TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Financial Statements

December 31, 2012
(With Independent Auditor's Report Thereon)

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Table of Contents

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Independent Auditor's Report

Governance Board
Tampa Metropolitan Area Young Men's Christian Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Tampa Metropolitan Area Young Men's Christian Association, Inc. (the "Association") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Tampa Metropolitan Area Young Men's Christian Association, Inc's 2011 financial statements and our report dated April 11, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the 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 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2013, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

April 25, 2013
Clearwater, Florida

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Statement of Financial Position

December 31, 2012
(With Comparative Financial Information for December 31, 2011)

Assets		2012	2011
Cash and cash equivalents	$	5,739,507	6,964,508
Investments		9,949,420	7,853,511
Grants receivable		627,543	469,370
Contributions receivable, net		379,567	358,493
Other receivables		100,662	206,524
Prepaid expenses and other assets		504,577	377,123
Land, buildings and equipment, net		36,950,490	38,183,375
	$	54,251,766	54,412,904
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	1,346,165	1,197,015
Unearned membership dues		317,935	309,399
Unearned contributions		518,568	880,392
Derivative liability - interest rate swaps		3,680,595	3,854,286
Promissory note		16,400,000	17,700,000
Capital lease obligations		377,407	636,488
Total liabilities		22,640,670	24,577,580
Net assets:			
Unrestricted net assets:			
Operating		9,936,762	9,217,024
Property and equipment		20,173,083	19,846,887
Total unrestricted net assets		30,109,845	29,063,911
Temporarily restricted net assets		1,401,251	671,413
Permanently restricted net assets		100,000	100,000
Total net assets		31,611,096	29,835,324
Total liabilities and net assets	$	54,251,766	54,412,904

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Statement of Activities

For the Year Ended December 31, 2012
(With Comparative Financial Information for December 31, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	December 31, 2012 Total	December 31, 2011 Total
Public support and revenue:					
Public support:					
Contributions	$ 2,026,964	1,240,809	-	3,267,773	2,812,778
Grant revenue	3,286,036	-	-	3,286,036	3,547,559
Special events, net	383,943	-	-	383,943	382,489
United Way allocations	364,224	-	-	364,224	394,916
Total public support	6,061,167	1,240,809	-	7,301,976	7,137,742
Other revenue:					
Program service fees	9,626,033	-	-	9,626,033	8,883,702
Membership dues	17,846,177	-	-	17,846,177	17,706,605
Investment income (loss)	1,002,367	66,060	-	1,068,427	(388,862)
Sales to members	615,710	-	-	615,710	468,998
Miscellaneous revenue	113,415	-	-	113,415	143,806
Total other revenue	29,203,702	66,060	-	29,269,762	26,814,249
Net assets released from restrictions	577,031	(577,031)	-	-	-
Total public support and revenue	35,841,900	729,838	-	36,571,738	33,951,991

(continued)

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Statement of Activities - Continued

	Unrestricted	Temporarily Restricted	Permanently Restricted	December 31, 2012 Total	December 31, 2011 Total
Expenses:					
Program services:					
Adult wellness	6,434,111	-	-	6,434,111	4,113,425
Childcare and family	17,788,804	-	-	17,788,804	19,001,480
Comprehensive youth development	6,511,155	-	-	6,511,155	6,720,407
Total program services	30,734,070	-	-	30,734,070	29,835,312
Supporting services:					
Management and general	3,463,196	-	-	3,463,196	3,821,991
Fundraising	598,700	-	-	598,700	696,924
Total supporting services	4,061,896	-	-	4,061,896	4,518,915
Total expenses	34,795,966	-	-	34,795,966	34,354,227
Change in net assets	1,045,934	729,838	-	1,775,772	(402,236)
Net assets at beginning of year	29,063,911	671,413	100,000	29,835,324	30,237,560
Net assets at end of year	$ 30,109,845	1,401,251	100,000	31,611,096	29,835,324

