The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Milwaukee, Wisconsin

Consolidated Financial Statements and Supplementary Information

For the Years Ending December 31, 2011 and 2010

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidated Financial Statements and Supplementary Information
Years Ending December 31, 2011 and 2010

Table of Contents

WIPFLi LLP

Independent Auditor's Report

Board of Directors
The Young Men's Christian Association of Metropolitan Milwaukee, Inc.
Milwaukee, Wisconsin

We have audited the accompanying consolidated statements of financial position of The Young Men's Christian Association of Metropolitan Milwaukee, Inc. as of and for the years ended December 31, 2011 and 2010, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of The Young Men's Christian Association of Metropolitan Milwaukee's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Young Men's Christian Association of Metropolitan Milwaukee, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2012, on our consideration of The Young Men's Christian Association of Metropolitan Milwaukee, Inc.'s internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing and not to provide an opinion on the internal control over financial reporting. In accordance with *Government Auditing Standards*, we have also issued an opinion dated April 23, 2012, on The Young Men's Christian Association of Metropolitan Milwaukee, Inc.'s compliance with certain provision of laws, regulations, contract, and grant agreements, and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 32 to 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wipfli LLP

Wipfli LLP

April 23, 2012
Milwaukee, Wisconsin

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidated Statements of Financial Position

December 31, 2011 and 2010

Assets	2011	2010
Current assets:		
Cash and cash equivalents	$ 2,875,894	$ 2,104,552
Accounts receivable	308,187	330,025
Accounts receivable - Insurance claim	-	929,528
Grants receivable	941,825	895,384
Current portion of unconditional promises to give	846,558	1,238,791
Prepaid expenses	76,920	118,800
Other current assets	367,316	153,729
Total current assets	5,416,700	5,770,809
Property and equipment	64,057,421	64,309,830
Other assets:		
Long-term investments	5,769,319	5,576,793
Other long-term assets	701,454	689,666
Unconditional promises to give, less current portion - Net	378,833	199,334
Total other assets	6,849,606	6,465,793
TOTAL ASSETS	$ 76,323,727	$ 76,546,432

Liabilities and Net Assets	2011	2010
Current liabilities:		
Line of credit	$ 900,000	$ 200,000
Current maturities of long-term debt	1,040,000	993,441
Current maturities of capital lease obligations	715,149	634,078
Accounts payable	998,043	1,254,440
Accrued liabilities	1,605,975	1,722,373
Accrued liabilities - Insurance claim	-	813,213
Deferred revenue	909,174	863,767
Total current liabilities	6,168,341	6,481,312
Long-term liabilities:		
Long-term debt, less current maturities	26,870,000	27,910,000
Capital lease obligations, less current maturities	847,696	819,034
Other long-term liabilities	1,977,835	2,039,994
Interest rate swap agreements	3,105,051	2,706,624
Total long-term liabilities	32,800,582	33,475,652
Total liabilities	38,968,923	39,956,964
Net assets:		
Unrestricted	24,026,292	22,823,682
Temporarily restricted	8,851,229	9,347,748
Permanently restricted	4,477,283	4,418,038
Total net assets	37,354,804	36,589,468
TOTAL LIABILITIES AND NET ASSETS	$ 76,323,727	$ 76,546,432

See accompanying notes to consolidated financial statements.

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidated Statements of Activities

Years Ended December 31, 2011 and 2010

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Contributions	$ 2,723,045	$ 1,638,477	$ 59,245	$ 4,420,767
Government and private grants	1,246,041	-	-	1,246,041
United Way	300,813	300,810	-	601,623
Total public support	4,269,899	1,939,287	59,245	6,268,431
Operating revenue:				
Membership and program fees	31,186,158	-	-	31,186,158
Department of public instruction	5,016,768	-	-	5,016,768
Services and sales	793,805	-	-	793,805
Investment return appropriated for operations	266,791	-	-	266,791
Other	486,586	145,519	-	632,105
Total operating revenue	37,750,108	145,519	-	37,895,627
Net assets released from restrictions	2,351,255	(2,351,255)	-	-
Total public support and operating revenue	44,371,262	(266,449)	59,245	44,164,058
Operating expenses:				
Program	38,239,789	-	-	38,239,789
Management and general	3,822,229	-	-	3,822,229
Fundraising	938,094	-	-	938,094
Total operating expenses	43,000,112	-	-	43,000,112
Change in net assets from operating activities	1,371,150	(266,449)	59,245	1,163,946
Other changes in net assets:				
Investment return reduced by appropriations for operations	-	(230,070)	-	(230,070)
Net gain on disposal of capital assets	229,887	-	-	229,887
Loss on interest rate swap agreements	(398,427)	-	-	(398,427)
Total other changes in net assets	(168,540)	(230,070)	-	(398,610)
Changes in net assets	1,202,610	(496,519)	59,245	765,336
Net assets - Beginning of year	22,823,682	9,347,748	4,418,038	36,589,468
Net assets - End of year	$ 24,026,292	$ 8,851,229	$ 4,477,283	$ 37,354,804

