

Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES
Wilmington, Delaware

Years Ended
December 31, 2009 and 2008

YMCA OF DELAWARE & AFFILIATES

Table of Contents

Report of Independent Auditor	1
--	---

Consolidated Financial Statements

Consolidated Statements of Financial Position.....	2
Consolidated Statements of Activities.....	3
Consolidated Statements of Functional Expenses.....	4-8
Consolidated Statements of Cash Flows.....	9-10
Notes to Consolidated Financial Statements.....	11-25

Additional Information

Consolidating Statements of Financial Position.....	26-27
Consolidating Statements of Activities.....	28-29
Consolidating Statements of Cash Flows.....	30-33



HAGGERTY & HAGGERTY, P.A.

**CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS**

American Institute of CPA
Pennsylvania Institute of CPA*
Delaware Society of CPA†
Private Companies Practice Section

James R. Zdimal, CPA†
Vincent S. Barbone, CPA, CFE*†

Report of Independent Auditor

To the Members of the Board
YMCA of Delaware & Affiliates
Wilmington, Delaware

We have audited the accompanying consolidated statements of financial position of the YMCA of Delaware [a nonprofit organization] & Affiliates [limited liability corporations] as of December 31, 2009 and 2008, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the YMCA of Delaware & Affiliates' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the YMCA Central Branch, LLC, an affiliate of the YMCA of Delaware, which statements reflect total assets of \$18,436,512 and \$18,570,081 as of December 31, 2009 and 2008, and total revenues of \$4,342,295 and \$4,596,279 for the years then ended, respectively. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the YMCA Central Branch, LLC is based solely on the report of the other auditors.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the YMCA of Delaware & Affiliates as of December 31, 2009 and 2008, and the changes in net assets, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating financial statements are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.


Certified Public Accountants

April 26, 2010
Wilmington, Delaware

Consolidated Financial Statements

YMCA OF DELAWARE & AFFILIATESCONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and equivalents	\$ 6,277,273	\$ 5,311,216
Cash held by fiscal agent	238,918	312,295
Accounts receivable, net of allowance	561,585	745,239
Unconditional promises to give:		
Capital campaign pledges, net of allowance	314,124	421,338
Prepayments and other assets	570,218	556,792
Restricted assets:		
Tenant security deposits	2,100	16,120
Reserves and escrowed funds	625,136	551,943
Investments at fair value	3,438,416	2,978,532
Mortgage costs, net of amortization	263,673	279,878
Bond issue costs, net of amortization	480,748	499,004
Property and equipment, net of depreciation	<u>60,679,590</u>	<u>61,908,913</u>
TOTAL ASSETS	<u>\$73,451,781</u>	<u>\$73,581,270</u>
LIABILITIES		
Accounts payable	\$ 789,359	\$ 1,335,554
Accrued payroll and related taxes	465,562	438,242
Other current liabilities	818,663	445,835
Long-term debt	4,935,269	5,228,931
Bonds payable	<u>21,775,000</u>	<u>22,190,000</u>
Total liabilities	<u>28,783,853</u>	<u>29,638,562</u>
NET ASSETS		
Unrestricted	37,342,926	36,269,286
Temporarily restricted	6,815,679	7,164,099
Permanently restricted	<u>509,323</u>	<u>509,323</u>
Total net assets	<u>44,667,928</u>	<u>43,942,708</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$73,451,781</u>	<u>\$73,581,270</u>

Accompanying notes are an integral part
of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2009 and 2008

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES, GAINS, AND OTHER SUPPORT								
Contributions	\$ 854,694	\$ 340,000	\$...	\$ 1,194,694	\$ 773,299	\$ 9,028	\$...	\$ 782,327
Special events revenue	238,960	...	...	238,960	283,072	...	...	283,072
Allocated by United Way of Delaware	...	287,294	...	287,294	...	305,640	...	305,640
Allocations by other organizations	37,705	...	...	37,705	66,777	...	...	66,777
Fees and grants from governments	2,137,783	...	...	2,137,783	1,958,704	...	...	1,958,704
Program service fees	12,437,741	...	...	12,437,741	12,794,850	...	...	12,794,850
Membership dues	18,941,627	...	...	18,941,627	19,402,186	...	...	19,402,186
Sales revenue	133,356	...	...	133,356	177,274	...	...	177,274
Investment income (loss)	746,953	...	...	746,953	(250,187)	(6,146)	...	(256,333)
Miscellaneous revenue	64,494	...	...	64,494	24,501	...	...	24,501
Total revenues and gains	35,593,313	627,294	...	36,220,607	35,230,476	308,522	...	35,538,998
Net assets released from restriction	975,714	(975,714)	...	...	413,864	(413,864)	...	...
Total revenues, gains, and other support	36,569,027	(348,420)	...	36,220,607	35,644,340	(105,342)	...	35,538,998
EXPENSES AND LOSSES								
Camping	2,446,520	...	...	2,446,520	2,523,312	...	...	2,523,312
Child Care	12,757,591	...	...	12,757,591	12,891,584	...	...	12,891,584
Family Life Education	502,786	...	...	502,786	507,507	...	...	507,507
Recreation and Socialization-Disabled	8,503	...	...	8,503	8,342	...	...	8,342
Sports and Athletics	1,950,318	...	...	1,950,318	2,002,890	...	...	2,002,890
Substance Abuse Prevention	316,574	...	...	316,574	326,155	...	...	326,155
Youth Development Assets	2,565,223	...	...	2,565,223	2,603,562	...	...	2,603,562
Physical Fitness	10,091,698	...	...	10,091,698	10,178,124	...	...	10,178,124
Housing	1,526,960	...	...	1,526,960	1,438,964	...	...	1,438,964
Total program services	32,166,173	...	...	32,166,173	32,480,440	...	...	32,480,440
Management and general	2,874,065	...	...	2,874,065	3,092,947	...	...	3,092,947
Fund raising costs:								
Special events expense	178,621	...	...	178,621	215,162	...	...	215,162
Development Office	276,528	...	...	276,528	292,201	...	...	292,201
Total expenses and losses	35,495,387	...	...	35,495,387	36,080,750	...	...	36,080,750
CHANGES IN NET ASSETS (LIABILITIES)	1,073,640	(348,420)	...	725,220	(436,410)	(105,342)	...	(541,752)
NET ASSETS								
Beginning of year	36,269,286	7,164,099	509,323	43,942,708	36,705,696	7,269,441	509,323	44,484,460
End of year	<u>\$37,342,926</u>	<u>\$ 6,815,679</u>	<u>\$ 509,323</u>	<u>\$44,667,928</u>	<u>\$36,269,286</u>	<u>\$ 7,164,099</u>	<u>\$ 509,323</u>	<u>\$43,942,708</u>

Accompanying notes are an integral part of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2009 and 2008