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended December 31, 2012
(With Comparative Financial Information for December 31, 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets:	$ 1,775,772	(402,236)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,300,953	2,999,550
(Gain) loss on disposal of equipment	(7,143)	(2,000)
Change in derivative liability - interest rate swaps	(173,691)	723,565
Investment losses (gains)	(779,058)	598,247
Changes in operating assets and liabilities:		
Receivables	(73,385)	34,552
Prepaid expenses and other assets	(127,454)	87,441
Accounts payable and accrued expenses	149,150	45,576
Unearned membership dues	8,536	(27,775)
Unearned contributions	(361,824)	472,259
Total adjustments	1,936,084	4,931,415
Net cash provided by operating activities	3,711,856	4,529,179
Cash flows from investing activities:		
Purchases of equipment and capital improvements	(2,094,185)	(1,943,749)
Proceeds from sale of equipment	33,260	12,219
Sales (purchases) of investments, net	(1,316,851)	1,322,029
Net cash used in investing activities	(3,377,776)	(609,501)
Cash flows from financing activities:		
Principal payments on promissory note	(1,300,000)	(600,000)
Payments on capital lease obligations	(259,081)	(348,988)
Net cash used in financing activities	(1,559,081)	(948,988)
Net increase (decrease) in cash and cash equivalents	(1,225,001)	2,970,690
Cash and cash equivalents at beginning of year	6,964,508	3,993,818
Cash and cash equivalents at end of year	$ 5,739,507	6,964,508
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 781,815	786,627

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2012
(With Summarized Financial Information for December 31, 2011)

	Program Services			
	Adult Wellness	Childcare and Family	Comprehensive Youth Development	Total Program
Salaries	$ 3,655,142	7,487,237	2,459,349	13,601,728
Employee benefits	212,270	578,667	225,694	1,016,631
Payroll taxes	248,510	786,040	228,885	1,263,435
Total salaries and related expenses	4,115,922	8,851,944	2,913,928	15,881,794
Contract services	19,395	943,508	2,474,538	3,437,441
Supplies	199,071	838,437	470,996	1,508,504
Telephone	52,865	186,750	14,363	253,978
Postage and shipping	5,192	57,366	3,508	66,066
Occupancy	762,380	2,729,080	195,091	3,686,551
Maintenance	256,755	524,176	59,095	840,026
Printing	20,432	80,651	13,730	114,813
Travel	21,805	215,819	84,258	321,882
Conference and meetings	60,985	96,275	63,298	220,558
Special assistance	-	-	67,744	67,744
National support and other dues	948	283,892	2,753	287,593
Awards and grants	-	12,000	2,375	14,375
Insurance	-	63,886	897	64,783
Miscellaneous	2,465	51,002	5,417	58,884
Subtotal	5,518,215	14,934,786	6,371,991	26,824,992
Depreciation and amortization	773,413	2,410,026	117,514	3,300,953
Interest and financing	183,179	570,803	27,833	781,815
Change in derivative liability	(40,696)	(126,811)	(6,183)	(173,690)
Subtotal	915,896	2,854,018	139,164	3,909,078
Total expenses	$ 6,434,111	17,788,804	6,511,155	30,734,070

Supporting Services			Total	Total
Management and General	Fund Raising	Total Support	Year Ended December 31, 2012	Year Ended December 31, 2011
1,729,297	338,745	2,068,042	15,669,770	15,264,751
227,702	53,908	281,610	1,298,241	1,422,096
137,416	28,326	165,742	1,429,177	1,475,601
2,094,415	420,979	2,515,394	18,397,188	18,162,448
628,160	59,259	687,419	4,124,860	3,797,263
37,806	9,445	47,251	1,555,755	1,574,228
56,344	1,325	57,669	311,647	353,928
32,405	2,140	34,545	100,611	127,995
9,367	540	9,907	3,696,458	3,630,146
(250,995)	1,786	(249,209)	590,817	345,239
519,734	14,287	534,021	648,834	690,163
47,172	1,999	49,171	371,053	331,292
152,947	58,836	211,783	432,341	253,611
500	7,250	7,750	75,494	24,814
47,314	2,105	49,419	337,012	303,132
2,500	-	2,500	16,875	5,000
45,035	-	45,035	109,818	107,718
40,492	18,749	59,241	118,125	137,508
3,463,196	598,700	4,061,896	30,886,888	29,844,485
-	-	-	3,300,953	2,999,550
-	-	-	781,815	786,627
-	-	-	(173,690)	723,565
-	-	-	3,909,078	4,509,742
3,463,196	598,700	4,061,896	34,795,966	34,354,227

(1) Summary of Significant Accounting Policies

(a) Organization

The Tampa Metropolitan Area Young Men's Christian Association, Inc.'s (the "Association") mission: To put Judeo-Christian principles into practice through programs that build healthy spirit, mind and body for all.

