YOUNG MEN'S CHRISTIAN ASSOCIATION
OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Financial Statements

December 31, 2018 and 2017
(With Independent Auditor's Report Thereon)

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

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Independent Auditor's Report

The Board of Directors
Young Men's Christian Association of the Suncoast, Inc.
d/b/a YMCA of the Suncoast:

Report on the Financial Statements

We have audited the accompanying financial statements of Young Men's Christian Association of the Suncoast, Inc. d/b/a YMCA of the Suncoast (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 Young Men's Christian Association of the Suncoast, Inc. d/b/a YMCA of the Suncoast as of December 31, 2018 and 2017, and the changes in its net assets, its functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

April 23, 2019
Clearwater, Florida

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statement of Financial Position

December 31, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Assets				
Cash and cash equivalents (Note 16)	$ 2,999,267	193,566	3,192,833	2,795,361
Accounts receivable:				
Trade, net	277,907	-	277,907	282,251
Grants	-	259,562	259,562	239,862
Other	20,659	-	20,659	178,456
Prepaid expenses	140,251	-	140,251	151,289
Contributions receivable (Notes 4, 7 and 19)	-	741,490	741,490	966,204
Investments, at market (Notes 3 and 15)	7,790,105	2,577,666	10,367,771	10,954,684
Land, buildings and equipment, net (Notes 5, 6, 7 and 9)	26,674,600	638,476	27,313,076	28,213,393
Receivable under interest rate swap agreement (Notes 6 and 15)	82,464	-	82,464	41,922
Total assets	$ 37,985,253	4,410,760	42,396,013	43,823,422
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 1,829,334	-	1,829,334	1,679,679
Deferred membership and program revenue	679,296	-	679,296	677,129
Deferred rental income (Note 8)	291,417	-	291,417	313,167
Line of credit - capital expansion (Note 7)	249,265	-	249,265	482,178
Obligation under capital leases (Note 9)	117,547	-	117,547	164,162
Insurance financing	58,060	-	58,060	41,664
Long-term debt (Note 6)	6,431,874	-	6,431,874	7,080,502
Total liabilities	9,656,793	-	9,656,793	10,438,481
Net assets:				
Without donor restrictions:				
Designated for general endowment (Note 12)	2,512,473	-	2,512,473	2,543,269
Designated for other purposes (Note 10)	8,162,913	-	8,162,913	8,373,095
Undesignated	17,653,074	-	17,653,074	17,916,168
	28,328,460	-	28,328,460	28,832,532
With donor restrictions (Notes 11 and 12)	-	4,410,760	4,410,760	4,552,409
Total net assets	28,328,460	4,410,760	32,739,220	33,384,941
Commitments, contingencies and related party transactions (Notes 9, 20 and 21)				
Total liabilities and net assets	$ 37,985,253	4,410,760	42,396,013	43,823,422

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statement of Financial Position

December 31, 2017

		Without Donor Restrictions	With Donor Restrictions	Total
Assets				
Cash and cash equivalents (Note 16)	$	2,553,783	241,578	2,795,361
Accounts receivable:				
Trade, net		282,251	-	282,251
Grants		165,331	74,531	239,862
Other		178,456	-	178,456
Prepaid expenses		151,289	-	151,289
Contributions receivable (Notes 4, 7 and 19)		-	966,204	966,204
Investments, at market (Notes 3 and 15)		8,323,064	2,631,620	10,954,684
Land, buildings and equipment, net (Notes 5, 6, 7 and 9)		27,574,917	638,476	28,213,393
Receivable under interest rate swap agreement (Notes 6 and 15)		41,922	-	41,922
Total assets	$	39,271,013	4,552,409	43,823,422
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$	1,679,679	-	1,679,679
Deferred membership and program revenue		677,129	-	677,129
Deferred rental income (Note 8)		313,167	-	313,167
Line of credit - capital expansion (Note 7)		482,178	-	482,178
Obligation under capital leases (Note 9)		164,162	-	164,162
Insurance financing		41,664	-	41,664
Long-term debt (Note 6)		7,080,502	-	7,080,502
Total liabilities		10,438,481	-	10,438,481
Net assets:				
Without donor restrictions:				
Designated for general endowment (Note 12)		2,543,269	-	2,543,269
Designated for other purposes (Note 10)		8,373,095	-	8,373,095
Undesignated		17,916,168	-	17,916,168
		28,832,532	-	28,832,532
With donor restrictions (Notes 11 and 12)		-	4,552,409	4,552,409
Total net assets		28,832,532	4,552,409	33,384,941
Commitments, contingencies and related party transactions (Notes 9, 20 and 21)				
Total liabilities and net assets	$	39,271,013	4,552,409	43,823,422

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statement of Activities

Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Operating support and revenue:				
Program services fees (Note 18)	$ 12,839,882	-	12,839,882	12,655,372
Membership	10,622,741	-	10,622,741	10,494,266
Contributions	928,011	351,095	1,279,106	1,045,386
United Way	20,076	51,673	71,749	295,188
Grants	792,945	434,446	1,227,391	1,250,281
Special events, net	188,188	-	188,188	165,487
Rental income (Note 8)	21,750	-	21,750	48,000
Other	184,261	-	184,261	244,316
	25,597,854	837,214	26,435,068	26,198,296
Net assets released from restrictions:				
Satisfaction of use restrictions	766,289	(766,289)	-	-
Expiration of time restrictions	375,715	(375,715)	-	-
Total support and revenue	26,739,858	(304,790)	26,435,068	26,198,296
Operating expenses:				
Program services	21,495,226	-	21,495,226	20,802,159
Supporting services:				
Management and general	3,234,300	-	3,234,300	3,176,638
Development and fundraising	514,000	-	514,000	424,877
Total expenses before depreciation and amortization	25,243,526	-	25,243,526	24,403,674
Increase (decrease) in net assets from operations before depreciation and amortization	1,496,332	(304,790)	1,191,542	1,794,622
Depreciation and amortization expense	2,306,070	-	2,306,070	2,219,368
Decrease in net assets from operations	(809,738)	(304,790)	(1,114,528)	(424,746)
Other changes:				
Investment return (Note 3)	(115,981)	(131,175)	(247,156)	705,687
Contributions and grants for acquisition of capital assets	43,452	87,785	131,237	315,271
Contributions to endowment	313,420	206,531	519,951	52,239
Gain on sale of property and equipment	24,233	-	24,233	10,940
Change in fair value of interest rate swap	40,542	-	40,542	30,556
Increase (decrease) in net assets	(504,072)	(141,649)	(645,721)	689,947
Net assets, beginning of year	28,832,532	4,552,409	33,384,941	32,694,994
Net assets, end of year	$ 28,328,460	4,410,760	32,739,220	33,384,941

