



REQUEST FOR FISCAL YEAR 2012  
EMERGENCY SHELTER GRANT (ESG) FUNDS

*In 2012, the City of Lakewood will receive \$97,506 in  
ESG funding*

**PART I – GENERAL INFORMATION**

AGENCY:	YMCA of Greater Cleveland/Y-Haven
ADDRESS:	2200 Prospect Ave Suite 900
	Cleveland, OH 44115
TELEPHONE (day):	(216) 431-2018
CONTACT PERSON:	Chip Joseph
TITLE:	Executive Director
PROJECT/ACTIVITY NAME:	Y-Haven
GRANT REQUEST AMOUNT:	\$18,000

TYPE OF ELIGIBLE ACTIVITY:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> ESSENTIAL SERVICES | <input type="checkbox"/> HOMELESS PREVENTION                |
| <input type="checkbox"/> SHELTER RENOVATION            | <input type="checkbox"/> OPERATION & MAINTENANCE OF SHELTER |

See end of application for definition and explanation of allowable activities

**PART II – PROGRAM DESCRIPTION**

Use another sheet of paper to complete the answers to Part II. Please limit your narrative to no more than one (1) page for each section of Part II.

1. PROBLEM/NEED IDENTIFICATION

BRIEFLY DESCRIBE THE SPECIFIC PROBLEM OR NEED ADDRESSED BY THE PROGRAM. USE OF DATA OR STATISTICS IN THE DESCRIPTION IS STRONGLY ENCOURAGED. EXPLAIN ANY PREVIOUS ACTIONS TAKEN TO ADDRESS THIS NEED.

2. STRATEGY STATEMENT

PROVIDE A BRIEF DESCRIPTION OF HOW THE PROGRAM WILL ADDRESS THE PROBLEM OR NEED IDENTIFIED ABOVE. THIS SECTION SHOULD DETAIL THE ACTIVITIES TO BE CARRIED OUT. IT SHOULD SPECIFICALLY DESCRIBE AND QUANTIFY THE SERVICES TO BE PROVIDED AS A RESULT OF THE EXPENDITURE OF EMERGENCY SHELTER GRANT (ESG) FUNDS.

INCLUDE AN OBJECTIVE THAT IS A SPECIFIC MEASURABLE OUTCOME EXPECTED IF THE REQUEST FOR FUNDS IS APPROVED.

IDENTIFY AND DESCRIBE ANY OTHER ACTIVITIES ADMINISTERED BY THE AGENCY THAT COMPLEMENT OR SUPPORT THE PROGRAM FOR WHICH FUNDING IS REQUESTED. IS THIS PROGRAM NEW OR A CONTINUATION OF AN EXISTING ONE?

INDICATE PROGRAM(S) AND SERVICE(S) WITH AN "X":

- |  |  |
|--|--|
| <input type="checkbox"/> EMERGENCY SHELTER FACILITIES    | <input checked="" type="checkbox"/> TRANSITIONAL SHELTER |
| <input type="checkbox"/> VOUCHERS FOR SHELTERS           | <input type="checkbox"/> OUTREACH                        |
| <input type="checkbox"/> DROP-IN CENTER                  | <input type="checkbox"/> SOUP KITCHEN/MEAL DISTRIBUTION  |
| <input type="checkbox"/> FOOD PANTRY                     | <input type="checkbox"/> HEALTH CARE                     |
| <input checked="" type="checkbox"/> MENTAL HEALTH        | <input type="checkbox"/> HIV/AIDS SERVICES               |
| <input checked="" type="checkbox"/> ALCOHOL/DRUG PROGRAM | <input type="checkbox"/> EMPLOYMENT                      |
| <input type="checkbox"/> CHILD CARE                      | <input type="checkbox"/> HOMELESS PREVENTION             |
| <input type="checkbox"/> OTHER _____                     |  |