The Association changed its name from Tampa Metropolitan Area YMCA, Inc to the Tampa Metropolitan Area Young Men's Christian Association, Inc. in November 2012.

The accompanying financial statements include the Association's administrative office and the accounts of the Association's programs maintained in its following branches:

Bob Gilbertson Central City Family Branch
Bob Sierra Family Branch
Bob Sierra Youth & Family Center
Brandon Family Branch
Camp Cristina Branch
Campo Family Branch
Sulphur Springs
Downtown Branch (two sites)
Dade City Family Branch
East Pasco Branch
South Tampa Family Branch
New Tampa Family Branch
Northwest Hillsborough Family Branch
Plant City Family Branch
The First Tee of Tampa Bay (two sites)
YMCA Childcare Services Branch
YMCA Express at FishHawk
YMCA Express at West Park Village
YMCA Professional Services

(b) Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

(1) Summary of Significant Accounting Policies - Continued

(b) Fund Accounting - Continued

The Association follows the provisions of FASB Accounting Standards Codification Topic 958 "Not-for-Profit Entities" ("ASC 958"). This requires the Association to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values.

The Association utilizes restricted and unrestricted groupings to account for its resources. Contributions, grants receivable and pledges receivable are presented in these groupings as applicable, in the accompanying financial statements. ASC 958 requires a statement of financial position, a statement of activities and a statement of cash flows for not-for-profit organizations.

The assets, liabilities and net assets of the Association are reported in self-balancing fund groups as follows:

Unrestricted - accounts for all resources over which the Governance Board has discretionary control in carrying on the Association's operations.

Temporarily Restricted - accounts for all pledges and contributions restricted to specific Association projects most of which consist of specific programs or capital projects at the branches. Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. All contributions are available for unrestricted use unless specifically restricted by the donor.

Permanently Restricted - accounts for all pledges and contributions restricted into perpetuity. During 2008, the Association received a $100,000 donation to establish a permanent endowment fund. Terms of the donation require the funds to be segregated from the Association's operating fund. Earnings will be released to the Association for general operations.

(c) Investments

Investments consist of mutual funds and money market funds and are presented at fair value (see Note 2).

(1) Summary of Significant Accounting Policies - Continued

(c) Investments - Continued

The Association had an ownership interest in two fund of fund hedge funds which were organized for the purpose of trading and investing in securities and other financial instruments in order to generate consistent long-term capital appreciation with low volatility and little correlation with the equity and bond markets through a portfolio having a diversified risk profile. The funds' assets were invested in private investment funds with underlying investments made by the private investment fund which can include all types of securities, commodities and derivative financial instruments. In addition, one of the funds has hedged the exchange rate exposure through the use of forward foreign exchange contracts which are valued at the forward rate and marked to market. Each fund has secured debt as a part of its investing strategy. In accordance with the ownership agreements, profits and losses are allocated to all owners according to their respective interests in the funds. These funds were sold during 2012.

(d) Grants Receivable and Revenue

Grants receivable relate to support received from federal, state, and local grants. None of the amounts receivable at December 31, 2012 are deemed to be uncollectible. Therefore, no provision for uncollectible accounts has been made in the accompanying financial statements.

Revenue from federal, state, and local grants is recorded based upon terms of the grantor allotment which generally provide that revenue is earned when the allowable costs of the specific grant provisions have been incurred. Revenue is subject to audit by the grantor and if the examination results in a disallowance of any expenditure, repayment could be required. Management does not believe that any disallowances that may occur as a result of these audits would have a material impact on the financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance provides information by federal and state grant for the year ended December 31, 2012.