2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 2,074,949	$ 1,883,956	$ 55,243	$ 4,014,148
1,933,133	-	-	1,933,133
297,834	297,834	-	595,668
4,305,916	2,181,790	55,243	6,542,949
31,681,438	-	-	31,681,438
4,896,777	-	-	4,896,777
862,466	-	-	862,466
430,661	-	-	430,661
54,755	94,490	-	149,245
37,926,097	94,490	-	38,020,587
1,718,363	(1,718,363)	-	-
43,950,376	557,917	55,243	44,563,536
38,099,591	-	-	38,099,591
3,692,963	-	-	3,692,963
1,016,066	-	-	1,016,066
42,808,620	-	-	42,808,620
1,141,756	557,917	55,243	1,754,916
-	202,097	-	202,097
1,068,656	-	-	1,068,656
(797,511)	-	-	(797,511)
(226,425)	202,097	-	(24,328)
915,331	760,014	55,243	1,730,588
21,908,351	8,587,734	4,362,795	34,858,880
$ 22,823,682	$ 9,347,748	$ 4,418,038	$ 36,589,468

See accompanying notes to consolidated financial statements.

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Changes in net assets	$ 765,336	$ 1,730,588
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	3,719,663	3,591,797
Amortization	39,128	39,128
Gain on disposal of property and equipment	(148,583)	(987,352)
Donation of property and equipment	-	497,570
Deferred gain on sale leaseback	(81,304)	(81,304)
Change in fair value of interest rate swap contracts	398,427	797,511
Contributions for restricted purposes	(1,286,310)	(1,939,198)
Realized gain on investments	(77,330)	(33,454)
Unrealized loss (gain) on investments	158,131	(456,424)
Bad debt expense	386,150	410,869
Changes in assets and liabilities:		
Accounts and grants receivable	714,982	(1,040,296)
Unconditional promises to give	(38,972)	583,221
Prepaid expenses and other current assets	(239,522)	(200,118)
Accounts payable	(309,336)	(396,744)
Accrued liabilities and deferred revenue	(29,194)	48,206
Net cash provided by operating activities	3,971,266	2,564,000
Cash flows from investing activities:		
Capital expenditures	(3,440,165)	(690,694)
Proceeds from disposal of property and equipment	185,988	397,275
Purchases of investments	(1,757,334)	(1,379,771)
Proceeds from sale of investments	1,484,007	1,392,267
Increase in cash surrender value of life insurance	16,899	15,695
Net cash used in investing activities	(3,510,605)	(265,228)

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from financing activities:		
Principal payments on long-term debt	$ (993,441)	$ (1,131,633)
Net change in line of credit	700,000	(1,556,000)
Principal payments on capital lease obligations	(737,687)	(583,706)
Collections of restricted campaign pledges	1,341,809	1,245,909
Net cash flows provided by (used in) financing activities	310,681	(2,025,430)
Net change in cash and cash equivalents	771,342	273,342
Cash and cash equivalents - Beginning of year	2,104,552	1,831,210
Cash and cash equivalents - End of year	$ 2,875,894	$ 2,104,552
Supplemental cash flow disclosures:		
Cash paid for interest	$ 1,996,758	$ 2,107,461
Noncash investing and financing activities:		
Purchase of property and equipment, included in accounts payable at year end	$ 168,257	$ 951,182
Purchases of equipment financed with capital lease obligations	$ 847,420	$ 898,097

See accompanying notes to consolidated financial statements.

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidated Statements of Functional Expenses

Year Ended December 31, 2011

	Program	Management and General	Fundraising	2011 Total
Wages and related expenses	$ 20,754,009	$ 2,698,238	$ 855,242	$ 24,307,489
Professional services	1,331,152	281,876	6,628	1,619,656
Program and supplies expense	2,810,580	60,816	3,864	2,875,260
Postage and shipping	35,891	6,032	6,491	48,414
Building rental, maintenance, and taxes	2,538,979	123,630	-	2,662,609
Utilities and telephone	2,510,419	87,851	-	2,598,270
Insurance	358,029	10,058	915	369,002
Equipment leases, rental, and maintenance	795,467	45,078	-	840,545
Advertising, printing, and promotion	1,422,473	13,379	49,571	1,485,423
Conferences, training, and employee expense	254,542	78,489	12,936	345,967
Dues	274,158	21,121	2,447	297,726
Interest expense	1,830,088	-	-	1,830,088
Depreciation expense	3,324,002	395,661	-	3,719,663
Total expenses	$ 38,239,789	$ 3,822,229	$ 938,094	$ 43,000,112

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidated Statements of Functional Expenses (Continued)

Year Ended December 31, 2010

	Program	Management and General	Fundraising	2010 Total
Wages and related expenses	$ 20,081,058	$ 2,629,792	$ 759,570	$ 23,470,420
Professional services	1,817,505	237,467	64,182	2,119,154
Program and supplies expense	2,856,366	60,414	7,394	2,924,174
Postage and shipping	38,955	7,854	11,921	58,730
Building rental, maintenance, and taxes	2,475,478	107,161	-	2,582,639
Utilities and telephone	2,445,908	76,277	-	2,522,185
Insurance	347,304	19,206	949	367,459
Equipment leases, rental, and maintenance	773,638	37,352	-	810,990
Advertising, printing, and promotion	1,418,367	24,340	160,957	1,603,664
Conferences, training, and employee expense	258,169	73,512	9,393	341,074
Dues	286,236	23,927	1,700	311,863
Interest expense	2,104,471	-	-	2,104,471
Depreciation expense	3,196,136	395,661	-	3,591,797
Total expenses	$ 38,099,591	$ 3,692,963	$ 1,016,066	$ 42,808,620

See accompanying notes to consolidated financial statements.