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statement of Activities

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue:			
Program services fees (Note 18)	$ 12,655,372	-	12,655,372
Membership	10,494,266	-	10,494,266
Contributions	881,823	163,563	1,045,386
United Way	37,638	257,550	295,188
Grants	1,088,223	162,058	1,250,281
Special events, net	165,487	-	165,487
Rental income (Note 8)	48,000	-	48,000
Other	244,316	-	244,316
	25,615,125	583,171	26,198,296
Net assets released from restrictions:			
Satisfaction of use restrictions	750,854	(750,854)	-
Expiration of time restrictions	538,579	(538,579)	-
Total support and revenue	26,904,558	(706,262)	26,198,296
Operating expenses:			
Program services	20,802,159	-	20,802,159
Supporting services:			
Management and general	3,176,638	-	3,176,638
Development and fundraising	424,877	-	424,877
Total expenses before depreciation and amortization	24,403,674	-	24,403,674
Increase (decrease) in net assets from operations before depreciation and amortization	2,500,884	(706,262)	1,794,622
Depreciation and amortization expense	2,219,368	-	2,219,368
Increase (decrease) in net assets from operations	281,516	(706,262)	(424,746)
Other changes:			
Investment return (Note 3)	380,346	325,341	705,687
Contributions and grants for acquisition of capital assets	-	315,271	315,271
Contributions to endowment	-	52,239	52,239
Gain on sale of property and equipment	10,940	-	10,940
Change in fair value of interest rate swap	30,556	-	30,556
Increase (decrease) in net assets	703,358	(13,411)	689,947
Net assets, beginning of year	28,129,174	4,565,820	32,694,994
Net assets, end of year	$ 28,832,532	4,552,409	33,384,941

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statement of Functional Expenses

Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Program Services	Supporting Services		Total	
	Family Programs	Management and General	Development and Fund Raising	2018	2017
Salaries	$ 11,870,601	2,023,059	251,049	14,144,709	13,812,357
Employee benefits (Note 14)	1,330,467	283,261	48,691	1,662,419	1,629,362
Payroll taxes	883,500	142,519	18,100	1,044,119	1,014,691
Total salaries and related expenses	14,084,568	2,448,839	317,840	16,851,247	16,456,410
Contractual and professional fees	391,627	250,126	10,857	652,610	701,694
Program subcontractor expense	21,142	-	-	21,142	-
Supplies	1,238,796	27,296	1,544	1,267,636	1,252,537
Telephone	57,564	10,409	-	67,973	71,967
Postage and shipping	7,308	7,881	2,573	17,762	21,828
Occupancy	3,353,989	81,134	9,637	3,444,760	3,238,746
Equipment expense	384,398	68,586	36,329	489,313	405,824
Printing / public relations	93,148	134,123	112,757	340,028	307,790
Travel and transportation	144,592	19,532	3,004	167,128	172,284
Conferences	176,310	53,621	5,638	235,569	203,006
Payment of dues	367,278	13,029	6,637	386,944	354,568
Awards and grants	1,170	14,635	-	15,805	41,875
Interest and financing costs (Note 17)	227,850	25,444	-	253,294	251,981
Insurance (Note 20)	346,570	51,695	5,744	404,009	386,524
Bad debt expense	135,503	-	-	135,503	80,174
Bank charges	442,592	19,318	1,440	463,350	434,318
In-kind expenses	14,264	-	-	14,264	11,030
Miscellaneous	6,557	8,632	-	15,189	11,118
Total expenses before depreciation and amortization	21,495,226	3,234,300	514,000	25,243,526	24,403,674
Depreciation and amortization	2,168,252	123,272	14,546	2,306,070	2,219,368
Total expenses - 2018	$ 23,663,478	3,357,572	528,546	27,549,596	
Total expenses - 2017	$ 22,886,091	3,297,745	439,206		26,623,042

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services	Supporting Services		
	Family Programs	Management and General	Development and Fund Raising	Total
Salaries	$ 11,744,451	1,862,697	205,209	13,812,357
Employee benefits (Note 14)	1,303,076	277,859	48,427	1,629,362
Payroll taxes	872,834	126,501	15,356	1,014,691
Total salaries and related expenses	13,920,361	2,267,057	268,992	16,456,410
Contractual and professional fees	377,603	311,745	12,346	701,694
Supplies	1,222,837	27,709	1,991	1,252,537
Telephone	58,204	12,514	1,249	71,967
Postage and shipping	9,830	8,235	3,763	21,828
Occupancy	3,129,118	97,984	11,644	3,238,746
Equipment expense	264,782	124,375	16,667	405,824
Printing / public relations	112,850	108,139	86,801	307,790
Travel and transportation	142,233	26,897	3,154	172,284
Conferences	141,513	56,552	4,941	203,006
Payment of dues	340,087	8,503	5,978	354,568
Awards and grants	250	39,625	2,000	41,875
Interest and financing costs (Note 17)	229,559	22,422	-	251,981
Insurance (Note 20)	340,677	41,262	4,585	386,524
Bad debt expense	80,174	-	-	80,174
Bank charges	414,529	19,070	719	434,318
In-kind expenses	11,030	-	-	11,030
Miscellaneous	6,522	4,549	47	11,118
Total expenses before depreciation and amortization	20,802,159	3,176,638	424,877	24,403,674
Depreciation and amortization	2,083,932	121,107	14,329	2,219,368
Total expenses	$ 22,886,091	3,297,745	439,206	26,623,042