(e) Contributions Receivable

Contributions receivable represent unconditional promises to give by donors and are reflected in the financial statements at their net realizable value. The allowance is based on prior years' experience and management's analysis of specific promises made.

(f) Land, Buildings and Equipment

Land, buildings and equipment are recorded at either cost or fair value at the date of receipt of donation. The Association follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of $2,000 and a useful life of five years. The Association's policy is to test land, building and equipment for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. There were no events or changes in circumstances indicating that the carrying amounts may not be recoverable at December 31, 2012.

(1) Summary of Significant Accounting Policies – Continued

(g) Depreciation and Amortization

Depreciation and amortization are recorded based on the cost of the underlying assets over the estimated useful lives, principally on a straight-line basis. Furniture and equipment are depreciated over their estimated useful lives (primarily three to fifteen years). Buildings and leasehold improvements are depreciated or amortized over their estimated useful lives (primarily three to thirty years).

(h) Donated Services

No amounts have been recorded for donated services, since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Association's program services and its fund-raising campaign.

(i) Gifts in Kind

The Association is the recipient of materials and rental facilities of approximately $318,000 for the year ended December 31, 2012, which have been recorded in the accompanying statement of functional expenses.

(j) Cash Equivalents

Cash equivalents consist of highly liquid short-term money market instruments or certificates of deposit with an original maturity of three months or less.

(k) Derivative Financial Instruments

The Association makes limited use of derivative financial instruments for the purpose of managing its interest rate risk. Interest rate swaps are used to convert the Association's variable rate debt to a fixed rate. The differences between amounts paid and amounts received on interest rate swap agreements are recognized as interest expense. Interest rate swaps are measured at fair value and are recorded as a liability in the statement of financial position. Changes in fair value of derivative financial instruments are recognized as changes in net assets in the accompanying financial statements (see Note 3).

(l) Unearned Membership Dues

The Association's members pay membership fees in advance for annual, semi-annual, or quarterly membership. Certain prepaid memberships were received but not earned as of December 31, 2012. Included in the accompanying financial statements are $317,935 of unearned membership fees at December 31, 2012.

(1) Summary of Significant Accounting Policies – Continued

(m) Unearned Contributions

Unearned contributions primarily consist of matching contributions which have not been earned as of December 31, 2012.

(n) Functional Allocation of Expenses

The cost of providing the Association's various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as shown in the statement of functional expenses.

(o) Concentration of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and investments. The Association had cash on deposit in excess of federally insured limits at December 31, 2012. Investments consist of a variety of managed mutual funds. By their nature, investments are subject to market risk associated with uncertainty of investment markets. The Association manages this risk by diversification of its investment portfolio and advice from third-party investment advisors. Management does not believe that concentrations exist with respect to investments.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The most sensitive estimates affecting the financial statements are the collectability of pledges, useful lives of capital assets, and inputs for valuing derivative liabilities. Actual results could differ from these estimates.

(q) Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

(r) Income Taxes

The Association is a non-profit agency under the laws of the State of Florida and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(1) Summary of Significant Accounting Policies – Continued

(r) Income Taxes - Continued

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Association believes that it has no liability for taxes with respect to business income. However, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities.

The Association follows Accounting Standards Codification Topic 740, "Income Taxes" ("ASC 740"). A component of this standard prescribes a recognition and measurement threshold of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Association's policy is to recognize interest and penalties associated with tax positions under this standard as a component of tax expense, and none were recognized since there was no material impact of the application of this standard for the year ended December 31, 2012. The Association's information returns are open to IRS examination for the 2009 tax year and all subsequent years.

(s) Special Events

The Association conducts special events for the purpose of raising money for annual operations. The Association had special events revenue of approximately $514,000 with related expenses of approximately $130,000 during the year ended December 31, 2012.