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 1 Nature of Operations

The Young Men's Christian Association of Metropolitan Milwaukee, Inc. (the "Y" or the "Association") is a not-for-profit, volunteer-led, human development charitable organization whose mission is to put Christian principles into practice through programs that build healthy spirit, mind, and body for all. The Association operates ten cities and suburban membership centers, a K4-8 Charter School, a Community Development Center, three full-day child care centers, two overnight camps for children and families, and conducts programming at numerous community-based locations.

The Y is a diverse organization of men, women, and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living and fostering a sense of social responsibility. Since no two communities are exactly alike, no two Ys are exactly alike. They are united by a deep commitment to strengthening their communities and to ensure that those they serve learn, grow, and thrive. Core programs include health and well-being, early childhood education, elementary education and academic mentoring, camping, aquatics, youth leadership, and family programs. The Association's financial assistance program provides funds for those in need - everyone is welcome to participate in Y programs.

Note 2 Summary of Significant Accounting Policies

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of The Young Men's Christian Association of Metropolitan Milwaukee, Inc. and its wholly-controlled subsidiary, the YMCA Youth Leadership Academy, Inc. (Academy). The Academy is a not-for-profit organization which qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and is a non-stock corporation that operates a charter school. The Y is the sole member of the non-stock corporation. The fiscal year-end of the Academy is June 30; however, the consolidated financial statements include amounts as of December 31. Significant intercompany accounts and transactions are eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Note 2 Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Association.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Fees and dues revenue are recognized when earned.

Grant revenue is recognized as revenue in the period in which it is expended for cost-reimbursed agreements.

Note 2 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Association measures the fair value of its financial instruments, unconditional promises to give, and certain other assets using a three-tier hierarchy which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The Association determines fair value by:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

- Level 2 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 active 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.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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.

Cash and Cash Equivalents

The Association defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less, excluding amounts held as long-term investments in the Association's investment portfolio.

Accounts Receivable

Accounts receivable are generally uncollateralized client obligations due upon receipt. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amount of accounts receivable is reduced by allowances that reflect management's estimate of uncollectible amounts. The allowance for uncollectible accounts is $10,000 and $5,900 as of December 31, 2011 and 2010, respectively.

Note 2 Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable consist of various Federal and State grant funds passed through governmental agencies to the Association for various programs. Management believes no allowance for uncollectible grants is required based upon management's judgment and consideration of the collectability of each grant.

Promises to Give

Unconditional promises to give made to the Association are recorded as receivables in the year the pledge was made. Pledges and other promises to give whose eventual uses are restricted by the donor are recorded as increases in temporarily restricted net assets. Unrestricted pledges to be collected in future periods are also recorded as an increase in temporarily restricted net assets and reclassified to unrestricted net assets when received.

Unconditional promises to give are reported in the statements of financial position net of unamortized discounts and an allowance for uncollectible pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate of 3.00% for the years ending December 31, 2011 and 2010. Amortization of the discount is recorded as an increase or decrease in contribution revenue. An allowance for uncollectible accounts is determined by management based on past collection history.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Association records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the Consolidated Statements of Activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Note 2 Summary of Significant Accounting Policies (Continued)

Capitalized Loan Fees

Capitalized loan fees are included in other long-term assets in the accompanying consolidated statements of financial position, which are being amortized to expense over the life of the loan. Accumulated amortization as of December 31, 2011 and 2010, was $264,570 and $225,442, respectively.

	2011	2010
Balance, beginning of year	$ 460,173	$ 445,646
Amortization of loan fees	(39,128)	(39,128)
Refinancing costs	-	53,655
Balance, end of year	$ 421,045	$ 460,173

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, improvements, and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair market value as of the date received, unless restricted by donor. Contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. The Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives (see note 4).

The Association owns three buildings constructed prior to the passage of the Clean Air Act that contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe manner prior to demolition or renovation of the buildings. The Association has not recognized the asset retirement obligation for asbestos removal in its consolidated financial statements because it currently believes that the potential liability to remove these materials is immaterial. If sufficient information becomes available to change the estimate of the liability, it will be recognized at that time.

Note 2 Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Association reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. The Association has not recognized any impairment of long-lived assets during 2011 and 2010.

Derivatives

The Association follows ASC 815, *Derivatives and Hedging*, to account for its derivative transactions, which consist entirely of interest rate swap contracts. ASC 815 requires an organization to recognize all of its derivative instruments as either assets or liabilities in the statement of financial position at fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, whether the hedge is a cash flow or a fair value hedge.

The Association uses derivatives to manage risks related to interest rate movements. Interest rate swap contracts designated and qualifying as cash flow hedges are reported at fair value. The change in fair value of the derivative is recognized as a change in net assets in the period of change. The Association documents its risk management strategy and hedge effectiveness at the inception of and during the term of each hedge. It is the policy of the Association to execute such contracts with creditworthy counterparties. The Association's interest rate risk management strategy is to stabilize cash flow requirements by maintaining interest rate swap contracts to convert variable rate debt to a fixed rate. The Association does not use derivatives for trading or speculative purposes. Three of the Association's four derivative contracts were revised in 2010, and none of the contracts were terminated prior to their maturity in 2011 or 2010.

