.

18. CONCENTRATIONS OF CREDIT RISK

The Organization has various money market accounts with brokerage firms in the amount of $1,443,843 which are not insured. The Organization has not experienced any losses in such accounts.

The Organization has significant investments in mutual funds, common stock, and corporate debt securities and is, therefore, subject to concentrations of credit risk. Investments are made by investment managers engaged by the Organization and the investments are monitored by the Organization. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

The Organization received contributions from a diverse number of organizations and individuals located predominantly in the Colorado Springs, Colorado area.

19. EXTRAORDINARY GAIN

During the year ended December 31, 2009, the Organization's campground, Camp Shadybrook, experienced significant flood damage. Claims were filed with Organization's insurance company. The payments on these claims exceeded the Organization's cost to repair the damage. Accordingly, this gain has been recorded as an extraordinary item in the Organization's Statement of Activities.

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