	2009				2008			
	Total Program Services	Management and General	Fund Raising Costs	Total Expenses	Total Program Services	Management and General	Fund Raising Costs	Total Expenses
EXPENSES AND LOSSES								
Salaries	\$14,561,227	\$ 1,534,718	\$ 200,721	\$16,296,666	\$15,122,963	\$ 1,595,940	\$ 208,729	\$16,927,632
Employee other benefits	843,365	138,972	18,136	1,000,473	765,561	131,986	17,229	914,776
Employee retirement benefits	863,615	84,907	11,018	959,540	737,726	130,476	17,023	885,225
Payroll taxes, etc.	<u>1,687,039</u>	<u>163,253</u>	<u>21,184</u>	<u>1,871,476</u>	<u>1,552,622</u>	<u>149,171</u>	<u>19,358</u>	<u>1,721,151</u>
Total personnel costs	<u>17,955,246</u>	<u>1,921,850</u>	<u>251,059</u>	<u>20,128,155</u>	<u>18,178,872</u>	<u>2,007,573</u>	<u>262,339</u>	<u>20,448,784</u>
Nonpayroll insurance	442,316	49,269	...	491,585	469,805	52,666	...	522,471
Professional fees	1,655,005	217,898	756	1,873,659	1,543,546	201,513	698	1,745,757
Supplies	2,016,471	52,455	936	2,069,862	2,194,826	58,320	1,041	2,254,187
Telephone	230,571	56,939	...	287,510	229,564	56,645	...	286,209
Postage and shipping	96,728	40,853	114	137,695	140,890	59,337	164	200,391
Occupancy	4,199,940	131,224	...	4,331,164	4,329,692	138,050	...	4,467,742
Rental and maintenance of equipment	256,458	64,324	3,571	324,353	242,311	60,403	3,353	306,067
Printing and publications	643,594	106,328	13,704	763,626	813,119	133,813	17,246	964,178
Travel	304,841	47,779	2,190	354,810	369,791	57,530	2,639	429,960
Conferences, conventions, and meetings	169,378	93,743	3,651	266,772	196,074	108,211	4,215	308,500
Membership dues	301,933	59,614	547	362,094	279,073	55,086	506	334,665
Minor equipment purchases	62,659	29,390	...	92,049	202,263	94,868	...	297,131
Bad debt expense	63,318	...	...	63,318	101,919	...	...	101,919
Miscellaneous expenses	31,348	2,399	...	33,747	12,150	8,932	...	21,082
Special events expense	...	...	178,621	178,621	...	...	215,162	215,162
Total other expenses	<u>10,474,560</u>	<u>952,215</u>	<u>204,090</u>	<u>11,630,865</u>	<u>11,125,023</u>	<u>1,085,374</u>	<u>245,024</u>	<u>12,455,421</u>
TOTAL EXPENSES AND LOSSES BEFORE DEPRECIATION AND AMORTIZATION	<u>28,429,806</u>	<u>2,874,065</u>	<u>455,149</u>	<u>31,759,020</u>	<u>29,303,895</u>	<u>3,092,947</u>	<u>507,363</u>	<u>32,904,205</u>
Depreciation and amortization	<u>3,736,367</u>	...	...	<u>3,736,367</u>	<u>3,176,545</u>	...	...	<u>3,176,545</u>
TOTAL EXPENSES AND LOSSES	<u>\$32,166,173</u>	<u>\$ 2,874,065</u>	<u>\$ 455,149</u>	<u>\$35,495,387</u>	<u>\$32,480,440</u>	<u>\$ 3,092,947</u>	<u>\$ 507,363</u>	<u>\$36,080,750</u>

Continued . . .

Accompanying notes are an integral part of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES-PROGRAM SERVICES (continued)

Year Ended December 31, 2009

	2009 Program Services				
	Camping	Child Care	Family Life Education	Recreation & Socialization Disabled	Sports and Athletics
EXPENSES AND LOSSES					
Salaries	\$ 825,158	\$ 6,170,007	\$ 203,023	\$ 3,333	\$ 768,468
Employee other benefits	48,562	329,699	11,910	52	51,126
Employee retirement benefits	46,350	373,537	12,613	203	46,037
Payroll taxes, etc.	<u>89,118</u>	<u>718,210</u>	<u>24,252</u>	<u>390</u>	<u>88,518</u>
Total personnel costs	<u>1,009,188</u>	<u>7,591,453</u>	<u>251,798</u>	<u>3,978</u>	<u>954,149</u>
Nonpayroll insurance	59,744	168,365	6,154	56	23,714
Professional fees	176,909	677,068	59,741	1,864	86,083
Supplies	474,329	670,826	33,612	1,101	180,788
Telephone	33,789	81,581	2,982	42	11,491
Postage and shipping	7,715	41,876	1,630	111	6,283
Occupancy	263,307	1,493,858	57,884	192	340,484
Rental and maintenance of equipment	32,448	62,166	2,412	18	11,413
Printing and publications	49,006	226,069	10,554	48	73,860
Travel	28,490	108,312	12,826	114	15,136
Conferences, conventions, and meetings	12,739	41,357	861	10	5,138
Membership dues	16,171	133,606	5,063	17	19,656
Minor equipment purchases	8,618	30,504	890	...	3,431
Bad debt expense	...	...	...	...	...
Miscellaneous expenses	...	1,405	55	...	211
Special events expense	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total other expenses	<u>1,163,265</u>	<u>3,736,993</u>	<u>194,664</u>	<u>3,573</u>	<u>777,688</u>
TOTAL EXPENSES AND LOSSES BEFORE DEPRECIATION AND AMORTIZATION	<u>2,172,453</u>	<u>11,328,446</u>	<u>446,462</u>	<u>7,551</u>	<u>1,731,837</u>
Depreciation and amortization	<u>274,067</u>	<u>1,429,145</u>	<u>56,324</u>	<u>952</u>	<u>218,481</u>
TOTAL EXPENSES AND LOSSES	<u>\$ 2,446,520</u>	<u>\$12,757,591</u>	<u>\$ 502,786</u>	<u>\$ 8,503</u>	<u>\$ 1,950,318</u>

Continued . . .

Accompanying notes are an integral part of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES-PROGRAM SERVICES (continued)

Year Ended December 31, 2009

	2009 Program Services				Total Program Services
	Substance Abuse Prevention	Youth Development Assets	Physical Fitness	Housing	
EXPENSES AND LOSSES					
Salaries	\$ 165,199	\$ 1,163,511	\$ 4,970,963	\$ 291,565	\$14,561,227
Employee other benefits	14,858	91,565	232,617	62,976	843,365
Employee retirement benefits	9,442	68,083	300,796	6,554	863,615
Payroll taxes, etc.	<u>18,154</u>	<u>130,905</u>	<u>578,349</u>	<u>39,143</u>	<u>1,687,039</u>
Total personnel costs	<u>207,653</u>	<u>1,454,064</u>	<u>6,082,725</u>	<u>400,238</u>	<u>17,955,246</u>
Nonpayroll insurance	2,241	32,993	124,238	24,811	442,316
Professional fees	9,947	195,990	354,894	92,509	1,655,005
Supplies	33,130	100,356	429,929	92,400	2,016,471
Telephone	3,872	26,176	60,698	9,940	230,571
Postage and shipping	504	3,696	32,915	1,998	96,728
Occupancy	10,169	345,542	1,182,038	506,466	4,199,940
Rental and maintenance of equipment	726	9,825	137,450	...	256,458
Printing and publications	3,244	29,590	250,143	1,080	643,594
Travel	7,254	21,794	109,355	1,560	304,841
Conferences, conventions, and meetings	1,708	44,224	63,341	...	169,378
Membership dues	662	12,367	114,391	...	301,933
Minor equipment purchases	...	1,242	17,974	...	62,659
Bad debt expense	...	...	...	63,318	63,318
Miscellaneous expenses	...	...	1,104	28,573	31,348
Special events expense	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total other expenses	<u>73,457</u>	<u>823,795</u>	<u>2,878,470</u>	<u>822,655</u>	<u>10,474,560</u>
TOTAL EXPENSES AND LOSSES BEFORE DEPRECIATION AND AMORTIZATION	281,110	2,277,859	8,961,195	1,222,893	28,429,806
Depreciation and amortization	<u>35,464</u>	<u>287,364</u>	<u>1,130,503</u>	<u>304,067</u>	<u>3,736,367</u>
TOTAL EXPENSES AND LOSSES	<u>\$ 316,574</u>	<u>\$ 2,565,223</u>	<u>\$10,091,698</u>	<u>\$ 1,526,960</u>	<u>\$32,166,173</u>

Continued . . .

Accompanying notes are an integral part of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES-PROGRAM SERVICES (continued)

Year Ended December 31, 2008

	2008 Program Services				
	Camping	Child Care	Family Life Education	Recreation & Socialization Disabled	Sports and Athletics
EXPENSES AND LOSSES					
Salaries	\$ 858,075	\$ 6,416,138	\$ 211,122	\$ 3,466	\$ 799,123
Employee other benefits	46,132	313,204	11,315	50	48,568
Employee retirement benefits	45,582	309,467	11,179	49	47,989
Payroll taxes, etc.	<u>81,431</u>	<u>656,263</u>	<u>22,160</u>	<u>356</u>	<u>80,883</u>
Total personnel costs	<u>1,031,220</u>	<u>7,695,072</u>	<u>255,776</u>	<u>3,921</u>	<u>976,563</u>
Nonpayroll insurance	63,864	179,975	6,578	60	25,349
Professional fees	163,607	626,155	55,248	1,724	79,610
Supplies	527,366	745,834	37,370	1,224	201,003
Telephone	33,615	81,160	2,967	42	11,432
Postage and shipping	11,206	60,823	2,368	162	9,125
Occupancy	277,003	1,571,562	60,895	202	358,195
Rental and maintenance of equipment	30,470	58,377	2,265	17	10,717
Printing and publications	61,674	284,507	13,282	61	92,953
Travel	34,306	130,424	15,444	137	18,226
Conferences, conventions, and meetings	14,705	47,740	994	12	5,932
Membership dues	14,943	123,457	4,678	15	18,162
Minor equipment purchases	27,819	98,467	2,874	...	11,074
Bad debt expense	...	...	...	...	...
Miscellaneous expenses	...	5,228	204	...	784
Special events expense	...	...	...	...	...
Total other expenses	<u>1,260,578</u>	<u>4,013,709</u>	<u>205,167</u>	<u>3,656</u>	<u>842,562</u>
TOTAL EXPENSES AND LOSSES BEFORE DEPRECIATION AND AMORTIZATION	<u>2,291,798</u>	<u>11,708,781</u>	<u>460,943</u>	<u>7,577</u>	<u>1,819,125</u>
Depreciation and amortization	<u>231,514</u>	<u>1,182,803</u>	<u>46,564</u>	<u>765</u>	<u>183,765</u>
TOTAL EXPENSES AND LOSSES	<u>\$ 2,523,312</u>	<u>\$12,891,584</u>	<u>\$ 507,507</u>	<u>\$ 8,342</u>	<u>\$ 2,002,890</u>

Continued . . .