Deferred Revenue

Program service fees applying to services to be rendered in future periods are recorded as deferred revenue when received and reflected as support in the year when the program services fees are earned.

Functional Expense

The costs of providing the various programs and other activities 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.

Note 2 Summary of Significant Accounting Policies (Continued)

Advertising and Promotion

Advertising and promotion costs are charged to operations when incurred. Advertising and promotion expense was $1,485,423 and $1,603,664 for the years ended December 31, 2011 and 2010, respectively.

Income Taxes

The Association is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Association is also exempt from state income taxes on related income.

In order to account for any uncertain tax positions, the Association determines whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Association recorded no assets or liabilities related to uncertain tax positions in 2011 and 2010. Federal tax returns for tax years 2008 and beyond remain subject to examination by the Internal Revenue Service.

Note 3 Fair Value Measurements

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds are measured at cost, which approximates fair value.
- Equity and fixed income mutual funds that are publicly traded securities are valued at quoted market prices which represent the net asset value (NAV) of shares held at year end.
- Interest rate swaps are valued using discounted cash flows based on observable yield curves and other factors.

Note 3 Fair Value Measurements (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at December 31:

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Money market funds	$ 136,142	$ -	$ -	$ 136,142
Fixed income mutual funds:				
Short-term bond funds	292,458	-	-	292,458
Intermediate-term bond funds	2,013,198	-	-	2,013,198
Equity mutual funds:				
Foreign equity funds	507,720	-	-	507,720
ETF large index funds	2,024,807	-	-	2,024,807
ETF mid-cap index funds	484,571	-	-	484,571
ETF small-cap index funds	310,423	-	-	310,423
Total investments	5,769,319	-	-	5,769,319
Interest rate swaps	-	(3,105,051)	-	(3,105,051)
Total	$ 5,769,319	$ (3,105,051)	$ -	$ 2,664,268

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 83,861	$ -	$ -	$ 83,861
Equity mutual funds	3,624,133	-	-	3,624,133
Fixed income mutual funds	1,868,799	-	-	1,868,799
Total investments	5,576,793	-	-	5,576,793
Interest rate swaps	-	(2,706,624)	-	(2,706,624)
Total	$ 5,576,793	$ (2,706,624)	$ -	$ 2,870,169

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 4 Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	2011	2010
Land	N/A	$ 7,461,240	$ 7,461,240
Land improvements	15 yrs.	1,258,808	1,227,149
Buildings and improvements	10-50 yrs.	82,886,073	80,218,718
Construction in progress	N/A	820,534	1,785,525
Machinery and equipment	5-12 yrs.	17,641,896	16,639,765
Leasehold improvements	30-50 yrs.	500,000	500,000
Total property and equipment		110,568,551	107,832,397
Less - Accumulated depreciation		(46,511,130)	(43,522,567)
Net property and equipment		$ 64,057,421	$ 64,309,830

In July 2010, two of the Association's membership centers experienced property damage as a result of flooding. The Association settled the insurance claim related to the damage in 2011 and has recorded a gain of $1,225,986, of which $151,143 and $1,074,843 are included in the net gain on disposal of capital assets on the Statement of Activities in 2011 and 2010, respectively. The property damaged had a cost of $679,022, accumulated depreciation of $432,062 and a net book value of $246,960. Insurance proceeds for the claim totaled $2,421,320, and covered replacement of damaged personal and capital property, clean-up and recovery, and business interruption losses. The cost of the replacement capital property is $1,288,396 and is recorded as property and equipment as of December 31, 2011.

In December 2010, the Association donated a building and certain equipment to another not-for-profit organization. At the time of the gift, the property and equipment had a cost of $985,886, accumulated depreciation of $488,316, and a net book value of $497,570.

Note 5 Investments

Following is a summary of investments as of December 31:

	2011		
	Cost or Gift Value	Unrealized Gains (Losses)	Total Investments at Fair Value
Money market funds	$ 136,142	$ -	$ 136,142
Equity mutual funds	2,715,990	611,532	3,327,522
Fixed income mutual funds	2,306,394	(739)	2,305,655
Total	$ 5,158,526	$ 610,793	$ 5,769,319

	2010		
	Cost or Gift Value	Unrealized Gains (Losses)	Total Investments at Fair Value
Money market funds	$ 83,861	$ -	$ 83,861
Equity mutual funds	2,853,565	770,568	3,624,133
Fixed income mutual funds	1,870,444	(1,645)	1,868,799
Total	$ 4,807,870	$ 768,923	$ 5,576,793

Earnings from investment securities are summarized as follows:

	2011	2010
Interest and dividends	$ 145,166	$ 169,225
Net realized gain	77,330	33,454
Net unrealized (loss) gain	(158,131)	456,424
Less - Fees	(27,644)	(26,345)
Total investment income	36,721	632,758
Less: Investment return appropriated for operations	(266,791)	(430,661)
Investment return reduced by appropriation for operations	$ (230,070)	$ 202,097

Note 6 Unconditional Promises to Give

Unconditional promises to give as of December 31 consist of the following:

		2011		2010
Less than one year	$	946,558	$	1,354,791
One to five years		410,133		221,334
More than five years		4,000		7,000
Less: Discount to present value		(28,300)		(18,000)
Allowance for uncollectible promises to give		(107,000)		(127,000)
Pledges receivable, net		1,225,391		1,438,125
Less - Current portion		(846,558)		(1,238,791)
Long-term portion	$	378,833	$	199,334

Note 7 Deferred Revenue

Deferred revenue consists of the following at December 31:

		2011		2010
Membership dues/gift certificates	$	508,361	$	459,097
Program fees		222,341		233,266
YMCA Youth Leadership Academy, Inc.		178,472		171,404
Total	$	909,174	$	863,767

Note 8 Line of Credit

The Association has a revolving credit loan with $2,000,000 available from BMO Harris Bank N.A. with outstanding balances of $900,000 and $200,000 as of December 31, 2011 and 2010, respectively. The revolving credit loan bears interest at LIBOR plus 325 basis points (3.521% at December 31, 2011) and is collateralized by substantially all assets of the Association. The revolving credit loan expires June 30, 2012.

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Notes to Consolidated Financial Statements

Note 9 Long-Term Debt

	2011	2010
BMO Harris Bank N.A. taxable variable rate demand note, Series 2008, payable in annual installments beginning in May 2010 with a final payment due May 2018. Secured by substantially all assets and is supported by a letter of credit in favor of the bond trustees. Any amounts drawn on the letter of credit must be reimbursed by the Association on demand. The letter of credit terminates August 15, 2014. Bond issuance costs were rolled into the loan amount.	$ 7,885,000	$ 8,870,000
The Redevelopment Authority of the City of Milwaukee Redevelopment Revenue Bonds, Series 2010. Installments of interest payable until 2018, then installments of principal and interest beginning May 2018 with a final payment due May 1, 2028. Variable interest rate and secured by substantially all assets. As of December 31, 2010, this loan was a Bank Qualified loan with interest of 70% of 30-day LIBOR plus 375 basis points floating. In September 2011, the loan converted to remarketed bonds, supported by a letter of credit in favor of the bond trustees. Any amounts drawn on the letter of credit must be reimbursed by the Association on demand. The letter of credit terminates August 15, 2014. Bond issuance costs were rolled into the loan amount.	20,025,000	20,025,000
Ford Credit note payable with an interest rate of 3.9% and a monthly payment of $719. The note is secured by the vehicle and was paid in full March 2011.	-	8,441
	27,910,000	28,903,441
Less - Current portion	(1,040,000)	(993,441)
Long-term portion	$ 26,870,000	$ 27,910,000

Note 9 Long-Term Debt (Continued)

Principal requirements on long-term debt for years ending after December 31, 2011, are as follows:

2012	$ 1,040,000
2013	1,100,000
2014	1,165,000
2015	1,230,000
2016	1,300,000
Thereafter	22,075,000
Total	$ 27,910,000

The Association is subject to certain restrictions and covenants relating to its debt. As of December 31, 2011 and 2010, management believes the Association was in compliance with all of the established covenants.

Long-term debt and line of credit interest charged to expense was $1,754,653 and $2,019,090 for the years ended December 31, 2011 and 2010, respectively.

Note 10 Derivative Financial Instruments and Hedging Activities

As disclosed in Note 9, the Redevelopment Revenue Bonds, Series 2010, in the amount of $20,025,000 as of December 31, 2011 and 2010, bear interest at a variable rate. To minimize the effect of changes in interest rates, on January 21, 2010, the Association revised three of its fixed term interest rate swap contracts with BMO Harris Bank N.A. The first contract is in the amount of $7,500,000 under which it pays interest at a fixed 4.15% rate and expires June 2, 2014. A second contract is in the amount of $6,970,000 under which it pays interest at a fixed 3.28% rate and expires May 2, 2016. The third contract is in the amount of $5,555,000 under which it pays interest at a fixed 3.19% rate and expires May 1, 2018.

Also as disclosed in Note 9, the taxable variable rate demand note in the amount of $7,885,000 and $8,870,000 as of December 31, 2011 and 2010, respectively, that bears interest at a variable rate. To minimize the effect of changes in interest rates, on May 12, 2008, the Association entered into an interest rate swap contract in the amount of $9,800,000 under which it pays interest at a fixed 4.12% rate. The swap contract expires May 1, 2018.

The following represents the notional amount hedged, fair value of the interest rate swaps outstanding at year end, and the amount of exposure recorded in unrestricted net assets for the years ended December 31, 2011 and 2010. The swap agreements are recorded in the consolidated statements of financial position as long-term liabilities – interest rate swap agreements.

Note 10 Derivative Financial Instruments and Hedging Activities (Continued)

The classification of income (loss) is recorded in the statement of activities as unrealized (gain) loss on interest rate swap.