## **PART II-PROGRAM DESCRIPTION**

### **1. PROBLEM/NEED IDENTIFICATION**

With the assistance of HUD (U.S. Department of Housing and Urban Development) in 1993, the YMCA created Y-Haven—a new program to assist homeless men, 18 years and older, to become self-sufficient and free from drugs and alcohol. Today, Y-Haven provides transitional housing, recovery services, treatment for mental illness, educational training and vocational services. Y-Haven operates two programs in the City of Cleveland with the capacity to serve 133 homeless men. While many residents are self-referred, most of the referrals are provided by the Men's Mass Shelter, social workers, counselors and program administrators from governmental agencies and private nonprofit organizations in Greater Cleveland and Cuyahoga County. The "average" Y-Haven resident is male, 37.5 years old and has a seventh grade education. Approximately 99 percent of homeless clients served are alcohol or chemically dependent. Nearly 40 percent of clients have a history of mental illness. The racial composition of the residents includes: 74% African American, 18% Caucasian, 8% are Hispanic or "other". All clients must be homeless and 18 years or older. The primary characteristic of the population being addiction means that there is a high rate of recidivism, thus a stable client base. Y-Haven has maintained a waiting list for the last ten years.

In the Stewart B. McKinney Homeless Assistance Act of 1987, the federal government defines "homelessness" as someone who lacks a fixed, regular and adequate nighttime residence or an individual who's primary residence is one of the following: a temporary place for people about to be institutionalized; any place not meant for regular sleeping accommodation by humans; or a supervised temporary shelter. Homelessness in Cleveland reaches beyond the scope of a permanent residence. In our city, homelessness is complicated by a number of interrelated issues, e.g., mental illness, alcohol and chemical dependency, lack of education and/or job skills, poverty and family estrangement. Studies have concluded that housing alone is not a solution to homelessness for many people and that the majority of homeless people need a comprehensive set of supportive services to maintain and achieve permanent housing<sup>1</sup>.

### **2. STRATEGY STATEMENT**

Y-Haven assists clients to achieve permanent housing through tailored services that help clients attain greater self-determination, increased skills and income. In a residential setting, the Y-Haven program incorporates psycho-social assessment, group/individual counseling, case management, psychiatric services, family counseling, education and job training/placement with the goal of achieving both independence and permanent housing. The overall goal of Y-Haven is to help homeless men to find and maintain housing. To achieve this goal, residents must make the necessary life changes for self-sufficiency. By providing clients with comprehensive recovery, employment and education services, we help each resident in the program to:

- a) Achieve greater self-determination by becoming drug and alcohol free through integrated service delivery. All residents participate in an initial phase of 90 days of intensive group and individual therapy. The Primary Treatment phase is done in conjunction with active participation in mental health treatment and stabilization (when applicable). One hundred percent of those with a mental health diagnosis or dual diagnosis receive voluntary mental health treatment within one month.
- b) Increase skills and income, and ultimately economic self-sufficiency, through participation in vocational and educational programs combined with case management and life skills training.
- c) Obtain permanent housing.

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<sup>1</sup> Homelessness: Grant Applicants' Characteristics and Views on the Supportive Housing Program, U.S. General Accounting Office, 1999

Y-Haven is a transitional housing program designed to serve homeless men, 18 and older, most of who are chemical dependent, many of whom have mental health challenges. Y-Haven offers several unique opportunities for residents:

- a) All clinical staff are licensed by the state either as chemical dependency counselors or social workers and Y-Haven is certified by the state as a residential treatment center. The ratio of clinical staff to residents is 1:15. The program and services are delivered on-site in the Carl B Stokes Social Service Mall.
- b) In addition to addiction counseling, clients with mental illness or dually-diagnosed clients receive psychiatric treatment administered by a part-time staff psychiatrist.
- c) Y-Haven has a mandatory 90-day group/individual counseling requirement for residents, specifically designed to meet the special needs of people who were living in the street for many years. This is a five-day/week process that has two sessions daily. A counselor and/or case manager helps the client develop an Individual Service Plan (ISP). Meetings with their counselors are held bi-weekly.
- d) Residents can stay up to one year in our program; adequate time for clients is essential in addressing and overcoming all of the obstacles to self-sufficiency.
- e) We offer on-site vocational, educational, and therapeutic assistance via our in-house training program and computer classroom.
- f) Y-Haven enhances the above core services with recreational and arts programs. Y-Haven started a theatre troupe and choir which perform every year and a homeless men's intramural softball and basketball league.