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statements of Cash Flows

Years Ended December 31, 2018 and 2017

		2018	2017
Cash flows from operating activities:			
Increase (decrease) in net assets	$	(645,721)	689,947
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Depreciation and amortization		2,306,070	2,219,368
Bad debt expense		135,503	80,174
Noncash contributed use of land		(21,887)	(28,189)
Noncash contribution of stock		(7,441)	(8,806)
Gain on disposal of property and equipment		(24,233)	(10,940)
Net depreciation (appreciation) on investments		598,214	(423,236)
Change in fair value of interest rate swap		(40,542)	(30,556)
Cash received from contributions and grant restricted for acquisition and improvement of capital assets		(54,437)	(273,846)
Change in operating assets and liabilities:			
Decrease in trade accounts receivable		4,344	7,791
Increase in grants receivable		(19,700)	(19,322)
Decrease (increase) in prepaid expenses		11,038	(8,886)
Decrease in contributions receivable		111,098	338,230
Decrease (increase) in other receivables		157,797	(69,501)
Increase in accounts payable and accrued expenses		149,655	674,408
Decrease in deferred rental income		(21,750)	(48,000)
Increase (decrease) in deferred revenue		2,167	(156,201)
Net cash provided by operating activities		2,640,175	2,932,435
Cash flows from investing activities:			
Purchases of property and equipment		(1,383,065)	(1,867,325)
Proceeds from sale of property and equipment		28,648	29,655
Purchases of investments		(6,859,549)	(8,247,083)
Proceeds from sale of investments		6,855,689	8,011,356
Net cash used in investing activities		(1,358,277)	(2,073,397)

(Continued)

YOUNG MEN'S CHRISTIAN ASSOCIATION OF THE SUNCOAST, INC.
D/B/A YMCA OF THE SUNCOAST

Statements of Cash Flows - Continued

	2018	2017
Cash flows from financing activities:		
Cash received from contributions and grant restricted for acquisition and improvement of capital assets	$ 54,437	273,846
Net repayments on line of credit	(240,600)	(368,005)
Principal payments on long-term debt	(628,305)	(634,372)
Debt issuance costs paid	(23,343)	-
Principal payments on capital lease obligations	(46,615)	(16,712)
Net cash used in financing activities	(884,426)	(745,243)
Net increase in cash and cash equivalents	397,472	113,795
Cash and cash equivalents at beginning of year	2,795,361	2,681,566
Cash and cash equivalents at end of year	$ 3,192,833	2,795,361
Supplemental disclosure:		
Cash paid for interest	$ 255,241	254,073
Non-cash investing and financing activities:		
Acquisition of equipment through capital lease obligation	$ -	25,111

(1) Description of Organization

Young Men's Christian Association of the Suncoast, Inc., d/b/a YMCA of the Suncoast (the "Organization"), is a Florida not-for-profit corporation and a member of the Association of the National Council of the Young Men's Christian Associations of the U.S.A. The Organization's purpose is to advance the cause of strengthening community through youth development, healthy living and social responsibility. The YMCA is a powerful association of men, women, and children committed to bringing about lasting personal and social change. With a focus on nurturing the potential of every child and teen, improving the nation's health and well-being and providing opportunities to give back and support neighbors, the YMCA enables youth, adults, families and communities to be healthy, confident, connected and secure. YMCA of the Suncoast is committed to providing programs which strengthen the communities of Pinellas, Pasco, Hernando and Citrus Counties, Florida. The accompanying financial statements include the Suncoast administrative office and the accounts of the Organization's programs maintained at the following branches:

- Clearwater Family Branch YMCA
- Hernando County Family Branch YMCA
- High Point Family Branch YMCA
- North Pinellas Family Branch YMCA
- James P. Gills Family/West Pasco Branch YMCA
- Greater Ridgecrest Family Branch YMCA
- Greater Palm Harbor Family Branch YMCA
- Citrus Memorial Health Foundation Branch YMCA
- YMCA School Age Program Services

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

(b) Financial Accounting Standards

The Financial Accounting Standards Board (FASB) issued authoritative guidance establishing two levels of GAAP - authoritative and nonauthoritative - and making the Accounting Standards Codification (ASC) the source of authoritative, nongovernmental GAAP, except for rules interpretive releases of the Securities and Exchange Commission. This guidance has been incorporated into ASC Topic 105, *Generally Accepted Accounting Principles.*

(2) Summary of Significant Accounting Policies - Continued

(c) Fair Value Measurement

The Organization has adopted the provisions of ASC Topic 820, *Fair Value Measurement.* ASC 820 requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

The carrying amount reported in the statements of financial position for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

(d) Cash and Cash Equivalents

The Organization considers all money market funds and certificates of deposit, with original maturities of three months or less to be cash equivalents.

(e) Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Organization's Board of Directors (the "Board") and/or management for general operating purposes. From time to time, the Organization's Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Organization's Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions 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 a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities without donor restrictions as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Organization to spend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

(2) Summary of Significant Accounting Policies - Continued

(f) Contributions

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is recognized are presented as revenues without donor restrictions. Promises to give that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

(g) Accounts Receivable

Accounts receivable consists primarily of outstanding membership and program fees and amounts due under contracts with funders for services provided by the Organization. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts (when applicable). The allowance for doubtful accounts is based on historical receivable collection experience. At December 31, 2018 and 2017, the allowance for doubtful accounts was approximately $279,000 and $256,000, respectively.

(h) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the Organization's Statements of Financial Position.

Unrealized gains and losses are included in other changes in the Statements of Activities. Restrictions on investment earnings are reported as increases in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the earnings are recognized.