(t) Reclassifications

Certain reclassifications have been made to the prior year comparative financial information to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

(2) Investments

Investments include the following as of December 31, 2012:

	2012	
	Cost	**Market**
Managed portfolio of mutual funds	$ 9,337,597	9,735,796
Money market funds	213,624	213,624
Total	$ 9,551,221	9,949,420

(2) Investments - Continued

Investment income for the year ended December 31, 2012 is summarized as follows:

		2012
Interest and dividends	$	289,369
Net realized and unrealized gains		779,058
Total	$	1,068,427

(3) Fair Value of Financial Instruments

The Association has adopted FASB Accounting Standards Codification Topic 820, "Fair Value and Measurement" ("ASC 820") which establishes a framework for using fair value to measure assets and liabilities and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price).

Under ASC 820, a fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance. ASC 820 requires disclosures that stratify balance sheet amounts measured at fair value based on inputs the Association used to derive fair value measurements. These strata include:

Level 1: valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume);

Level 2: valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market; and

Level 3: valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Association-specific data.

These unobservable assumptions reflect the Association's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

(3) Fair Value of Financial Instruments - Continued

Where such quoted market prices are not available, the Association typically employs quoted market prices of similar instruments (including matrix pricing) and/or discounted cash flows to estimate a value of these securities, or Level 2 measurements. Level 2 discounted cash flow analyses are typically based on market interest rates, prepayment speeds and/or option adjusted spreads. Derivatives consist of interest rate swaps and are included in liabilities on the balance sheet. Interest rate swaps are predominantly traded in over-the-counter markets, and as such, values are determined using widely accepted discounted cash flow models, or Level 2 measurements. These discounted cash flow models use projections of future cash payments/receipts that are discounted at mid-market rates. These valuations are adjusted for the unsecured credit risk at the reporting date, which considers collateral posted and the impact of master netting agreements.

Level 3 measurements include discounted cash flow analyses based on assumptions that are not readily observable in the market place. Such assumptions include projections of future cash flows, including loss assumptions, and discount rates. The fund of fund hedge funds are valued using Level 3 inputs which include inputs such as (1) type and nature of investments; (2) cost at date of purchase; (3) audited financial statements; (4) subscription on redemption rights, including any restrictions on the disposition of the interest; (5) restrictions on the investment; (6) fair market value of readily marketable securities within the funds; (7) information obtained from the various investment companies within the funds; and (8) estimates of the management groups within the various private investment companies in which the funds maintain investments.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

	Level 1	Level 2	Level 3	Fair Value
Assets:				
Mutual funds:				
International	2,487,912	-	-	2,487,912
Balanced	568,961	-	-	568,961
Domestic - stock	3,094,625	-	-	3,094,625
Domestic - equity	446,964	-	-	446,964
Taxable bond	2,802,040	-	-	2,802,040
Nontraditional bond	335,294	-	-	335,294
Money market funds	213,624	-	-	213,624
	$ 9,949,420	-	-	$ 9,949,420
Liabilities:				
Derivative liability	$ -	3,680,595	-	$ 3,680,595

(3) Fair Value of Financial Instruments - Continued

Assets and liabilities in all levels could result in volatile and material price fluctuations.

Level 3 realized gains have been included as a part of investment income in the statement of activities for the period ended December 31, 2012.

The following table presents a rollforward for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year:

Beginning balance, January 1, 2012	$	1,069,820
Sale of fund of fund hedge funds		(1,112,372)
Total gains realized		42,552
Ending balance, December 31, 2012	$	-

(4) Contributions Receivable, Net

Contributions receivable, net represents unconditional promises to give by donors from various fundraising campaigns by the Association at December 31, 2012 and is summarized as follows:

Total contributions receivable	$	456,815
Less allowance for uncollectible amounts		(72,717)
Less discount for present value (3.5%)		(4,531)
Net contributions receivable	$	379,567

Anticipated collection periods of contributions receivable at December 31, 2012 are summarized as follows:

Due within one year	$	434,184
Due within two to five years		22,631
	$	456,815

(5) Land, Buildings and Equipment, Net

A summary of land, buildings and equipment, net at December 31, 2012, is as follows:

Land	$	7,409,455
Buildings and improvements		50,352,506
Furniture and equipment		11,455,419
Construction in progress		222,324
		69,439,704
Less accumulated depreciation		(32,489,214)
Total	$	36,950,490

(6) Commitments

(a) Pension Plan

Substantially all full time Association employees are participants in a retirement plan administered by the Young Men's Christian Association Retirement Fund. The plan is a defined contribution plan and requires a contribution of 12% of participants' salaries. To be eligible to be enrolled in the plan, participants must have completed 1,000 hours of service during each of any two 12-month periods, beginning with date of hire. These two years do not have to be consecutive. Participants must be at least 21 years of age. Once participants are eligible, they will be enrolled in the plan and immediately vested. Total pension expense for 2012 was approximately $875,000.