## 3. PLEASE LIST THE CLIENT ELIGIBILITY CRITERIA OF THE PROGRAM.

A. Homeless

B. Male

C. 18 years and older

D. Substance free

E.

F.

**PART III – ANTICIPATED BENEFITS**

1. WHAT IS THE TARGET POPULATION? (homeless individuals; homeless adults with children, or individuals at risk of homelessness, etc.)  
Homeless men
2. TOTAL NUMBER OF LAKEWOOD RESIDENTS TO BENEFIT FROM THIS PROJECT:  
9 per year
3. HOW DID YOU DERIVE THE TOTAL NUMBER OF RESIDENTS TO BENEFIT FROM THIS PROJECT?  
The estimate was based on previous year's history.
4. IF THIS IS AN EXISTING PROGRAM, PROVIDE AN UNDUPLICATED COUNT OF THE NUMBER OF LAKEWOOD RESIDENTS DIRECTLY SERVED PER YEAR FOR THE PAST TWO CALENDAR YEARS: 2010: 9 2011: 7 (seven month actual)
5. PERCENTAGE OF PROGRAM'S LAKEWOOD CLIENTS TO TOTAL NUMBER OF PROGRAM CLIENTS: 7%
6. ANTICIPATED PERCENTAGE INCREASE IN THE NUMBER OF LAKEWOOD RESIDENTS SERVED BY THE PROGRAM DURING FISCAL YEAR 2012: 0%
7. ANTICIPATED PERCENTAGE INCREASE IN THE TOTAL NUMBER OF CLIENTS SERVED BY THE PROGRAM DURING FISCAL YEAR 2012: 0%
8. ON WHAT BASIS DO YOU ANTICIPATE AN INCREASE IN CLIENTELE?  
We anticipate serving approximately the same number of clients in FY 2012
9. IS THERE ANY OTHER AGENCY SERVING LAKEWOOD RESIDENTS WITH A SIMILAR PROGRAM?  
 No  Yes (If yes, please list the agency and program.) No other transitional housing programs with the same range of services

## PART IV – FINANCIAL SUMMARY

1. **FEDERAL REGULATIONS GOVERNING THE EMERGENCY SHELTER GRANT PROGRAM REQUIRE THAT FUNDING RECIPIENTS MUST PROVIDE A DOLLAR-FOR-DOLLAR MATCH OF THE ESG FUNDING PROVIDED BY HUD<sup>1</sup>.** PLEASE INDICATE IN THE TABLE BELOW THE GRANT AMOUNT REQUESTED, BROKEN DOWN BY EXPENDITURE CATEGORY, THE MATCHING FUNDS PROVIDED BY THE AGENCY FOR THE PERIOD COVERED IN THE APPLICATION, AND THE TOTAL FOR EACH BUDGET LINE ITEM.

EXPENDITURE LINE ITEMS	GRANT REQUEST AMOUNT	AGENCY MATCHING FUNDS*	TOTAL
<b>ESSENTIAL SERVICES</b>			
Salaries/Wages	18,000	488,000	500,000
Fringe Benefits		100,000	100,000
Other			
SUB-TOTAL	\$18,000	\$588,000	\$606,000
<b>SHELTER OPERATION AND MAINTENANCE</b>			
Rent		250,000	250,000
Insurance			
Contractual Services			
Utilities			
Telephone		6,000	6,000
Housekeeping Supplies		40,000	40,000
Furnishings		25,000	25,000
Maintenance		70,000	70,000
Other			
SUB-TOTAL	\$	\$391,000	\$391,000
<b>CAPITAL PROJECT</b>			
Renovation/Rehab	\$	\$	\$
<b>HOMELESS PREVENTION (specify at left)</b>			
Medical Treatment		18,000	18,000
SUB-TOTAL	\$	\$	\$
<b>TOTAL</b>	<b>\$18,000</b>	<b>\$997,000</b>	<b>\$1,015,000</b>