Accompanying notes are an integral part of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES-PROGRAM SERVICES (continued)

Year Ended December 31, 2008

	2008 Program Services				Total Program Services
	Substance Abuse Prevention	Youth Development Assets	Physical Fitness	Housing	
EXPENSES AND LOSSES					
Salaries	\$ 171,789	\$ 1,209,924	\$ 5,169,262	\$ 284,064	\$15,122,963
Employee other benefits	14,115	86,984	220,978	24,215	765,561
Employee retirement benefits	13,946	85,946	218,343	5,225	737,726
Payroll taxes, etc.	16,588	119,614	528,465	46,862	1,552,622
Total personnel costs	<u>216,438</u>	<u>1,502,468</u>	<u>6,137,048</u>	<u>360,366</u>	<u>18,178,872</u>
Nonpayroll insurance	2,395	35,268	132,805	23,511	469,805
Professional fees	9,199	181,253	328,208	98,542	1,543,546
Supplies	36,834	111,577	478,002	55,616	2,194,826
Telephone	3,852	26,041	60,385	10,070	229,564
Postage and shipping	732	5,368	47,807	3,299	140,890
Occupancy	10,698	363,515	1,243,522	444,100	4,329,692
Rental and maintenance of equipment	682	9,227	129,072	1,484	242,311
Printing and publications	4,082	37,239	314,804	4,517	813,119
Travel	8,735	26,243	131,680	4,596	369,791
Conferences, conventions, and meetings	1,971	51,049	73,118	553	196,074
Membership dues	612	11,427	105,701	78	279,073
Minor equipment purchases	...	4,010	58,019	...	202,263
Bad debt expense	...	...	...	101,919	101,919
Miscellaneous expenses	...	...	4,110	1,824	12,150
Special events expense	...	...	...	...	...
Total other expenses	<u>79,792</u>	<u>862,217</u>	<u>3,107,233</u>	<u>750,109</u>	<u>11,125,023</u>
TOTAL EXPENSES AND LOSSES BEFORE DEPRECIATION AND AMORTIZATION	296,230	2,364,685	9,244,281	1,110,475	29,303,895
Depreciation and amortization	<u>29,925</u>	<u>238,877</u>	<u>933,843</u>	<u>328,489</u>	<u>3,176,545</u>
TOTAL EXPENSES AND LOSSES	<u>\$ 326,155</u>	<u>\$ 2,603,562</u>	<u>\$10,178,124</u>	<u>\$ 1,438,964</u>	<u>\$32,480,440</u>

Accompanying notes are an integral part of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributors	\$ 1,194,694	\$ 773,299
Cash received from governments	1,850,089	1,958,704
Cash received from special events	238,960	283,072
Cash received from other organizations	324,999	372,417
Cash received from program services	10,849,110	12,238,945
Cash received from memberships	20,327,706	19,402,186
Investment income received	335,881	498,867
Other revenues received	197,794	201,776
Cash paid to employees and suppliers	(30,407,719)	(32,555,455)
Interest paid	(724,189)	(1,002,214)
Net cash provided (used) by operating activities	<u>4,187,325</u>	<u>2,171,597</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(2,477,587)	(6,392,284)
Investment proceeds/(purchases), net	(53,136)	(164,386)
Decrease (increase) in reserves and escrow	(55,260)	(53,370)
Change in cash held by fiscal agent	73,377	5,965,352
Net cash provided (used) by investment activities	<u>(2,512,606)</u>	<u>(644,688)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from restricted contributions for:		
Investment in property and equipment	...	568,387
Payment of long-term debt	(293,662)	(269,589)
Payment of bonds	(415,000)	(395,000)
Net cash provided (used) by financing activities	<u>(708,662)</u>	<u>(96,202)</u>
NET INCREASE IN CASH AND EQUIVALENTS	966,057	1,430,707
CASH AND EQUIVALENTS		
Beginning of year	<u>5,311,216</u>	<u>3,880,509</u>
End of year	<u>\$ 6,277,273</u>	<u>\$ 5,311,216</u>

Continued . . .

Accompanying notes are an integral part
of the consolidated financial statements

YMCA OF DELAWARE & AFFILIATESCONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31, 2009 and 2008

	2009	2008
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets (liabilities)	\$ 725,220	\$ (541,752)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	3,701,906	3,141,658
Amortization	34,461	34,887
Bad debts expense	63,318	101,919
Restricted contributions and grants	...	(9,028)
Realized investment loss (gain)	(3,577)	18,969
Unrealized investment loss (gain)	(403,171)	746,814
Changes in assets and liabilities:		
Accounts receivable	227,550	357,256
Tenant security deposits	5,516	(509)
Prepayments and other assets	(26,355)	(110,834)
Accounts payable	(546,195)	(1,247,895)
Accrued payroll and related taxes	27,320	25,431
Accrued investor service fee	...	14,000
Deferred rent credits	5,939	6,418
Accrued interest payable	218,416	218,415
Other current liabilities	156,977	(584,152)
Total adjustments	<u>3,462,105</u>	<u>2,713,349</u>
Net cash provided by operating activities	<u>\$ 4,187,325</u>	<u>\$ 2,171,597</u>

SCHEDULE OF NONCASH INVESTING ACTIVITIES

Disposal of property and equipment:		
Cost basis	\$ 1,187,945	\$ 89,732
Less: Accumulated depreciation	<u>1,187,945</u>	<u>89,732</u>
Cash proceeds from disposal	<u>\$...</u>	<u>\$...</u>

Accompanying notes are an integral part
of the consolidated financial statements

NOTE 1 - NATURE OF THE ORGANIZATION

The **YMCA of Delaware** [the "YMCA"] is an association of people of all ages, ethnic groups and religious affiliations that strives to cultivate the human potential, self-esteem, and dignity of all people. The YMCA exists to develop and practice the Christian principles of love, caring, inclusiveness, justice and peace . . . and to enrich the emotional, physical and social life of individuals, families and the community. The YMCA seeks to build strong kids, strong families, and strong communities throughout the state of Delaware.

The **YMCA Central Branch, LLC**, an affiliate of the YMCA of Delaware through a controlling financial interest and a majority voting interest, is a for-profit limited liability corporation formed on October 2, 2002 under the laws of the State of Delaware for the purpose of rehabilitating an existing historic YMCA structure. The affiliate, which began operations on March 26, 2003, operates 180 single room residential occupancy units and program [child care and gymnasium facilities] space. For more information on the activities of the YMCA Central Branch, LLC refer to the separately issued audited financial statements.

The **YMCA Central Branch Member, LLC**, an affiliate of the YMCA of Delaware through controlling financial interest and majority voting interest, is a for-profit limited liability corporation formed under the laws of the State of Delaware for the purpose of managing the YMCA Central Branch, LLC. The managing member contributed \$4.7 million to the YMCA Central Branch, LLC during calendar year 2003. The affiliate of the YMCA commenced operations during calendar year 2003.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity.

Principles of Consolidation

The consolidated financial statements include the accounts of the YMCA and its affiliates [collectively, the "Organization"]. All material inter-affiliated accounts and transactions have been eliminated in the consolidation.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards [SFAS] Number 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS Number 117, the Organization 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The Organization's policy is to prepare the financial statements on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Membership dues and program fees are generally recognized as revenues when received, which does not differ significantly from the accrual basis of accounting. Membership dues and program fees are considered to be available for unrestricted use.

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 as of 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 Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Bad debts are provided on the allowance method of accounting which are based on the historical experience and management's evaluation of outstanding accounts receivable. At December 31, 2009 and 2008, the allowance for doubtful accounts is \$61,105 and \$65,247, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Allowances are provided for amounts estimated to be uncollectible, which are based on industry trends, the geographic area, and an analysis of the collectibility of the individual pledges.