2011	Notional Amount	As of December 31 Asset (Liability)	Year Ended December 31 Gain/(Loss)
BMO Harris Bank N.A. Deriviative	$ 7,500,000	$ (700,652)	$ 134,407
BMO Harris Bank N.A. Deriviative	6,970,000	(803,078)	(155,690)
BMO Harris Bank N.A. Deriviative	5,555,000	(774,441)	(283,065)
BMO Harris Bank N.A. Deriviative	7,885,000	(826,880)	(94,079)
Total		$ (3,105,051)	$ (398,427)
2010			
BMO Harris Bank N.A. Deriviative	$ 7,500,000	$ (835,059)	$ (122,106)
BMO Harris Bank N.A. Deriviative	6,970,000	(647,388)	(258,004)
BMO Harris Bank N.A. Deriviative	5,555,000	(491,376)	(210,754)
BMO Harris Bank N.A. Deriviative	8,870,000	(732,801)	(206,647)
Total		$ (2,706,624)	$ (797,511)

Note 11 Leases

Capital Lease

The Association has various capital lease agreements with imputed interest rates ranging from 0% to 7.23%. Monthly payments of principal and interest range from $696 to $9,900. The assets and liabilities under capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The capitalized cost of the leased property at December 31, 2011 and 2010 was $3,361,481 and $2,874,607, respectively. Assets are amortized over their estimated productive lives or the lease term, if shorter, for leases that transfer ownership or contain bargain purchase clauses. Amortization expense on capital leases is included with depreciation expense. Accumulated amortization was $1,841,073 and $1,213,521 as of December 31, 2011 and 2010, respectively.

Note 11 Leases (Continued)

Sale Leaseback

In February 2008, the Association sold 14.86 acres of land with a carrying value of $127,718 for $3,750,000. Total gain on the sale was $3,622,282. The Association maintained ownership of two buildings located on 2.9 acres of the land sold and entered into a 25-year lease with the purchaser for use of the land. The gain on the sale in excess of the present value of the minimum lease payments in the amount of $1,589,687 was recognized at the time of the sale, and the remaining gain of $2,032,595 was deferred and will be amortized over the life of the lease. The Association will recognize $81,304 of the deferred gain on an annual basis until the lease expires in January 2033. The Association recognized $81,304 of the deferred gain in both 2011 and 2010. At December 31, 2011 and 2010, the remaining deferred gain was $1,714,155 and $1,795,459, respectively. The current accrued liability is $81,304 as of December 31, 2011 and 2010, and the remainder is included in other long-term liabilities in the accompanying consolidated statements of financial position.

The lease agreement requires the Association to make payments of $120,000 per year. Beginning February 2013, the lease payments will increase by the consumer price index every five years. The Association paid $120,000 and $80,000 in lease payments in 2011 and 2010, respectively. The Association recognized lease expense of $139,145 in both 2011 and 2010, and an increased accrued rent expense of $19,145 and $59,145 in 2011 and 2010, respectively. Accrued rent expense of $344,984 and $325,839 as of December 31, 2011 and 2010, respectively, is included in other long-term liabilities in the accompanying consolidated statements of financial position.

Operating Leases

The Association leases various facilities and equipment. These leases are accounted for as operating leases. Rent expense on the operating leases was $632,732 and $617,719 for the years ended December 31, 2011 and 2010, respectively.

Note 11 Leases (Continued)

The following is a schedule of future minimum lease payments under all leases with an initial term in excess of one year at December 31, 2011:

	Capital Lease	Sale Leaseback	Operating Leases
2012	$ 770,711	$ 120,000	$ 546,145
2013	548,807	120,000	454,991
2014	260,925	134,400	408,918
2015	69,814	134,400	208,529
2016	-	134,400	206,389
Thereafter	-	2,635,421	2,770,731
Total future minimum lease payments	1,650,257	$ 3,278,621	$ 4,595,703
Less - Amount representing interest	(87,412)		
Present value of future minimum lease payments	1,562,845		
Less - Current portion	(715,149)		
Long-term capital lease obligation	$ 847,696		

Sublease

In July 2008, the Association sold one of the buildings, as part of the sale leaseback noted above, located on the 2.9 acres of land leased for $1,125,000. The carrying value of the building was $2,262,796, and a loss on the sale of $1,137,796 was recorded. The building sold sits on 1.88 acres of the 2.9 acres leased by the Association. The Association entered into a 25-year sublease with the purchaser for use of this land. The lease requires the purchaser to make payments of $35,000 per year to the Association with the first payment due July 15, 2013. Beginning July 15, 2014, the lease payments will increase by the consumer price index annually. While the Association did not receive any lease payments in 2011 and 2010, it did recognize lease revenue of $34,016 in each year, and an increase in other long-term assets in the accompanying consolidated statements of financial position of the same amount.

Note 11 Leases (Continued)

Estimated future payments to be received relative to this agreement as of December 31, 2011, are as follows:

2013	$ 14,583
2014	35,292
2015	35,998
2016	36,717
Thereafter	727,819
Total	$ 850,409

Note 12 Net Assets

Unrestricted net assets are composed of the following at December 31:

	2011	2010
Undesignated net assets, YMCA	$ 23,302,364	$ 22,410,429
Undesignated net assets, YLA	723,928	413,253
Totals	$ 24,026,292	$ 22,823,682

Temporarily restricted net assets are composed of the following at December 31:

	2011	2010
United Way	$ 300,813	$ 297,834
YMCA Youth Leadership Academy, Inc.	178,538	17,762
Scholarships and programs	5,839,601	5,789,864
Endowment accumulated earnings not appropriated for distribution	2,117,021	2,347,092
Capital campaigns	415,256	895,196
Totals	$ 8,851,229	$ 9,347,748

Permanently restricted net assets consist of funds invested in perpetuity, income of which is used to fund various Association programs as specified by the donors. These amounts totaled $4,477,283 and $4,418,038 at December 31, 2011 and 2010, respectively.