(i) Land, Buildings and Equipment

Depreciation of buildings and equipment is computed using the straight-line method over the estimated useful lives of the related assets. Land, buildings and equipment are stated at cost, or if contributed, at fair value at the date of donation. The Organization capitalizes additions that equal or exceed $1,500. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. The estimated useful lives of related asset classes are: 5 to 40 years for buildings and improvements and 3 to 10 years for furniture, equipment and vehicles.

Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

(2) Summary of Significant Accounting Policies - Continued

(j) Special Events Revenue and Expense

The Organization reports special events revenue net of related expenses in the accompanying Statements of Activities. Special events revenue was $368,913 and $330,472 in 2018 and 2017, respectively. Special events expense was $180,725 and $164,985 in 2018 and 2017, respectively.

(k) Income Taxes

The Organization has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 and has been classified as an organization that is not a private foundation under Section 509(a).

The Organization applies ASC Topic 740, *Income Taxes* (ASC 740). ASC 740 prescribes a recognition and measurement standard for uncertain 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. There is no material impact on the Organization's financial position or changes in net assets as a result of the application of this standard. The Organization's policy is to recognize interest and penalties associated with tax positions under this standard as a component of income tax expense, and none were recognized since there was no material impact of the overall application of this standard.

The tax years that remain subject to examination are 2015 through 2018 for all major tax jurisdictions.

(l) Functional Expense Allocations

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on time spent by employees on each functional area.

(m) Estimates in Financial Statements

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 amounts of increases or decreases in net assets during the period. Actual results could differ from those estimates.

(2) Summary of Significant Accounting Policies - Continued

(n) Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement or in the notes to the financial statements and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU as of and for the year ended December 31, 2018. As a result, the Organization changed the presentation of its net asset classes and expanded its footnote disclosures as required by the ASU.

(o) Reclassifications

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation.

(3) Investments

At December 31, 2018 and 2017, the cost and market value of investments were as follows:

		2018		2017	
		Cost	Market	Cost	Market
Cash and cash equivalents	$	2,852,747	2,852,747	2,202,979	2,202,979
Fixed income		3,895,971	3,827,199	4,919,354	4,859,390
Equities - mutual funds		3,806,811	3,687,825	3,426,025	3,892,315
	$	10,555,529	10,367,771	10,548,358	10,954,684

At December 31, 2018 and 2017, none of the Organization's investments in corporate bonds or mutual funds are concentrated in a single entity or industry. In addition, the Organization's mutual fund investments represent shares in registered investment companies which own diversified portfolios. The mutual funds invest primarily in equity securities.

(3) Investments - Continued

The following schedule summarizes investment return and other investment activity for the years ended December 31, 2018 and 2017:

	2018	2017
Investments at market, beginning of year	$ 10,954,684	10,286,915
Interest and dividends	351,058	282,451
Net realized and unrealized gains (losses)	(598,214)	423,236
Total investment return	(247,156)	705,687
Deposits	656,959	588,639
Donated stock	7,441	8,806
Withdrawals	(964,756)	(597,795)
Investment management fees	(39,401)	(37,568)
Net increase (decrease) in investments	(586,913)	667,769
Investments at market, end of year	$ 10,367,771	10,954,684

Investment management fees are included in bank charges in the accompanying Statements of Functional Expenses.

(4) Contributions Receivable

Contributions receivable which are due in more than one year are recorded at estimated fair value by discounting future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected contribution collection period. As of December 31, 2018 and 2017, the average discount rate was 2% in each year. Management evaluates the allowance for uncollectible contributions on an annual basis and makes adjustments to the allowance as deemed necessary.

(4) Contributions Receivable - Continued

Contributions receivable consist of the following at December 31, 2018 and 2017:

		2018	2017
Contributions without donor restrictions	$	100,000	-
Contributions restricted for the development of new facilities		239,353	471,728
Contributions restricted for endowment		147,500	65,000
Contribution restricted for United Way funded programs		78,144	163,813
Gross contributions receivable		564,997	700,541
Less:			
Allowance for uncollectible contributions		(18,291)	(17,294)
Unamortized discount		(6,710)	(8,867)
Net contributions receivable - cash		539,996	674,380
Land use contribution - Greater Ridgecrest		201,494	291,824
Total contributions receivable, net	$	741,490	966,204

Cash pledges are due to be collected as follows at December 31, 2018 and 2017:

		2018	2017
Cash amounts due in :			
Less than one year	$	397,219	421,434
One to five years		160,028	263,857
More than five years		7,750	15,250
	$	564,997	700,541

The land use contribution has been provided under a twenty year lease agreement and is more fully described in Note 19.

(5) Land, Buildings and Equipment

Land, buildings and equipment at December 31, 2018 and 2017 consists of the following:

		2018	2017
Land and improvements	$	4,614,210	4,614,210
Buildings and improvements		41,763,325	40,896,582
Furniture, fixtures and equipment		6,657,952	6,450,601
Leasehold improvements		2,734,529	2,734,529
Construction-in-progress		15,971	87,144
		55,785,987	54,783,066
Less: accumulated depreciation		(28,472,911)	(26,569,673)
	$	27,313,076	28,213,393

Depreciation expense was $2,278,967 and $2,194,697 in 2018 and 2017, respectively.

In connection with the development of a new branch facility in Citrus County, Florida, the Organization received a contribution of land valued at $830,000 in 2014. The donor of the land conveyed the property with the recorded stipulation that it be utilized solely as a facility operated by the YMCA according to its ordinary and customary use. This restriction limits the ability of the Organization to sell or encumber the property without the consent of the donor, his successors and assignees so long as any such entities exist.