(b) Operating Leases

A portion of the Association's operations are conducted in facilities under leases classified as operating leases. In addition, certain equipment is also leased under operating leases. The following is a schedule by years of approximate minimum rental payments for such operating leases expiring at various dates through 2022:

Year Ending December 31,		
2013	$	393,036
2014		366,344
2015		195,385
2016		44,501
2017		39,594
2018 and succeeding years		197,970
Total minimum payments required	$	1,236,830

Rent expense for the year ended December 31, 2012 was approximately $464,000.

(6) Commitments - Continued

(c) Letters of Credit

The Association has caused the Bank of America, N.A. to issue an irrevocable direct pay letter of credit not to exceed approximately $23,700,000. The related debt outstanding as of December 31, 2012 was $16,400,000 (Note 7). The Association has caused the Bank of America, N.A. to issue a $90,000 standby letter of credit in favor of the Association's insurance carrier, of which there were no drawings for the years ended December 31, 2012. The standby letter of credit expires on June 30, 2013.

(d) National Support

The Association is a member of the YMCA of the USA. The Association pays approximately 1% of earned revenue subject to financial support and not to exceed a maximum threshold established by the YMCA of the USA for national support. The national support expense was approximately $279,000 for the year ended December 31, 2012. The amount is included in national support on the statement of functional expenses.

(7) Promissory Note

The Association is obligated under a promissory note in the amount of $23,400,000 in favor of the Hillsborough County Industrial Development Authority (the "Authority") in conjunction with the Authority's issuance of $23,400,000 in Hillsborough County Industrial Development Authority Variable Rate Demand Revenue Bonds (Tampa Metropolitan Area YMCA, Inc. Project) Series 2000 (the "Bonds") issued on June 28, 2000, to finance the cost of acquisition, construction, renovation and equipping of certain YMCA facilities to be located in Hillsborough County, Florida.

The bond proceeds were loaned to the Association under a loan agreement between the Authority and the Association. The Authority, through a trust indenture between the Authority and the Bank of New York (the "Trustee"), assigned its rights under the loan agreement and the promissory note to the Trustee as security for the bonds.

Under the loan agreement, and a letter of credit and reimbursement agreement, and as additional security for the bonds, the Association caused the Bank of America N.A. (the "Bank") to issue an irrevocable direct pay letter of credit (also referred to as credit enhancement) in favor of the Trustee from which the Trustee will draw amounts to pay the principal and interest on the bonds. The Bank's credit rating therefore, is the determining credit factor for the interest rate charged by the purchasers of the bonds. The letter of credit was issued in an amount sufficient to pay the outstanding principal and unpaid interest on, or purchase price of the bonds, not to exceed $23,736,575. The letter of credit expires in June 2013.

The letter of credit and reimbursement agreement, and other related loan documents, contain certain loan covenants, including specific semi-annual financial ratios, with which the Association is in compliance at December 31, 2012.

(7) Promissory Note - Continued

The Association has executed a security agreement to secure the Association's obligation to repay the draws on the letter of credit. The promissory note specifies an interest rate as provided in the bonds. The bonds carry a variable rate of interest which is paid monthly and based on prevailing market interest rates in effect at the time of a weekly rate determination date (0.16% at December 31, 2012). The Association made $600,000 and $700,000 in bond principal reduction payments in January 2012 and December 2012. Bond principal maturities are as follows:

Year Ending December 31,	
2013	800,000
2014	800,000
2015	900,000
2016	900,000
2017	1,000,000
2018 - 2025	12,000,000
	$ 16,400,000

To protect itself from increases in market interest rates in year 2000, the Association executed an interest rate swap agreement with Bank of America, N.A. whereby, through a repurchase agreement arrangement, the Association will pay the Bank interest at fixed rates ranging from 4.8% to 5% on various portions of the net bond proceeds (notional principal amounts are $9,997,500 and $3,332,500 at December 31, 2012) in exchange for receiving interest at variable rates, based on the interest rates determined by Bank of America Securities, L.L.C. (the "Remarketing Agent") on a weekly basis as part of the Remarketing Agent's services under the trust indenture.