Note 13 Endowment Funds

The Association's endowment funds consist of donor-restricted funds established for the YMCA of Metropolitan Milwaukee.

The Association has interpreted Wisconsin's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds in excess of the original fair value that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. If the market value of the permanently restricted net asset at year-end is below the original fair value, the deficit is recorded as a loss to the unrestricted net assets.

The primary long-term financial objective for the Association's endowments is to preserve the real purchasing power of endowment assets and income after accounting for endowment spending and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of one, three, and five years.

The endowment funds are managed to optimize the long-run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that provides funding for the Association's existing spending policy. Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

Note 13 Endowment Funds (Continued)

The endowment assets are governed by a spending policy that seeks to distribute a specific payout rate of the endowment base to support the Association's programs. The endowment base will be defined as the three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of December for the prior three years). The distribution or payout rate will be calculated at a specific fixed percentage of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term. Spending in a given year will reduce the unit value of each endowment element by the payout percentage. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below the designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift.

The endowment is invested in cash and cash equivalents and equity and fixed income mutual funds. The total endowment will be monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation.

Donor-restricted endowment net asset composition by type of fund as of December 31:

	2011		
	Temporarily Restricted	Permanently Restricted	Total
Purpose:			
Building maintenance	$ 181,802	$ 201,187	$ 382,989
Operations and programs	1,838,929	4,160,100	5,999,029
International programs	96,290	115,996	212,286
Total	$ 2,117,021	$ 4,477,283	$ 6,594,304

Note 13 Endowment Funds (Continued)

	2010		
	Temporarily Restricted	Permanently Restricted	Total
Purpose:			
Building maintenance	$ 194,994	$ 201,187	$ 396,181
Operations and programs	2,048,496	4,100,855	6,149,351
International programs	103,602	115,996	219,598
Total	$ 2,347,092	$ 4,418,038	$ 6,765,130

Changes in endowment net assets for the year ended December 31:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at December 31, 2009	$ 2,144,994	$ 4,362,795	$ 6,507,789
Investment income	632,758	-	632,758
Contributions	-	55,243	55,243
Appropriation of endowment assets for expenditure	(430,661)	-	(430,661)
Endowment net assets at December 31, 2010	2,347,091	4,418,038	6,765,129
Investment income	36,721	-	36,721
Contributions	-	59,245	59,245
Appropriation of endowment assets for expenditure	(266,791)	-	(266,791)
Endowment net assets at December 31, 2011	$ 2,117,021	$ 4,477,283	$ 6,594,304

Note 13 Endowment Funds (Continued)

During 2009, the Association borrowed $1,133,000 from the endowment funds to pay construction payables. The loan was approved by the Executive Board of Directors and the Board of Trustees in January 2009. The Association repaid the borrowed funds during 2011 with revenue earned from fundraising and operations leaving a zero balance as of December 31, 2011. The loan had a balance of $620,000 as of December 31, 2010.

Note 14 Defined Contribution Retirement Plan

The Association participates in a defined contribution, individual account, and money purchase retirement plan covering all eligible employees. The Plan is administered by the Young Men's Christian Association Retirement Fund (a separate corporation). The Association makes monthly contributions to the Young Men's Christian Association Retirement Fund based on a percentage of the participating employee's salary. Plan expense was $871,343 and $840,817 for the years ended December 31, 2011 and 2010, 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 or reorganized Ys in the United States of America. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligations.

Note 15 Commitments and Contingencies

Financial Awards from Grantors

Financial awards from federal, state, and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Association for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

Litigation

The Association is party to various legal actions that are incidental to its activities. The outcome of legal actions cannot be predicted with certainty. Management of the Association believes that the outcome of any of these proceedings will not have a material adverse effect on its financial position or activities.

Letter of Credit

The Association utilizes two letters of credit to satisfy requirements of the Wisconsin Unemployment Reserve Fund: one letter of credit in the amount of $446,726 for The Young Men's Christian Association of Metropolitan Milwaukee, Inc. and one in the amount of $58,000 for the YMCA Youth Leadership Academy, Inc.

Note 16 Concentrations

The Association maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. On November 9, 2010, the FDIC issued a final rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited coverage of non-interest-bearing transaction accounts through December 31, 2012. In addition, the Association maintains cash in interest-bearing accounts at these institutions, which are insured by the FDIC up to $250,000. At times, deposits may exceed FDIC insurance limits. Management has not experienced any losses with these accounts and management believes the Association is not exposed to any significant risk on cash.

Note 17 Subsequent Events

Subsequent events have been evaluated through April 23, 2012, which is the date the financial statements were available to be issued.