(6) Long-Term Debt

Bond Issue and Related Long-Term Debt

At December 31, 2018, long-term debt consists of a floating rate loan from the Pinellas County Industrial Development Authority, requiring monthly payments of $70,823, including interest (3.21% as of December 31, 2018) through September 1, 2022. The annual interest rate is calculated as 77% of the sum of the LIBOR Rate plus 1.60% multiplied by the bank's Margin Rate Factor and is adjusted monthly. Effective August 1, 2018, the annual interest rate was amended and is calculated as 81.4% of the sum the LIBOR Rate plus 1.60% multiplied by the bank's Margin Rate Factor and is adjusted monthly. The Organization has also entered into an interest rate swap agreement to fix the annual interest rate at 2.87%. The interest rate swap agreement is more fully described in a separate section of this note.

(6) Long-Term Debt - Continued

At December 31, 2018 and 2017, the outstanding balance on the loan was as follows:

		2018	2017
Long-term debt:			
Pinellas County Industrial Development Authority Bond Issue	$	6,520,722	7,165,423
Less: unamortized debt issuance costs		88,848	84,921
Long-term debt, less unamortized debt issuance costs	$	6,431,874	7,080,502

In September 2012, the Organization received loan proceeds of $10 million from the Pinellas County Industrial Development Authority (Authority), in connection with the Authority's issuance of $10 million of Industrial Development Refunding Revenue Bonds (Bonds). The Bonds are to be repaid by the Authority with payments collected from the Organization pursuant to a loan agreement and trust indenture. The loan agreement was issued for the purposes of refinancing obligations related to the revenue bonds issued in 2002 and all outstanding bank loans, and restricts the use of loan proceeds to renovating, improving and equipping certain of the Organization's facilities. The loan is secured by property with a carrying amount of $7,671,006.

The loan agreements and the related trust indentures restrict certain of the Organization's activities, including the issuance of additional debt, and require the Organization to meet certain financial performance standards.

The aggregate maturities of long-term debt for each of the four years subsequent to December 31, 2018, and thereafter, are as follows:

Year Ending December 31,		
2019	$	665,002
2020		684,340
2021		704,241
2022		4,467,139
	$	6,520,722

(6) Long-Term Debt - Continued

Interest Rate Swap Agreement

An interest rate swap agreement was entered into with the 2012 bond to fix the rate of interest on the debt at 2.87% effective until September 1, 2022. Net cash amounts paid or received under the agreement are recognized as an adjustment to interest expense.

The Organization accounts for the interest rate swap in accordance with ASC Topic 815, *Derivatives and Hedging*. ASC 815 requires that all derivative instruments be recorded in the statement of financial position at fair value and that changes in fair value be reflected as a component of the Organization's change in net assets. At December 31, 2018 and 2017, the fair value of the asset under the interest rate swap agreement, based upon an estimate provided by the financial institution, was $82,464 and $41,922, respectively. The interest rate swap is valued by the financial institution by discounting the present value of the future cash flows under the swap. The current yield curve of the floating rate on December 31, 2018 is utilized to project the future interest rates until the expiration of the swap. Due to the lack of quoted prices in active markets for identical swap agreements and the existence of inputs other than quoted prices that are observable for the swap agreement, management has determined that this financial instrument is a level 2 fair value measurement in accordance with ASC 820 (as presented in Note 15).

On December 22, 2017, the United States enacted the "Tax Cuts and Jobs Act" (Tax Act). The Tax Act reduced the corporate tax rate to 21%, effective January 1, 2018. The terms of the documents governing the Organization's tax-exempt financing, which include a yield maintenance provision, required the interest rate applicable to the financing be increased as a result of the decrease in the maximum corporate tax rate. In general, rates on such tax exempt loans increased by a factor of 1.215, effective on January 1, 2018. Thus, the annual interest rate calculated as 77% of the sum of the LIBOR Rate plus 1.60% multiplied by the bank's Margin Rate Factor was calculated as approximately 93.6% of the same formula from January 1, 2018 through July 31, 2018. Effective August 1, 2018, the annual interest rate was amended and is calculated as 81.4% of the sum the LIBOR Rate plus 1.60% multiplied by the bank's Margin Rate Factor and is adjusted monthly. At December 31, 2018, the floating rate was 3.354%. The swap instrument held to fix the variable interest rate no longer fully covers the new floating interest rate.

(7) Line of Credit

In connection with the development of a new branch facility in Citrus County, Florida, the Organization obtained a revolving line of credit with a commercial bank which allows the Organization to borrow up to $2,480,000, through May 2018, at LIBOR plus 2.2% (4.54% at December 31, 2018). From May 2018 through May 2020 (maturity date), the Organization may borrow up to $2 million at the same rate. Any principal in excess of $2 million as of May 2018 was immediately due and payable. Interest only payments on the outstanding principal amount are due monthly. Any accrued and unpaid interest and the remaining outstanding principal balance will be due May 2020. The line of credit is secured by real property with a carrying amount of $1,341,151 and project-related contributions receivable in the amount of $237,127 at December 31, 2018.

At December 31, 2018 the outstanding balance on the line of credit was $259,514, reduced by related unamortized issuance costs of $10,249.

(8) Deferred Rental Income

Morton Plant - Mease Health Care, Inc.

In 1997, the Organization entered into an agreement with Morton Plant - Mease Health Care, Inc. (MPMHC), a not-for-profit community hospital, under which MPMHC would, among other things, lease space at the West Pasco branch. The agreement calls for a twenty-year lease period, with an option for an additional twenty-year period. The Organization received a single payment of $700,000 under the agreement which represented deferred rental income. The deferred rental income is being amortized over a twenty-year period. Income recognition began in 1998 when the West Pasco facility was completed and MPMHC occupied the space. Rental income recognized in 2018 and 2017 was $8,750 and $35,000, respectively.

School Board of Citrus County

In 2016, the Organization entered into an agreement with the School Board of Citrus County, under which the County's schools will utilize the Organization's Citrus branch pool and facilities. The agreement calls for a twenty-five year term, with an option to extend the term before expiration. The Organization received a single payment of $325,000 under the agreement which represents deferred rental income. The deferred rental income is being amortized over a twenty-five year period. Income recognition began in May 2016 when the Citrus facility was completed and the County began utilizing the space. Rental income recognized in 2018 and 2017 was $13,000 in each year.