The agreement was executed to hedge 70% of the Association's $23,400,000 variable rate bond issue to a fixed rate. Two swaps were executed. The first of these was executed for 75% and the second for 25% of the hedged balance. The 75% swap is priced at 5.00% and the 25% swap is priced at 4.80%. Both swaps are for a period of 25 years. The 4.80% swap has a cancellation provision at the provider bank's option that began in 2010 and extends until maturity.

The interest rate swaps are derivative financial instruments, measured at fair value, and recorded as a liability in the accompanying statement of financial position. The liability represents the estimated amount the Association would be required to pay to terminate the swap agreement.

The change in fair value during 2012, respectively, an approximate $174,000 decrease in the liability, is recognized in the accompanying statement of activities as a increase in net assets. If these interest rate swaps are held to maturity, the cumulative effect of this liability on the change in net assets would be zero. The interest rate swap agreement exposes the Association to credit loss in the event of non-performance by the Bank. However, the Association does not anticipate non-performance by the Bank.

(7) Promissory Note - Continued

The following table presents a rollforward for the derivative liability as of December 31, 2012:

	Derivative Liability
Beginning balance, January 1, 2012	$ 3,854,286
Total unrealized (gains)/losses	(173,691)
Ending balance, December 31,	$ 3,680,595

(8) Loan Agreement

During January 2012, the Association entered into a loan agreement with a financial institution for $900,000. The funds are to be utilized for the purpose of renovating parking lots at the Bob Sierra Family Branch and the South Tampa Family Branch. The note has a draw facility whereby the Association may borrow amounts through January 13, 2013 at a rate of one month LIBOR plus 2%. No funds were drawn during the year ended December 31, 2012. The agreement expires in January 2017.

(9) Capital Leases

The Association leases fitness equipment and accounts for the leases as capital leases. The following is a schedule of leased equipment under capital leases at December 31, 2012:

Leased equipment	$ 928,966
Less accumulated depreciation	(442,239)
	$ 486,727

Minimum lease payments under capital leases at December 31, 2012 and for each of the next five years and in the aggregate are as follows:

Year Ending December 31,	
2013	$ 276,575
2014	144,004
Total minimum payments required	420,579
Less amount representing interest	(43,172)
Present value of minimum lease payments	$ 377,407

(10) Temporarily Restricted Contributions

Temporarily restricted net assets at December 31, 2012 consist of the following:

2013 Annual Giving Campaign	$	426,152
Facility and Programs		975,099
Total	$	1,401,251

(11) Subsequent Events

The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 25, 2013 the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Year Ended December 31, 2012

Federal Grantor / Program Title	Contract Number	Federal CFDA Number	Expenditures	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services				
Early Childhood Development				
Passed-through Hillsborough County Board of Commissioners				
Early Headstart	04CH3035/46	93.600	$ 720,183	$ 467,676
			720,183	467,676
Early Childhood Development				
Passed-through Hillsborough County Board of Commissioners				
Early Headstart	04CH3035/47	93.600	254,089	148,224
			254,089	148,224
Promoting Safe and Stable Families				
Passed-through Florida Department of Children and Families				
Passed-through Hillsborough Kids, Inc.				
Kinship Care/Parents as Partners	HKIF50	93.556	315,725	264,128
			315,725	264,128
Promoting Safe and Stable Families				
Passed-through Eckerd Community Alternatives				
Kinship Care/Parents as Partners	ECAH-DIV-YMC-FY13	93.556	39,395	28,945
			39,395	28,945
Child Welfare Services				
Passed-through Eckerd Community Alternatives				
Kinship Care/Parents as Partners	ECAH-DIV-YMC-FY13	93.645	5,969	4,385
			5,969	4,385
Child Abuse and Neglect				
Passed-through Eckerd Community Alternatives				
Kinship Care/Parents as Partners	ECAH-DIV-YMC-FY13	93.669	7,508	5,516
			7,508	5,516
Total U.S. Department of Health and Human Services			1,342,869	918,874
U.S. Department of Housing and Urban Development				
Community Development Block Grants				
Passed-through Hillsborough County Board of Commissioners				
SSFRA - Bing	NPE01123	14.218	13,325	-
			13,325	-
Total U.S. Department of Housing and Urban Development			13,325	-
Corporation for National and Community Services				
Strengthens Communities				
Passed-through AmeriCorps				
Passed-through Florida Commission on Community Service				
Neighborhoods BEST	N/A	94.021	19,515	-
Total Corporation for National and Community Services			19,515	-
Total Expenditures of Federal Awards			$ 1,375,709	$ 918,874