Unamortized Mortgage Costs

Mortgage costs are amortized over the term of the mortgage and the tax credit monitoring fees are amortized over the fifteen year period using the straight-line method which does not effectively differ from the effective interest method. At December 31, 2009 and 2008, the accumulated amortization is \$102,595 and \$86,390, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unamortized Bond Issue Costs

Bond issue costs of the Series 2007 bonds in the amount of \$529,430 are being amortized over the life [30 years] of the bonds using the straight-line method. At December 31, 2009 and 2008, the accumulated amortization was \$48,682 and \$30,426, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are also included in the statement of activities.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met [either a stipulated time period ends or a purpose restriction is accomplished] in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment is carried at cost and consists of land and improvements, buildings and improvements, furniture and equipment, and automobiles and machinery. Values of land and buildings for property acquired prior to January 1, 1969 are based on an appraisal dated March 27, 1969, at such time the total appraised value was \$6,544,316, excluding depreciation. Expenditures for maintenance and repairs are charged to expense as incurred; the cost of renewals and betterments are capitalized. When capital assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities. The Organization follows the practice of capitalizing all expenditures for capital assets in excess of \$5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets ranging from 5 to 40 years.

Impairment of Long-Lived Assets

In accordance with the Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of a capital asset may not be recoverable. If the fair value is less than the carrying amount of the capital asset, an impairment loss is recognized for the difference. No impairment loss has been recognized for the years ended December 31, 2009 and 2008.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values as of the date of the donation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value as of the date of donation. Such donations are reported as unrestricted support unless the donor restricted the donated capital asset to a specific purpose. Capital assets donated with explicit restrictions regarding their use, and contributions of cash that are used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated capital assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired capital assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

The Organization recognizes 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. The Organization did not receive any donated services that met this criteria for calendar years 2009 and 2008.

Interest Capitalization

Interest costs incurred for the acquisition and/or construction of capital assets are capitalized based on the guidelines established by the Financial Accounting Standards Board. The capitalization period begins when the following conditions are present:

- Expenditure for the capital asset has been made.
- Activities that are necessary to prepare the capital asset for its intended use are in progress.
- Interest expense is being incurred.

Total interest cost was \$794,859 and \$1,072,884, all of which was charged to operations, for the years ended December 31, 2009 and 2008, respectively.

Advertising Costs

The Organization uses advertising to promote its various programs. The production costs of advertising are expensed the first time the advertising takes place. The Organization incurred advertising costs of \$360,205 and \$480,484 for the years ended December 31, 2009 and 2008, respectively.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Such allocations are included in the consolidated statement of functional expenses.

YMCA OF DELAWARE & AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The YMCA of Delaware is an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the YMCA's tax exempt purpose is subject to taxation as unrelated business income. In addition, the YMCA 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.

No provision or benefit for income taxes has been included in the financial statements of the affiliates since the taxable income or loss passes through to, and is reportable by, the members individually.

NOTE 3 - INVESTMENTS

At December 31, the investments are presented at fair value in the consolidated financial statements, and consist of the following:

Description	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Corporate securities	\$ 1,627,043	\$ 1,843,750	\$ 1,478,987	\$ 1,353,480
U.S. Government obligations	322,252	310,825	450,626	572,689
Commercial paper	131,148	131,148	78,978	78,978
Delaware Community Fdn.	<u>1,192,989</u>	<u>1,152,693</u>	<u>1,193,170</u>	<u>973,385</u>
Total investments	<u>\$ 3,273,432</u>	<u>\$ 3,438,416</u>	<u>\$ 3,201,761</u>	<u>\$ 2,978,532</u>

The following schedule summarizes the consolidated investment return and its classification in the consolidated statement of activities for the years ended December 31:

Description	2009	2008
Dividends and interest income	\$ 122,052	\$ 137,052
Realized gain (loss) on investments	3,577	(18,969)
Unrealized gain (loss) on investments	403,171	(746,814)
Less: Investment and management fees	<u>(20,678)</u>	<u>(22,767)</u>
Net investment return (loss)	<u>\$ 508,122</u>	<u>\$ (651,498)</u>

The Organization's investments are managed by independent investment advisors in compliance with established board investment policies.

Description	2009	2008
Net investment return (loss)	\$ 508,122	\$ (651,498)
Distributions by Perpetual Trusts [Note 11]	171,871	160,327
Interest income-Tax exempt bonds	...	65,907
Return on cash and equivalents	<u>66,960</u>	<u>168,931</u>
Total investment income (loss)	<u>\$ 746,953</u>	<u>\$ (256,333)</u>

YMCA OF DELAWARE & AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of changes in the property and equipment follows:

Description	Year Ended December 31, 2009			
	Beginning Balances	Adjustments /Additions	Adjustments /Deletions	Ending Balances
YMCA of Delaware:				
Land and improvements	\$ 4,501,069	\$ 1,228,732	\$...	\$ 5,729,801
Buildings and improvements	63,347,627	735,883	...	64,083,510
Furniture and equipment	5,741,909	688,925	1,165,380	5,265,454
Automobiles and machinery	477,199	46,641	22,565	501,275
Construction in progress	572,150	384,540	612,138	344,552
Total book value	74,639,954	3,084,721	1,800,083	75,924,592
Accumulated depreciation	26,678,218	3,264,676	1,187,945	28,754,949
Net book value	<u>\$47,961,736</u>	<u>\$ (179,955)</u>	<u>\$ 612,138</u>	<u>\$47,169,643</u>
YMCA Central Branch, LLC:				
Furniture and equipment	\$ 289,258	\$...	\$...	\$ 289,258
Buildings and improvements	15,987,333	...	...	15,987,333
Total book value	16,276,591	...	...	16,276,591
Accumulated depreciation	2,329,414	437,230	...	2,766,644
Net book value	<u>\$13,947,177</u>	<u>\$ (437,230)</u>	<u>\$...</u>	<u>\$13,509,947</u>
Consolidated net book value	<u>\$61,908,913</u>	<u>\$ (617,185)</u>	<u>\$ 612,138</u>	<u>\$60,679,590</u>

Description	Year Ended December 31, 2008			
	Beginning Balances	Adjustments /Additions	Adjustments /Deletions	Ending Balances
YMCA of Delaware:				
Land and improvements	\$ 4,340,418	\$ 160,651	\$...	\$ 4,501,069
Buildings and improvements	39,723,375	23,624,252	...	63,347,627
Furniture and equipment	4,783,806	1,001,784	43,681	5,741,909
Automobiles and machinery	504,011	19,239	46,051	477,199
Construction in progress	18,990,796	4,915,178	23,333,824	572,150
Total book value	68,342,406	29,721,104	23,423,556	74,639,954
Accumulated depreciation	24,087,984	2,679,966	89,732	26,678,218
Net book value	<u>\$44,254,422</u>	<u>\$27,041,138</u>	<u>\$23,333,824</u>	<u>\$47,961,736</u>
YMCA Central Branch, LLC:				
Furniture and equipment	\$ 190,600	\$ 98,658	\$...	\$ 289,258
Buildings and improvements	16,085,991	...	98,658	15,987,333
Total book value	16,276,591	98,658	98,658	16,276,591
Accumulated depreciation	1,867,722	461,692	...	2,329,414
Net book value	<u>\$14,408,869</u>	<u>\$ (363,034)</u>	<u>\$ 98,658</u>	<u>\$13,947,177</u>
Consolidated net book value	<u>\$58,663,291</u>	<u>\$26,678,104</u>	<u>\$23,432,482</u>	<u>\$61,908,913</u>

YMCA OF DELAWARE & AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - PROMISES TO GIVE RECEIVABLE

The YMCA is conducting several capital campaigns. The promises to give are restricted for the payment of construction costs of a new facility, renovations of an existing facility, and fund raising costs associated with the campaigns.