(9) Leases

The Organization is obligated under capital leases for certain equipment that expire at various dates through 2021. At December 31, 2018 and 2017, the gross amount of equipment and related accumulated amortization recorded under the capital leases were as follows:

		2018	2017
Equipment	$	224,553	255,812
Less: accumulated amortization		(126,466)	(107,645)
Net book value	$	98,087	148,167

The Organization leases certain facility space and equipment on a month-to-month basis under operating leases. Rent expense for all operating leases for the years ended December 31, 2018 and 2017 was $194,981 and $194,994, respectively.

(9) Leases - Continued

The present value of future minimum capital lease payments as of December 31, 2018 is as follows:

Year Ending December 31,		
2019	$	54,336
2020		54,336
2021		17,862
Total future minimum lease payments		126,534
Less: amount representing interest		8,987
Present value of minimum capital lease payments	$	117,547

(10) Net Assets Without Restrictions, Designated

Net assets designated by the Board for purposes other than the endowment consist of the following at December 31, 2018 and 2017:

		2018	2017
Maintenance	$	349,379	575,931
Contingency		2,777,432	2,871,002
Debt reduction		4,053,428	3,869,878
Unemployment and other		982,674	1,056,284
	$	8,162,913	8,373,095

(11) Net Assets with Restrictions

Net assets with restrictions as of December 31, 2018 and 2017 relate to assets contributed by donors and other funding sources for specific purposes and time periods as follows:

		2018	2017
Subject to time restrictions:			
Contributions receivable	$	369,488	455,638
Grants receivable		259,562	74,531
		629,050	530,169
Subject to use restrictions:			
Unappropriated earnings on endowment restricted for specified branches		1,139,015	1,305,190
Use restrictions on land and building		638,476	638,476
Use restrictions for capital campaigns		369,809	586,122
Other designated gifts		52,743	107,316
		2,200,043	2,637,104
General endowment subject to the Organization's spending policy and appropriation		1,581,667	1,385,136
Total net assets with donor restrictions	$	4,410,760	4,552,409

(12) Endowment

The Organization manages an endowment which includes funds legally restricted by the donor as to the use of principal. The original contribution of $1,000,000 was restricted by the donor in that the principal may not be expended, except under extraordinary circumstances. Earnings on endowment investments may be expended on maintenance of Organization facilities, construction of new facilities, and development of new programs. Investments in the amount of $1,375,795, which included the $1,000,000, were received from the Suncoast Family YMCA Foundation, Inc. Trust (Trust) in 1992, upon the termination of the Trust. Under the terms of the transfer from the Trust, the amount conveyed by the Trust in excess of the $1,000,000 corpus ($375,795) may be expended for operations only upon the approval of 90% of the members of both the Board and the Endowment Committee. Only with court approval, however, shall the $1,000,000 corpus be utilized. The balance of the endowment is available for expenditure upon the majority vote of the Board of the Organization. The Board and the Endowment Committee have established a goal to preserve the purchasing power of the endowment.

In 2013, the Organization established the Legacy Chairman's Round Table as a specific program through which donors may contribute to the endowment fund.

Endowment fund investments are included in the investment portfolio described in Note 3.

(12) Endowment - Continued

The Organization's endowment includes both donor-restricted endowment funds, funds designated by the Board, to function as endowment funds, and donor-restricted funds for specific branches. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the *Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA)* 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor designations.

Investment Return Objectives, Risk Parameters, and Strategies

The Organization's investment policy is based on providing security for the Organization. Therefore, the time horizon is very long-term. The goal is to provide funding from the endowment fund for programs giving priority to the use of the income for major maintenance, modernization, or expansion of buildings and facilities, extension of services, and developing and training professional leadership while maintaining the purchasing power of the portfolio and offsetting inflation.

The objectives call for disciplined, consistent management using current "prudent person" philosophy. The investment portfolio is to be diversified as to fixed income and equity holdings to provide risk reduction, a dependable source of income, and growth of principal. The equities portion may constitute up to 70% of the total fund with fixed income portion making up the remainder of the fund. The fund shall not invest in real estate.

Equity investments must be in United States corporations quoted on the New York or American stock exchange or the NASDAQ. Equity investments should be diversified both as to companies and industries to minimize risk other than normal market fluctuation. Equity investments in a single industry will not exceed 20% of the total. Equity investments in any one company shall not exceed 5% (at cost) or 10% (at market) of the equity portfolio. Mutual funds may be used in place of individual equities in an effort to minimize risk and maintain exposure to additional areas of the equity market. Manager discretion should be used within the management of the mutual funds to maximize return with the least possible amount of risk according to the prospectus of each fund.

(12) Endowment - Continued

Bond investments (one year or longer) are limited to U.S. government and agency issues, mortgage instruments, and quality investment grade corporate bonds and preferred stocks (considered as a bond equivalent). Individual fixed income securities should be considered investment grade at the time of acquisition. Commercial paper should be rated A1, P1. Corporate issues must be in the top quality ratings of Moody's, Standard and Poor's, or other recognized credit services (BBB/BAA) or higher with good marketability. All investments in fixed income shall have a high degree of marketability and no individual investment shall exceed 7% of the total fixed income securities. Cash is considered fixed income. Bond funds may be used in place of individual bonds in an effort to minimize risk and maintain exposure to additional areas of the fixed income market. Fund investments should be investment grade. Manager discretion should be used within the management of the mutual funds to maximize return with the least possible amount of risk according to the prospectus of each fund. This may include exposure to some lower rated or non-rated securities up to but not to exceed 10% of the individual bond fund.