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance - Continued

State Awards Funding Source and Grant Program	Contract Number	CSFA Number	Expenditures	Amounts Provided to Subrecipients
Department of Health and Human Services				
Child Welfare Services - State Grants				
Passed-through Eckerd Community Alternatives				
Kinship Care/Parents as Partners	ECAH-DIV-YMC-FY13	93.645	$ 1,990	$ 1,462
			1,990	1,462
Block Grants for Community Mental Health Services				
Passed-through Eckerd Community Alternatives				
Kinship Care/Parents as Partners	ECAH-DIV-YMC-FY13	93.958	24,591	18,065
			24,591	18,065
Total Department of Health and Human Services			26,581	19,527
State Department of Children and Families				
Community Based Care Supports				
Passed-through Eckerd Community Alternatives				
Kinship Care/Parents as Partners	ECAH-DIV-YMC-FY13	60.094	226,774	166,596
			226,774	166,596
Total State Department of Children and Families			$ 226,774	166,596
Total Expenditures of State Financial Assistance			$ 253,355	$ 186,123
Total Expenditures of Federal and State Agency Awards			$ 1,629,064	$ 1,104,997

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Year Ended December 31, 2012

(1) <u>Basis of Presentation</u>

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the federal and state grant activity of Tampa Metropolitan Area Young Men's Christian Association, Inc. (the "Association") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

(2) <u>Contingencies</u>

These federal and state programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Association's continued participation in specific programs. The amounts, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Association expects such amounts, if any, to be immaterial.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governance Board
Tampa Metropolitan Area Young Men's Christian Association, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tampa Metropolitan Area Young Men's Christian Association, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

April 25, 2013
Clearwater, Florida

MHM

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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with OMB Circular A-133

Governance Board
Tampa Metropolitan Area Young Men's Christian Association, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Tampa Metropolitan Area Young Men's Christian Association, Inc.'s (the "Association") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended December 31, 2012. The Association's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Association's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

April 25, 2013
Clearwater, Florida

TAMPA METROPOLITAN AREA YOUNG MEN'S CHRISTIAN ASSOCIATION, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2012

Section l - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	**Unqualified**	
Internal control over financial reporting		
Material weakness(es) identified?	____ yes	X none
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X none

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	____ yes	X none
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ yes	X none reported
Type of auditors' report issued on compliance for major programs	**Unqualified**	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	____ yes	X none

Identification of major programs:

CFDA Number	Name of Federal Program
93.556	Promoting Safe and Stable Families Passed-through Hillsborough Kids, Inc. Passed-through Eckerd Community Alternatives

Schedule of Findings and Questioned Costs - Continued

Section I - Summary of Auditors' Results - Continued

Dollar threshold used to distinguish between type A and type B programs	$ 300,000
Auditee qualified as low-risk auditee under provisions of OMB Circular A-133?	X yes ____ no

Section II - Financial Statement Findings

No matters were reported for the year ended December 31, 2012, and no matters were reported for the prior year.

Section III - Federal Award Findings and Questioned Costs

No matters were reported for the year ended December 31, 2012.

Section IV - Summary Schedule of Prior Audit Findings

No matters were reported for the year ended December 31, 2011.