Supplementary Information

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidating Statement of Financial Position

December 31, 2011

Assets	YMCA	YLA	Eliminations	Total Consolidated
Current assets:				
Cash and cash equivalents	$ 2,901,275	$ (25,381)	$ -	$ 2,875,894
Accounts receivable	308,187	-	-	308,187
Grants receivable	801,482	140,343	-	941,825
Current portion of unconditional promises to give	754,590	91,968	-	846,558
Related party receivables	-	933,868	(933,868)	-
Prepaid expenses	76,920	-	-	76,920
Other current assets	367,316	-	-	367,316
Total current assets	5,209,770	1,140,798	(933,868)	5,416,700
Property and equipment	64,057,421	-	-	64,057,421
Other assets:				
Long-term investments	5,769,319	-	-	5,769,319
Other long-term assets	701,454	-	-	701,454
Unconditional promises to give, less current portion - Net	293,793	85,040	-	378,833
Total other assets	6,764,566	85,040	-	6,849,606
TOTAL ASSETS	$ 76,031,757	$ 1,225,838	$ (933,868)	$ 76,323,727

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidating Statement of Financial Position (Continued)

December 31, 2011

Liabilities and Net Assets	YMCA	YLA	Eliminations	Total Consolidated
Current liabilities:				
Line of credit	$ 900,000	$ -	$ -	$ 900,000
Current maturities of long-term debt	1,040,000	-	-	1,040,000
Current maturities of capital lease obligations	715,149	-	-	715,149
Accounts payable	975,119	22,924	-	998,043
Accrued liabilities	1,483,999	121,976	-	1,605,975
Related party payable	933,868	-	(933,868)	-
Deferred revenue	730,702	178,472	-	909,174
Total current liabilities	6,778,837	323,372	(933,868)	6,168,341
Long-term liabilities:				
Long-term debt, less current maturities	26,870,000	-	-	26,870,000
Capital lease obligations, less current maturities	847,696	-	-	847,696
Other long-term liabilities	1,977,835	-	-	1,977,835
Interest rate swap agreements	3,105,051	-	-	3,105,051
Total long-term liabilities	32,800,582	-	-	32,800,582
Total liabilities	39,579,419	323,372	(933,868)	38,968,923
Net assets:				
Unrestricted	23,302,364	723,928	-	24,026,292
Temporarily restricted	8,672,691	178,538	-	8,851,229
Permanently restricted	4,477,283	-	-	4,477,283
Total net assets	36,452,338	902,466	-	37,354,804
TOTAL LIABILITIES AND NET ASSETS	$ 76,031,757	$ 1,225,838	$ (933,868)	$ 76,323,727

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidating Statement of Activities
Year Ending December 31, 2011

	YMCA	YLA	Eliminations	Total Consolidated
Unrestricted:				
Public support:				
Contributions	$ 2,512,822	$ 210,223	$ -	$ 2,723,045
Government and private grants	1,246,041	-	-	1,246,041
United Way	300,813	-	-	300,813
Total public support	4,059,676	210,223	-	4,269,899
Operating revenue:				
Membership and program fees	31,186,158	-	-	31,186,158
Department of public instruction	-	5,016,768	-	5,016,768
Services and sales	1,244,020	50,768	(500,983)	793,805
Investment return appropriated for operations	264,291	2,500	-	266,791
Other	681,613	23,275	(218,302)	486,586
Total operating revenue	33,376,082	5,093,311	(719,285)	37,750,108
Net assets released from restrictions	2,317,255	34,000	-	2,351,255
Total public support and operating revenue	39,753,013	5,337,534	(719,285)	44,371,262
Operating expenses:				
Program	34,631,351	4,327,723	(719,285)	38,239,789
Management and general	3,135,369	686,860	-	3,822,229
Fundraising	925,818	12,276	-	938,094
Total operating expenses	38,692,538	5,026,859	(719,285)	43,000,112
Change in net assets from operating activities	1,060,475	310,675	-	1,371,150
Other changes in net assets:				
Net gain on disposal of capital assets	229,887	-	-	229,887
Loss on interest rate swap agreements	(398,427)	-	-	(398,427)
Total other changes in net assets	(168,540)	-	-	(168,540)
Changes in net assets	891,935	310,675	-	1,202,610
Net assets - Beginning of year	22,410,429	413,253	-	22,823,682
Net assets - End of year	$ 23,302,364	$ 723,928	$ -	$ 24,026,292

The Young Men's Christian Association of Metropolitan Milwaukee, Inc.

Consolidating Statement of Activities (Continued)

Year Ending December 31, 2011

	YMCA	YLA	Eliminations	Total Consolidated
Temporarily restricted:				
Public support:				
Contributions	$ 1,443,701	$ 194,776	$ -	$ 1,638,477
United Way	300,810	-	-	300,810
Total public support	1,744,511	194,776	-	1,939,287
Operating revenue:				
Other	145,519	-	-	145,519
Net assets released from restrictions	(2,317,255)	(34,000)	-	(2,351,255)
Total public support and operating revenue (loss)	(427,225)	160,776	-	(266,449)
Other changes in net assets:				
Investment return reduced by net appropriation for operations	(230,070)	-	-	(230,070)
Changes in net assets	(657,295)	160,776	-	(496,519)
Net assets - Beginning of year	9,329,986	17,762	-	9,347,748
Net assets - End of year	$ 8,672,691	$ 178,538	$ -	$ 8,851,229
Permanently restricted:				
Public support:				
Contributions	$ 59,245	$ -	$ -	$ 59,245
Net assets - Beginning of year	4,418,038	-	-	4,418,038
Net assets - End of year	$ 4,477,283	$ -	$ -	$ 4,477,283