Spending Policy

Annually, the Board budgets an allocation from the endowment to support Organization operations. Allocations are based on current needs of the Organization and the desire to preserve the purchasing power of endowment assets. The amount to be distributed in a fiscal year may be 4% of the 3-year trailing average of the June 30th market value of the endowment portfolio. The Endowment Committee shall review and confirm, once annually, the amount of the distribution from the endowment fund. While it is expected that 4% will be the spending percentage, the Endowment Committee shall prepare a recommendation to the Board in the third quarter meeting of each calendar year for the following year and the percentage approved could be more or less than the 4%.

Endowment net asset composition by type of fund as of December 31, 2018 and 2017 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Endowment Net Assets
December 31, 2018:			
Board-designated endowment funds	$ 2,512,473	-	2,512,473
Donor-restricted endowment funds	-	2,720,682	2,720,682
	$ 2,512,473	2,720,682	5,233,155
December 31, 2017:			
Board-designated endowment funds	$ 2,543,269	-	2,543,269
Donor-restricted endowment funds	-	2,690,326	2,690,326
	$ 2,543,269	2,690,326	5,233,595

(12) Endowment - Continued

Changes in endowment net assets for the years ended December 31, 2018 and 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at December 31, 2016	$ 2,252,140	2,434,746	4,686,886
Investment return:			
Investment income	74,723	94,592	169,315
Net appreciation	216,406	230,749	447,155
Total investment return	291,129	325,341	616,470
Contributions	-	52,239	52,239
Appropriation of endowment earnings for expenditure	122,000	(122,000)	-
Distributions	(122,000)	-	(122,000)
Balance at December 31, 2017	2,543,269	2,690,326	5,233,595
Investment return:			
Investment income, net of fees	107,888	119,423	227,311
Net depreciation	(347,104)	(250,598)	(597,702)
Total investment return	(239,216)	(131,175)	(370,391)
Contributions	313,420	206,531	519,951
Appropriation of endowment earnings for expenditure	45,000	(45,000)	-
Distributions	(150,000)	-	(150,000)
Balance at December 31, 2018	$ 2,512,473	2,720,682	5,233,155

The Organization's endowment fund includes gifts with donor imposed restrictions to benefit the Clearwater YMCA branch, the High Point YMCA branch, the Hernando YMCA branch and the teen leaders program. These investments will continue to be overseen by the endowment committee.

(13) Liquidity and Availability of Resources

The Organization is supported by both unrestricted and restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Board designates endowment earnings to fund long-term needs of the Organization and may be drawn upon with the approval of 90% of the members of both the Board and the Endowment Committee as described in Note 12. Additionally, the Board has designated certain net assets without donor restrictions that, while the Organization does not intend to spend for purposes other than those identified in Note 10, the amounts could be made available for current operations, if necessary.

As of December 31, 2018, the Organization's financial assets were as follows:

Financial assets:		
Cash and cash equivalents	$	3,192,833
Trade accounts receivable		277,907
Grants and other receivables		280,221
Contributions receivable		741,490
Investments		10,367,771
Total financial assets		14,860,222
Less amounts unavailable for general expenditure within one year due to:		
Long-term contributions receivable		(104,389)
Contractual or donor-imposed restrictions:		
Unappropriated earnings on endowment restricted for specified branches		(1,139,015)
Use restrictions for capital campaigns		(369,809)
Other donor imposed use restrictions		(52,743)
Endowments		(1,581,667)
Board-designations:		
Quasi-endowment		(2,512,473)
Maintenance		(349,379)
Contingency		(2,777,432)
Debt reduction		(4,053,428)
Unemployment and other		(982,674)
Financial assets available to meet cash needs for general expenditures within one year	$	937,213

(14) Employee Benefit Plan

The Organization participates in The YMCA Retirement Fund Retirement Plan which is a defined contribution, money purchase, church plan that is intended to satisfy the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended and the YMCA Retirement Fund Tax-Deferred Savings Plan which is a retirement income account plan as defined in section 403(b)(9) of the code. Both plans are sponsored by the Young Men's Christian Association Retirement Fund (Fund). The Fund is a not-for-profit, tax-exempt pension fund incorporated in the State of New York (1922) organized and operated for the purpose of providing retirement and other benefits for employees of YMCAs throughout the United States. The plans are operated as church pension plans. Participation is available to all duly organized and reorganized YMCAs and eligible employees. As defined contribution plans, the Retirement Plan and Tax-Deferred Savings Plan have no unfunded obligations.

In accordance with the agreement, contributions for the YMCA Retirement Fund Retirement Plan are a percentage (12%) of the participating employee's salary. These amounts are paid by the Organization. Total contributions charged to retirement costs in 2018 and 2017 aggregated $880,810 and $821,735, respectively, of which $110,128 and $104,406 was unpaid at December 31, 2018 and 2017, respectively.

Participant contributions to the YMCA Retirement Fund Tax-Deferred Savings Plan are withheld from employees' salaries and remitted to the YMCA Retirement Fund. There is no matching employer contribution in this plan.

(15) Fair Value Measurements

The Organization adopted ASC 820, which provides a common definition of fair value, establishes a framework for measuring fair value under U.S. generally accepted accounting principles and requires additional disclosures about fair value.

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are mutual funds, corporate bonds, bond funds, U.S. government obligations, and cash and cash equivalents.

Level 2: Pricing inputs are other than quoted prices for identical investments in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value is determined through the use of models or other valuation methodologies. The types of investments which are included in this category are mortgage-backed securities, municipal bonds, and certificates of deposit. Other observable inputs are also used in measuring the fair value of the interest rate swap agreement.

Level 3: Valuation is based on unobservable inputs. At December 31, 2018 and 2017, the Organization did not hold assets or liabilities with Level 3 fair value measurements.

(15) Fair Value Measurements - Continued

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.