At December 31, unconditional promises to give receivable are:

Description	2009	2008
Receivable in one year	\$ 314,124	\$ 296,560
Receivable in one to five years	...	133,778
Total unconditional promises to give	314,124	430,338
Less: Discount to net present value	...	9,000
Allowance for uncollectibles	...	...
Net unconditional promises to give	<u>\$ 314,124</u>	<u>\$ 421,338</u>

NOTE 6 - RESTRICTION ON NET ASSETS

The Organization received the following restricted contributions from foundations and various other contributors:

Temporarily Restricted

At December 31, temporarily restricted net assets are available for the following purposes or periods:

Description	2009	2008
Sussex capital campaign	\$ 314,420	\$ 314,420
YMCA Central Branch, LLC member capital	<u>6,501,259</u>	<u>6,849,679</u>
Total temporarily restricted net assets	<u>\$6,815,679</u>	<u>\$7,164,099</u>

Net assets were released from the following restrictions for the years ended December 31:

Description	2009	2008
Satisfaction of capital campaign activity	\$...	\$ 2,882
YMCA Central Branch, LLC activity	348,420	105,342
Satisfaction of program restrictions	<u>627,294</u>	<u>305,640</u>
Net assets released from restriction	<u>\$ 975,714</u>	<u>\$ 413,864</u>

Permanently Restricted

Permanently restricted net assets consist of endowment fund assets held indefinitely. The net investment income from these assets may be used to support the various programs and activities of the YMCA.

YMCA OF DELAWARE & AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

At December 31, the principal maturities of long-term debt are:

Description	2009	2008
Note to New Castle County, Delaware which is secured with the Stopyra Tract located in New Castle County. The note carries no interest. Monthly payments are \$420, with the final payment due 11/01/2033.	\$ 120,540	\$ 125,580
Term note to PNC Bank [in the original amount of \$3,030,900], is secured with the real property located at 3 Mount Lebanon Road, Wilmington, Delaware. The term note carries an interest rate of prime minus 0.25%, and requires monthly payments of \$24,000, including interest. The interest rate at 12/31/2009 is 3.00%. The note is due and payable on 01/01/2012.	317,000	590,682
A YMCA affiliate entered into a third Mortgage Note Agreement with the City of Wilmington in the amount of \$150,000. Interest accrues at 4.58%. The note is payable with interest payable out of available net cash flow and any amount remaining will be due at maturity on 03/26/2033. The note is collateralized by a third mortgage on the real property, an assignment of rents and leases and amounts on deposit with the lender.	150,000	150,000
Affordable housing [AHP] subsidy in the amount of \$1.35 million was provided by FHLB of New York for the purpose of funding an affordable housing and historic project. The subsidy is collateralized with the project. The AHP subsidy shall be deemed satisfied upon the expiration of fifteen years of operation of the project.	1,350,000	1,350,000
Affordable housing [AHP] subsidy in the amount of \$500,000 was provided by FHLB of Pittsburgh for the purpose of funding an affordable housing and historic project. The subsidy is collateralized with the project. The AHP subsidy shall be deemed satisfied upon the expiration of fifteen years of operation of the project.	500,000	500,000
HDF Permanent Mortgage Loan to DSHA. Refer to subsequent paragraphs for loan detail.	<u>2,497,669</u>	<u>2,512,669</u>
Total long-term debt	<u>4,935,209</u>	<u>5,228,931</u>
Less: Current portion	<u>302,402</u>	<u>294,067</u>
Long-term portion	<u>\$4,632,807</u>	<u>\$4,934,864</u>

NOTE 7 - LONG-TERM DEBT (continued)

HDF Permanent Mortgage Loan

An affiliate of the YMCA has a permanent financing loan from the Housing Development Fund [HDF] in the amount of \$2.5 million. The HDF Permanent Mortgage Loan was bifurcated into two amounts of which \$300,000 is a permanent loan with priority payment terms [the HDF Priority Loan] and the balance is a permanent loan without certain priority rights with respect to payment [the HDF Junior Portion]. Both portions bear interest at 3.00% per annum. The HDF Priority Portion is to be amortized for a term of 15 years from the Conversion Date and the HDF Junior Portion to have a term of 30 years from the Conversion Date. The payment of principal and interest on the HDF Priority Portion shall be paid from operating receipts derived from operation of the residential development, and payment of principal and interest on the HDF Junior Portion is deferred and shall be subject to the availability of funds from operating receipts as defined in the Delaware State Housing Authority [DSHA] Regulatory Agreement. The loan is secured by a second mortgage on the real property. At December 31, 2009 and 2008, the outstanding HDF mortgage loan balances are \$2,497,669 and \$2,512,669, respectively. Accrued interest at December 31, 2009 and 2008 is \$294,395 and \$226,515, respectively.

Under agreements with the lenders and DSHA, the affiliate is required to make monthly escrow deposits for taxes, insurance and replacement of project assets, and is subject to restrictions as to operating policies, rental charges, operating expenditures and distributions to members. The affiliate is required to fund an operating reserve in the amount of \$269,842 for the benefit of the residential development. The operating reserve is fully funded at December 31, 2009.

Principal maturities of long-term debt are as follows:

Years Ending December 31	Amount
2011	\$ 54,682
2012	20,040
2013	20,040
2014	20,040
2015	20,040
2016-2033	<u>4,497,965</u>
Long-term principal portion of debt obligation	<u>\$4,632,807</u>

Total interest cost was \$794,859 and \$1,072,844 [which includes bonds and line of credit interest] for the years ended December 31, 2009 and 2008, respectively, all of which was charged to operations.

YMCA OF DELAWARE & AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - BONDS PAYABLE

On May 11, 2007, the YMCA issued Variable Rate Demand Revenue Bonds, Series 2007, in the amount of \$22.585 million through The Delaware Economic Development Authority [DEDA] with varying maturity dates through May 1, 2036. The bonds mature May 1 of each year and interest is payable on the first day of each month. The following is a summary of the required schedule of principal payments. At December 31, 2009, the effective interest rate is 3.64% and the principal balance outstanding is \$21.775 million.

Years Ending December 31	Amount
2010	\$ 435,000
2011	450,000
2012	470,000
2013	495,000
2014	515,000
2015	540,000
2016-2020	3,070,000
2021-2025	3,815,000
2026-2030	4,745,000
2031-2035	5,900,000
2036	<u>1,340,000</u>
Total bond principal payments required	21,775,000
Less: Current portion	<u>435,000</u>
Long-term portion	<u>\$21,340,000</u>

The proceeds from the Bonds were used for the following:

- the refunding of a portion of indebtedness previously incurred;
- the payment of a portion of the "Capital Improvement Program" costs consisting of the following:
 - planning, designing, acquisition, construction, installation, furnishing and equipping of the Bear-Glasgow YMCA facility, including the provision of parking and playing fields;
 - planning, designing, acquisition, construction, installation, furnishing and equipping of various capital improvements and renovations to the existing facilities at the Western Family YMCA, including two new pools, bath houses, and expansion of the lobby, a fitness center and parking;
- capitalized interest on the bonds; and,
- the payment of cost of issuance of the bonds.

Interest Rate Swap

Objective of the Interest Rate Swap: As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance May 1, 2007, the YMCA entered into an interest rate swap in connection with the issuance of \$22.585 million Series 2007 variable rate demand revenue bonds [the "bonds"].

NOTE 8 - BONDS PAYABLE (continued)

Interest Rate Swap (continued)

Terms: The bonds mature May 1, 2036 and the related swap agreement matures May 1, 2017. The swap was entered at the same time the bonds were issued [May 1, 2007]. Under the swap, the YMCA pays the counterparty interest at a "weekly rate" or "term rate" as determined by the "Remarketing Agent" as the rate of interest which in its judgment would cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions. The bonds initially will have interest at a weekly rate not to exceed 12%.

Fair Value: Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$1,060,654 and \$1,847,495 as of December 31, 2009 and 2008, respectively. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. The fair value was calculated using the Bank's proprietary models which are based upon financial principles and reasonable assumptions.

Credit Risk: As of December 31, 2009 and 2008, the YMCA was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the YMCA would be exposed to credit risk in the amount of the derivative's fair value.

Basis Risk: The swap exposes the YMCA to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate of the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate at December 31, 2009 and 2008, respectively. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized.

Termination Risk: The YMCA or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the YMCA would be liable to the counterparty for a payment equal to the swap's fair value.

NOTE 9 - LINE OF CREDIT

The YMCA has an unsecured credit line with PNC Bank for the purpose of providing working capital in an amount not to exceed \$750,000, of which \$198,960 and \$77,426 is restricted in favor of the New Castle County Department of Land Use, with varying expiration dates. An irrevocable standby letter of credit was also issued to Liberty Mutual Insurance Co. for \$226,000. The credit line carries an interest rate based on the bank's prime rate, which changes periodically, and expires October 31, 2010. At December 31, 2009 and 2008, the YMCA has no outstanding balance, respectively.