Fair value of assets measured on a recurring basis at December 31, 2018 was as follows:

		Fair Value Measurements at Reporting Date Using		
Description	Assets Measured at Fair Value at 12/31/2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 2,852,747	2,852,747	-	-
Equity mutual funds:				
Energy limited partnership	247,747	247,747	-	-
Foreign large growth	456,672	456,672	-	-
Large blend	488,113	488,113	-	-
Large growth	254,035	254,035	-	-
Large value	499,920	499,920	-	-
Mid-cap growth	279,645	279,645	-	-
Mid-cap value	188,687	188,687	-	-
Multialternative	209,055	209,055	-	-
Real estate	206,907	206,907	-	-
Tactical allocation	206,221	206,221	-	-
Diversified emerging markets	285,558	285,558	-	-
Miscellaneous sector	149,294	149,294	-	-
Allocation -- 50% to 70% equity	208,530	208,530	-	-
Miscellaneous sector	7,441	7,441	-	-
Total equity mutual funds	3,687,825	3,687,825	-	-
Fixed income:				
Certificates of deposit	1,587,996	-	1,587,996	-
Corporate bonds	526,652	526,652	-	-
Short-term bonds	136,559	136,559	-	-
Intermediate-term bonds	544,971	544,971	-	-
Multisector bonds	136,214	136,214	-	-
Ultrashort bonds	523,096	523,096	-	-
U.S. government obligations	371,711	371,711	-	-
Total fixed income	3,827,199	2,239,203	1,587,996	-
Total investments	10,367,771	8,779,775	1,587,996	-
Receivable under interest rate swap	82,464	-	82,464	-
Total assets	$ 10,450,235	8,779,775	1,670,460	-

(15) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at December 31, 2017 was as follows:

		Fair Value Measurements at Reporting Date Using		
Description	**Assets Measured at Fair Value at 12/31/2017**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Cash and cash equivalents	$ 2,202,979	2,202,979	-	-
Equity mutual funds:				
Energy limited partnership	245,932	245,932	-	-
Foreign large growth	258,329	258,329	-	-
Foreign large blend	261,151	261,151	-	-
Large blend	520,514	520,514	-	-
Large growth	254,834	254,834	-	-
Large value	526,998	526,998	-	-
Mid-cap growth	266,794	266,794	-	-
Mid-cap value	207,394	207,394	-	-
Multialternative	299,976	299,976	-	-
Natural resources	248,756	248,756	-	-
Real estate	305,571	305,571	-	-
Technology	330,476	330,476	-	-
World stock	165,590	165,590	-	-
Total equity mutual funds	3,892,315	3,892,315	-	-
Fixed income:				
Certificates of deposit	3,047,786	-	3,047,786	-
Corporate bonds	641,650	641,650	-	-
Intermediate-term bonds	728,820	728,820	-	-
Multisector bonds	242,999	242,999	-	-
U.S. government obligations	198,135	198,135	-	-
Total fixed income	4,859,390	1,811,604	3,047,786	-
Total investments	10,954,684	7,906,898	3,047,786	-
Receivable under interest rate swap	41,922	-	41,922	-
Total assets	$ 10,996,606	7,906,898	3,089,708	-

(16) Concentration of Credit Risk

The Organization maintains several deposit accounts with what management believes to be a high credit quality financial institution. The total of these balances exceeded federal insurance limits by approximately $1,070,000 as of December 31, 2018.

(17) Interest Cost

Interest cost charged to operations in 2018 and 2017 was approximately $253,000 and $252,000, respectively.

(18) Fees and Grants from Governmental Agencies

The Organization has current contracts with Early Learning Coalition (ELC) of Pinellas County, Inc., ELC of Pasco and Hernando Counties, Inc., and ELC of the Nature Coast, Inc. The contracts with ELC of Pinellas County, Inc. ELC of Pasco and Hernando Counties, Inc. and ELC of the Nature Coast, Inc. expire on June 30, 2019. Management expects all contracts to be extended upon expiration. ELC provides a significant amount of funding for the Organization's school age before and after school and summer camp programs. The revenue received from the aforementioned contracts was $1,571,451 and $1,582,740 for 2018 and 2017, respectively.

(19) Land Lease and Improvements

In August 2000, the Organization entered into a lease agreement with Pinellas County, Florida (the County) for a 14.3 acre parcel of land. The lease requires annual lease payments of $1 and has an original term of twenty years. Two additional ten year renewal options are available. U.S. generally accepted accounting principles require that the County's lease commitment be recorded as a contribution with donor restrictions. As a result of the long-term nature of the lease, the County's contribution has been recorded at the appraised value of the land which was $1,144,000. Imputed rent expense of approximately $112,000 is recognized annually during the original term of the lease. The Organization reduced the receivable by $90,331 and $84,028 during 2018 and 2017, respectively. This contribution receivable reduction was recorded as a noncash transaction in the statement of cash flows. In addition, the Organization recorded contribution income of $21,887 and $28,189 during 2018 and 2017, respectively.

In addition to the land lease, the County also provided Community Development Block Grant funding of approximately $2,500,000 to the Organization to finance the construction of a branch YMCA on the site. The costs incurred in constructing the facility are considered to be leasehold improvements and are being amortized over the shorter of their useful life or the original lease term (20 years). Under the terms of the land use lease, the Organization must surrender the property and improvements to the County at the end of the lease term, including any extensions.

(20) Related Party Transactions

In 2018 and 2017, the Organization conducted business with entities affiliated with certain members of its governing board.

In 2018 and 2017, a construction company owned by a board member provided services totaling approximately \$203,600 and \$115,000, respectively, for construction services provided in relation to the building of the Citrus Memorial Health Foundation Branch. At December 31, 2018 and 2017, no balances were payable to the construction company.

During both 2018 and 2017, members of the governing board represented the Organization as independent insurance agents in obtaining insurance coverage and received commissions from their respective companies.

(21) Contingencies

The Organization has been notified of potential claims arising in the ordinary course of its operations. Management believes that any liability incurred in connection with these claims would be nominal in amount and limited to the deductible under the Organization's insurance policies.

(22) Subsequent Events

The Organization has evaluated subsequent events through April 23, 2019, the date the financial statements were available for issuance.