YMCA OF DELAWARE & AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization has the following concentration of credit risk:

Cash and Equivalents

At December 31, 2009 and 2008, the Organization's cash deposits were held by several financial institutions and a brokerage firm. These deposits are insured by the Federal Deposit Insurance Corporation [FDIC] and the Securities Investor Protection Corporation [SIPC] up to \$500,000. The deposits totaling \$6,402,273 and \$5,693,889 held by the financial institutions and brokerage firm were in excess of FDIC and SIPC limits in amounts of \$0 and \$3,598,318, respectively.

Deposits Held by Fiscal Agent

A Trust was created as a result of the issuance of Variable Rate Demand Revenue Bonds, Series 2007. The financial instruments which potentially subject the Trust to concentrations of credit risk are principally cash and equivalents. These financial instruments consist of investments in certain U.S. Obligations.

NOTE 11 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The YMCA is beneficiary of certain donor created trusts. The trust assets are held and administered by outside fiscal agents. As of December 31, the fair value of the trust assets is:

Trust	2009	2008
Addie C. Carpenter Trust	\$ 29,021	\$ 21,977
Matilda B. Korschak Trust	154,056	137,455
Florence H. Brown Trust	199,702	182,948
H. Fletcher Brown Trust	<u>3,259,488</u>	<u>2,807,394</u>
Total fair value of beneficial interest	<u>\$3,642,267</u>	<u>\$3,149,774</u>

The YMCA receives yearly distributions from these trusts. Under the terms of the trusts, the YMCA has the irrevocable right to receive net investment income earned on the assets of the trusts in perpetuity, but shall never receive the assets held by these trusts. The YMCA can use the distributions from the trusts in any way consistent with its mission statement, unless otherwise stipulated within the trust agreements. Generally, these distributions are reported as revenue that increase unrestricted net assets. For years ended December 31, revenue received from the trust assets is:

Trust	2009	2008
Addie C. Carpenter Trust	\$ 861	\$ 160
Matilda B. Korschak Trust	4,923	12,018
Florence H. Brown Trust	18,796	...
H. Fletcher Brown Trust	<u>147,291</u>	<u>148,149</u>
Total revenue received	<u>\$ 171,871</u>	<u>\$ 160,327</u>

NOTE 12 - PENSION PLAN

The Organization participates in a defined contribution, individual account, money purchase, retirement plan which is administered by the YMCA Retirement Fund [a separate corporation]. The plan is for the benefit of all eligible employees of the Organization who qualify under the participation requirements. In accordance with the Retirement Fund agreement, employee and employer contributions are a percentage of the participating employees salary, are paid for by the Organization, and are to be remitted to the YMCA Retirement Fund monthly. Total contributions charged to retirement cost for the years ended December 31, 2009 and 2008 are \$959,540 and \$885,225, of which \$0 was unpaid as of December 31, 2009 and 2008, respectively.

The Young Men's Christian Association Retirement Fund is operated as a church pension plan and is a nonprofit, tax exempt, New York State corporation [1922]. Participation is available to all duly organized and reorganized YMCAs in the United States. As a defined contribution plan, the Fund has no unfunded benefit obligations.

NOTE 13 - LEASING ARRANGEMENTS

At December 31, 2009, the YMCA leases the following office space at the Community Services Building located in Wilmington, Delaware, under operating leasing arrangements:

Description	Monthly Rentals	Expiration Date
Corporate Office space	\$ 7,119	October 31, 2011
Resource Center space	3,132	November 30, 2010

The minimum future rental payments under non-cancelable leasing arrangements having remaining terms in excess of one year as of December 31, 2009 for the remaining years in the aggregate are:

Years Ending December 31	Amount
2010	\$ 119,875
2011	<u>71,190</u>
Minimum future rental payments required	<u>\$ 191,065</u>

Total rental expense was \$223,713 and \$235,945 for the years ended December 31, 2009 and 2008, respectively.

NOTE 14 - RISK MANAGEMENT

The Organization purchases commercial insurance policies in response to certain risks of loss related to torts; errors or omissions; theft, damage or destruction of assets; injuries to employees; or acts of God. The payments of such premiums for these policies are recorded as expenses of the Organization. Insurance settlements have not exceeded insurance coverage in the past year.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The Organization does not anticipate losses as a result of these commitments and contingencies.

Government Contracts

The YMCA participates in a number of federally and state assisted contracts. These contracts are subject to contract compliance audits by the contracting agencies or their representatives. Accordingly, the YMCA's compliance with applicable contract requirements will be established at some future date. The amount of expenditures, not already disclosed, which may be disallowed by the contracting agencies cannot be determined at this time although the YMCA expects such amounts, if any, to be immaterial.

Self-Insurance

The Organization is self-insured in regards to unemployment and short-term disability risks and has not established reserves to cover for potential claims. The amount of potential claims cannot be determined at this time, although the organization expects such amounts to be immaterial.

Low-Income Housing Credits

The affiliate's low-income housing credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor member [an unrelated party of the YMCA].

Operating Deficit Obligation

Pursuant to the operating agreement, the managing member [the YMCA Central Branch member, LLC] is obligated to fund deficits up to \$1,197,822 for a period as defined in the operating agreement, beginning the date of final closing of the permanent debt until the project achieves break-even operations for four consecutive years. As of December 31, 2009 and 2008, no operating deficit advances were received from the managing member.

Litigation

Certain charges and/or claims are pending against the Organization. In the opinion of the Organization's management, the potential losses, if any, on such claims are not yet determinable nor are they significant to the consolidated financial statements.

NOTE 16 - RISKS AND UNCERTAINTIES

Due to the following as well as other factors affecting the assets of the Organization, past financial performance should not be considered a reliable indicator of future performance, and users of these financial statements should not use historical trends to anticipate results or trends in future periods.

The Organization invests in various investment vehicles held by brokerage and investment firms. The investments are exposed to risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment activities, it is at least reasonable possible that changes in the values of investments will occur in the near term and those changes could materially affect the Organization's account balances and amounts reported in the financial statements.

NOTE 17 - RECLASSIFICATIONS

Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 26, 2010, the date on which the consolidated financial statements were available to be issued.

Additional Information

NOTE: YMCA Central Branch, LLC totals differ from the report issued by the other auditors due to the YMCA of Delaware financial presentation model.

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2009

	Affiliates			Elimination Entries	Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC		
ASSETS					
Cash and equivalents	\$ 6,207,771	\$ 69,502	\$...	\$...	\$ 6,277,273
Cash held by fiscal agent	238,918	...	...	...	238,918
Accounts receivable, net of allowance	521,339	40,246	...	...	561,585
Unconditional promises to give:					
Capital campaign pledges, net of allowance	314,124	...	...	...	314,124
Prepayments and other assets	525,704	44,514	...	...	570,218
Restricted assets:					
Tenant security deposits	...	2,100	...	...	2,100
Reserves and escrowed funds	...	625,136	...	...	625,136
Investments at fair value	3,438,416	...	...	...	3,438,416
Investment in affiliates	4,700,000	...	4,700,000	(9,400,000)	...
Mortgage costs, net of amortization	...	263,673	...	...	263,673
Bond issue costs, net amortization	480,748	...	...	...	480,748
Property and equipment, net of depreciation	<u>47,169,643</u>	<u>16,461,112</u>	<u>...</u>	<u>(2,951,165)</u>	<u>60,679,590</u>
TOTAL ASSETS	<u>\$ 63,596,663</u>	<u>\$ 17,506,283</u>	<u>\$ 4,700,000</u>	<u>\$ (12,351,165)</u>	<u>\$ 73,451,781</u>
LIABILITIES					
Accounts payable	\$ 789,359	\$...	\$...	\$...	\$ 789,359
Accrued payroll and related taxes	465,562	...	...	...	465,562
Other current liabilities	223,342	595,321	...	...	818,663
Long-term debt	2,287,600	2,647,669	...	...	4,935,269
Bonds payable	21,775,000	...	...	...	21,775,000
Acquisition loan-affiliates	833,716	3,062,034	...	(3,895,750)	...
Total liabilities	<u>26,374,579</u>	<u>6,305,024</u>	<u>...</u>	<u>(3,895,750)</u>	<u>28,783,853</u>
NET ASSETS					
Unrestricted	36,398,341	...	...	944,585	37,342,926
Temporarily restricted	314,420	11,201,259	4,700,000	(9,400,000)	6,815,679
Permanently restricted	509,323	...	...	...	509,323
Total net assets	<u>37,222,084</u>	<u>11,201,259</u>	<u>4,700,000</u>	<u>(8,455,415)</u>	<u>44,667,928</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 63,596,663</u>	<u>\$ 17,506,283</u>	<u>\$ 4,700,000</u>	<u>\$ (12,351,165)</u>	<u>\$ 73,451,781</u>

See Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2008

	Affiliates			Elimination Entries	Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC		
ASSETS					
Cash and equivalents	\$ 5,267,999	\$ 43,217	\$...	\$...	\$ 5,311,216
Cash held by fiscal agent	312,295	...	...	...	312,295
Accounts receivable, net of allowance	717,882	27,357	...	...	745,239
Unconditional promises to give:					
Capital campaign pledges, net of allowance	421,338	...	...	...	421,338
Prepayments and other assets	511,054	45,738	...	...	556,792
Restricted assets:					
Tenant security deposits	...	16,120	...	...	16,120
Reserves and escrowed funds	...	551,943	...	...	551,943
Investments at fair value	2,978,532	...	...	...	2,978,532
Investment in affiliates	4,700,000	...	4,700,000	(9,400,000)	...
Mortgage costs, net of amortization	...	279,878	...	...	279,878
Bond issue costs, net amortization	499,004	...	...	...	499,004
Property and equipment, net of depreciation	<u>47,961,736</u>	<u>16,973,614</u>	<u>...</u>	<u>(3,026,437)</u>	<u>61,908,913</u>
TOTAL ASSETS	<u>\$ 63,369,840</u>	<u>\$ 17,937,867</u>	<u>\$ 4,700,000</u>	<u>\$ (12,426,437)</u>	<u>\$ 73,581,270</u>
LIABILITIES					
Accounts payable	\$ 1,335,554	\$...	\$...	\$...	\$ 1,335,554
Accrued payroll and related taxes	438,242	...	...	...	438,242
Other current liabilities	92,824	353,011	...	...	445,835
Long-term debt	2,566,262	2,662,669	...	...	5,228,931
Bonds payable	22,190,000	...	...	...	22,190,000
Acquisition loan-affiliates	382,333	3,372,508	...	(3,754,841)	...
Total liabilities	<u>27,005,215</u>	<u>6,388,188</u>	<u>...</u>	<u>(3,754,841)</u>	<u>29,638,562</u>
NET ASSETS					
Unrestricted	35,540,882	...	...	728,404	36,269,286
Temporarily restricted	314,420	11,549,679	4,700,000	(9,400,000)	7,164,099
Permanently restricted	509,323	...	...	...	509,323
Total net assets	<u>36,364,625</u>	<u>11,549,679</u>	<u>4,700,000</u>	<u>(8,671,596)</u>	<u>43,942,708</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 63,369,840</u>	<u>\$ 17,937,867</u>	<u>\$ 4,700,000</u>	<u>\$ (12,426,437)</u>	<u>\$ 73,581,270</u>

See Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

	Affiliates			Elimination Entries	Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC		
REVENUES, GAINS, AND OTHER SUPPORT					
Contributions	\$ 1,194,694	\$...	\$...	\$...	\$ 1,194,694
Special events revenue	238,960	...	...	...	238,960
Allocated by United Way of Delaware	287,294	...	...	...	287,294
Allocations by other organizations	37,705	...	...	...	37,705
Fees and grants from governments	1,850,089	287,694	...	...	2,137,783
Program service fees	9,843,282	2,594,459	...	...	12,437,741
Membership dues	17,543,418	1,398,209	...	...	18,941,627
Sales revenue	133,356	...	...	...	133,356
Investment income	742,629	4,324	...	...	746,953
Miscellaneous revenue	2,561	61,933	...	...	64,494
Total revenues, gains, and other support	<u>31,873,988</u>	<u>4,346,619</u>	<u>...</u>	<u>...</u>	<u>36,220,607</u>
EXPENSES AND LOSSES					
Salaries	14,619,234	1,677,432	...	...	16,296,666
Employee other benefits	815,958	184,515	...	...	1,000,473
Employee retirement benefits	863,257	96,283	...	...	959,540
Payroll taxes, etc.	1,660,166	211,310	...	...	1,871,476
Nonpayroll insurance	413,167	78,418	...	...	491,585
Professional fees	1,648,244	225,415	...	...	1,873,659
Supplies	1,806,985	262,877	...	...	2,069,862
Telephone	254,848	32,662	...	...	287,510
Postage and shipping	128,635	9,060	...	...	137,695
Occupancy	3,619,634	852,439	...	(140,909)	4,331,164
Rental and maintenance of equipment	315,054	9,299	...	...	324,353
Printing and publications	730,153	33,473	...	...	763,626
Travel	318,678	36,132	...	...	354,810
Conferences, conventions, and meetings	256,471	10,301	...	...	266,772
Membership dues	333,189	28,905	...	...	362,094
Minor equipment purchases	92,049	...	...	...	92,049
Bad debt expense	...	63,318	...	...	63,318
Miscellaneous expenses	9,894	23,853	...	...	33,747
Special events expense	178,621	...	...	...	178,621
Depreciation and amortization	3,282,932	528,707	...	(75,272)	3,736,367
Intercompany activity	(330,640)	330,640	...	...	...
Total expenses and losses	<u>31,016,529</u>	<u>4,695,039</u>	<u>...</u>	<u>(216,181)</u>	<u>35,495,387</u>
CHANGES IN NET ASSETS (LIABILITIES)	857,459	(348,420)	...	216,181	725,220
NET ASSETS					
Beginning of year	<u>36,364,625</u>	<u>11,549,679</u>	<u>4,700,000</u>	<u>(8,671,596)</u>	<u>43,942,708</u>
End of year	<u>\$ 37,222,084</u>	<u>\$ 11,201,259</u>	<u>\$ 4,700,000</u>	<u>\$ (8,455,415)</u>	<u>\$ 44,667,928</u>

See Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

	Affiliates				Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC	Elimination Entries	
REVENUES, GAINS, AND OTHER SUPPORT					
Contributions	\$ 782,327	\$...	\$...	\$...	\$ 782,327
Special events revenue	283,072	...	...	...	283,072
Allocated by United Way of Delaware	305,640	...	...	...	305,640
Allocations by other organizations	66,777	...	...	...	66,777
Fees and grants from governments	1,958,704	...	...	...	1,958,704
Program service fees	10,851,436	1,943,414	...	...	12,794,850
Membership dues	16,766,409	2,635,777	...	...	19,402,186
Sales revenue	177,274	...	...	...	177,274
Investment income (loss)	(267,106)	10,773	...	...	(256,333)
Miscellaneous revenue	7,413	17,088	...	...	24,501
Total revenues, gains, and other support	<u>30,931,946</u>	<u>4,607,052</u>	<u>...</u>	<u>...</u>	<u>35,538,998</u>
EXPENSES AND LOSSES					
Salaries	15,198,391	1,729,241	...	...	16,927,632
Employee other benefits	781,039	133,737	...	...	914,776
Employee retirement benefits	798,585	86,640	...	...	885,225
Payroll taxes, etc.	1,502,887	218,264	...	...	1,721,151
Nonpayroll insurance	448,211	74,260	...	...	522,471
Professional fees	1,516,272	229,485	...	...	1,745,757
Supplies	2,014,514	239,673	...	...	2,254,187
Telephone	254,971	31,238	...	...	286,209
Postage and shipping	189,059	11,332	...	...	200,391
Occupancy	3,801,362	807,289	...	(140,909)	4,467,742
Rental and maintenance of equipment	288,503	17,564	...	...	306,067
Printing and publications	916,181	47,997	...	...	964,178
Travel	384,931	45,029	...	...	429,960
Conferences, conventions, and meetings	297,916	10,584	...	...	308,500
Membership dues	304,971	29,694	...	...	334,665
Minor equipment purchases	296,593	538	...	...	297,131
Bad debt expense	...	101,919	...	...	101,919
Miscellaneous expenses	18,874	2,208	...	...	21,082
Special events expense	215,162	...	...	...	215,162
Depreciation and amortization	2,698,627	553,190	...	(75,272)	3,176,545
Intercompany activity	(342,512)	342,512	...	...	...
Total expenses and losses	<u>31,584,537</u>	<u>4,712,394</u>	<u>...</u>	<u>(216,181)</u>	<u>36,080,750</u>
CHANGES IN NET ASSETS (LIABILITIES)	(652,591)	(105,342)	...	216,181	(541,752)
NET ASSETS					
Beginning of year	<u>37,017,216</u>	<u>11,655,021</u>	<u>4,700,000</u>	<u>(8,887,777)</u>	<u>44,484,460</u>
End of year	<u>\$ 36,364,625</u>	<u>\$ 11,549,679</u>	<u>\$ 4,700,000</u>	<u>\$ (8,671,596)</u>	<u>\$ 43,942,708</u>

See Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2009

	Affiliates			Elimination Entries	Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from contributors	\$ 1,194,694	\$...	\$...	\$...	\$ 1,194,694
Cash received from governments	1,850,089	...	...	...	1,850,089
Cash received from special events	238,960	...	...	...	238,960
Cash received from other organizations	324,999	...	...	...	324,999
Cash received from program services	10,147,039	702,071	...	...	10,849,110
Cash received from memberships	17,543,418	2,784,288	...	...	20,327,706
Investment income received	335,881	...	...	...	335,881
Other revenues received	135,917	61,877	...	...	197,794
Cash paid to employees and suppliers	(26,965,112)	(3,442,607)	...	...	(30,407,719)
Interest paid	(720,109)	(4,080)	...	...	(724,189)
Net cash provided (used) by operating activities	<u>4,085,776</u>	<u>101,549</u>	<u>...</u>	<u>...</u>	<u>4,187,325</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of property and equipment	(2,472,583)	(5,004)	...	...	(2,477,587)
Investment proceeds/(purchases), net	(53,136)	...	...	...	(53,136)
Decrease (increase) in reserves and escrow	...	(55,260)	...	...	(55,260)
Change in cash held by fiscal agent	<u>73,377</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>73,377</u>
Net cash provided (used) by investment activities	<u>(2,452,342)</u>	<u>(60,264)</u>	<u>...</u>	<u>...</u>	<u>(2,512,606)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from restricted contributions for: Investment in property and equipment	...	...	...	...	...
Payment of long-term debt	(278,662)	(15,000)	...	...	(293,662)
Payment of bonds	<u>(415,000)</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>(415,000)</u>
Net cash provided (used) by financing activities	<u>(693,662)</u>	<u>(15,000)</u>	<u>...</u>	<u>...</u>	<u>(708,662)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	939,772	26,285	...	...	966,057
CASH AND EQUIVALENTS					
Beginning of year	<u>5,267,999</u>	<u>43,217</u>	<u>...</u>	<u>...</u>	<u>5,311,216</u>
End of year	<u>\$ 6,207,771</u>	<u>\$ 69,502</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 6,277,273</u>

Continued . . .

See Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATING STATEMENT OF CASH FLOWS (continued)
 Year Ended December 31, 2009

	Affiliates			Elimination Entries	Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC		
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Changes in net assets (liabilities)	\$ 857,459	\$ (348,420)	\$...	\$ 216,181	\$ 725,220
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:					
Depreciation	3,264,676	512,502	...	(75,272)	3,701,906
Amortization	18,256	16,205	...	...	34,461
Bad debts expense	...	63,318	...	...	63,318
Restricted contributions and grants	...	...	...	...	...
Realized investment loss (gain)	(3,577)	...	...	...	(3,577)
Unrealized investment loss (gain)	(403,171)	...	...	...	(403,171)
Changes in assets and liabilities:					
Accounts receivable	303,757	(76,207)	...	...	227,550
Tenant security deposits	...	5,516	...	...	5,516
Prepayments and other assets	(14,650)	(11,705)	...	...	(26,355)
Accounts payable	(546,195)	...	...	...	(546,195)
Accrued payroll and related taxes	27,320	...	...	...	27,320
Accrued investor service fee	...	...	...	...	...
Deferred rent credits	...	5,939	...	...	5,939
Accrued interest payable	...	218,416	...	...	218,416
Other current liabilities	581,901	(284,015)	...	(140,909)	156,977
Total adjustments	<u>3,228,317</u>	<u>449,969</u>	<u>...</u>	<u>(216,181)</u>	<u>3,462,105</u>
Net cash provided (used) by operating activities	<u>\$ 4,085,776</u>	<u>\$ 101,549</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 4,187,325</u>

SCHEDULE OF NONCASH INVESTING ACTIVITIES

Disposal of property and equipment:					
Cost basis	\$ 1,187,945	\$...	\$...	\$...	\$ 1,187,945
Less: Accumulated depreciation	<u>1,187,945</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>1,187,945</u>
Cash proceeds from disposal	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

See Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended December 31, 2008

	Affiliates			Elimination Entries	Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from contributors	\$ 773,299	\$...	\$...	\$...	\$ 773,299
Cash received from governments	1,958,704	...	...	...	1,958,704
Cash received from special events	283,072	...	...	...	283,072
Cash received from other organizations	372,417	...	...	...	372,417
Cash received from program services	11,323,110	915,835	...	...	12,238,945
Cash received from memberships	16,766,409	2,635,777	...	...	19,402,186
Investment income received	498,677	190	...	...	498,867
Other revenues received	184,687	17,089	...	...	201,776
Cash paid to employees and suppliers	(28,991,769)	(3,563,686)	...	...	(32,555,455)
Interest paid	(998,134)	(4,080)	...	...	(1,002,214)
Net cash provided (used) by operating activities	<u>2,170,472</u>	<u>1,125</u>	<u>...</u>	<u>...</u>	<u>2,171,597</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of property and equipment	(6,387,280)	(5,004)	...	...	(6,392,284)
Investment proceeds/(purchases), net	(164,386)	...	...	...	(164,386)
Decrease (increase) in reserves and escrow	...	(53,370)	...	...	(53,370)
Change in cash held by fiscal agent	<u>5,965,352</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>5,965,352</u>
Net cash provided (used) by investment activities	<u>(586,314)</u>	<u>(58,374)</u>	<u>...</u>	<u>...</u>	<u>(644,688)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from restricted contributions for:					
Investment in property and equipment	568,387	...	...	...	568,387
Payment of long-term debt	(254,589)	(15,000)	...	...	(269,589)
Payment of bonds	<u>(395,000)</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>(395,000)</u>
Net cash provided (used) by financing activities	<u>(81,202)</u>	<u>(15,000)</u>	<u>...</u>	<u>...</u>	<u>(96,202)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	1,502,956	(72,249)	...	...	1,430,707
CASH AND EQUIVALENTS					
Beginning of year	<u>3,765,043</u>	<u>115,466</u>	<u>...</u>	<u>...</u>	<u>3,880,509</u>
End of year	<u>\$ 5,267,999</u>	<u>\$ 43,217</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 5,311,216</u>

Continued . . .

See Report of Independent Auditor

YMCA OF DELAWARE & AFFILIATES

CONSOLIDATING STATEMENT OF CASH FLOWS (continued)
 Year Ended December 31, 2008

	Affiliates			Elimination Entries	Consolidated Balances
	YMCA of Delaware	YMCA Central Branch, LLC	YMCA Central Branch Member, LLC		
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Changes in net assets (liabilities)	\$ (652,591)	\$ (105,342)	\$...	\$ 216,181	\$ (541,752)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:					
Depreciation	2,679,966	536,964	...	(75,272)	3,141,658
Amortization	18,661	16,226	...	...	34,887
Bad debts expense	...	101,919	...	...	101,919
Restricted contributions and grants	(9,028)	...	...	...	(9,028)
Realized investment loss (gain)	18,969	...	...	...	18,969
Unrealized investment loss (gain)	746,814	...	...	...	746,814
Changes in assets and liabilities:					
Accounts receivable	471,674	(114,418)	...	...	357,256
Tenant security deposits	...	(509)	...	...	(509)
Prepayments and other assets	(66,784)	(44,050)	...	...	(110,834)
Accounts payable	(1,245,791)	(2,104)	...	...	(1,247,895)
Accrued payroll and related taxes	44,142	(18,711)	...	...	25,431
Accrued investor service fee	...	14,000	...	...	14,000
Deferred rent credits	...	6,418	...	...	6,418
Accrued interest payable	...	218,415	...	...	218,415
Other current liabilities	164,440	(607,683)	...	(140,909)	(584,152)
Total adjustments	<u>2,823,063</u>	<u>106,467</u>	<u>...</u>	<u>(216,181)</u>	<u>2,713,349</u>
Net cash provided (used) by operating activities	<u>\$ 2,170,472</u>	<u>\$ 1,125</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 2,171,597</u>

SCHEDULE OF NONCASH INVESTING ACTIVITIES

Disposal of property and equipment:					
Cost basis	\$ 89,732	\$...	\$...	\$...	\$ 89,732
Less: Accumulated depreciation	<u>89,732</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>89,732</u>
Cash proceeds from disposal	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

See Report of Independent Auditor