\* NOTE: IN CALCULATING THE AMOUNT OF MATCHING FUNDS, THE APPLICANT MAY INCLUDE, AMONG OTHER EXPENDITURES: 1) THE VALUE OF DONATED MATERIAL, A BUILDING OR THE VALUE OF ANY LEASE ON A BUILDING CALCULATED ACCORDING TO A REASONABLE METHOD THAT ESTABLISHES A FAIR MARKET VALUE, AND 2) THE TIME AND SERVICES CONTRIBUTED BY VOLUNTEERS AT THE RATE OF \$5.00 PER HOUR. FUNDS FROM OTHER LOCAL, STATE, AND NON-ESG FEDERAL SOURCES MAY BE COUNTED AS MATCH.

<sup>1</sup> Per 24 CFR 576.51

2. PROGRAM FUNDING COMPOSITION: IDENTIFY THE ANTICIPATED SOURCES OF TOTAL FUNDING FOR THE PROGRAM IN THE TABLE BELOW.

FUNDING SOURCE	AMOUNT
FUNDING SOURCE	AMOUNT
ESG – CITY OF LAKEWOOD REQUEST	18,000
ESG – OTHER	
OTHER FEDERAL	890,000
STATE GOVERNMENT	87,000
LOCAL GOVERNMENT	20,000
PRIVATE	
CLIENT FEES	
OTHER (SPECIFY: _____)	
<b>TOTAL PROGRAM BUDGET</b>	<b>\$1,015,000</b>

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## PART V – AGENCY INFORMATION

1. NON-PROFIT AGENCIES SHOULD SUBMIT ONE COPY OF EACH OF THE FOLLOWING DOCUMENTS:
  - A. ONE (1) COPY OF THE ORGANIZATION’S ARTICLES OF INCORPORATION
  - B. ONE (1) COPY OF THE ORGANIZATION’S IRS TAX EXEMPT STATUS DETERMINATION LETTER. ENTER TAX EXEMPT ID NUMBER HERE: 34-0714728
  - C. CURRENT LIST OF THE ORGANIZATION’S BOARD OF DIRECTORS OR TRUSTEES, AND THEIR AFFILIATIONS.
  - D. ONE (1) COPY OF THE ORGANIZATION’S MOST RECENT ANNUAL REPORT
  - E. ONE (1) COPY OF THE ORGANIZATION’S MOST RECENT AUDITED ANNUAL FINANCIAL STATEMENT.
2. WHAT IS THE GEOGRAPHICAL AREA OF SERVICE FOR YOUR AGENCY? Cuyahoga County
3. INDICATE WHAT TYPE OF ORGANIZATION YOU ARE
  - Public Agency
  - Faith Based Non-Profit
  - Other Non-Profit
4. IS THE AGENCY LICENSED OR ACCREDITED?  No  Yes (If yes, by whom?)  
Ohio Department of Drug and Alcohol Services and Commission on Accreditation of Rehabilitation Facilities

5. DOES THE AGENCY HAVE PROCESSES IN PLACE FOR SERVING BENEFICIARIES WHO DO NOT SPEAK ENGLISH?  No  Yes IF YES, PLEASE DESCRIBE.  
It is the policy of Y-Haven to be in compliance with the Americans with Disabilities Act. The Y-Haven Program provides necessary reasonable accommodation for the known disability of a client, family member or significant other, where a reasonable accommodation is required for the performance of the essential functions of the program unless the accommodation would cause undue hardship. The client must notify the Intake and Assessment Specialist of any disability for which he believes an accommodation is required. The Y-Haven Program will address all individuals, including clients, family members or significant others, who are in need of communication assistance for limited-English proficiency.
- PROCEDURE: Clients, family members, or significant others, who are in need of communication assistance for limited-English proficiency will receive will receive referral services to Northcoast Behavioral Healthcare, 1708 Southpoint Drive, Cleveland, Ohio 44109.
- If a client wishes to remain at Y-Haven, communication assistance will be provided at no additional cost to the client, family members or significant others. The following agency shall be utilized to address the need for communication assistance for limited-English proficient clients, family members, or significant others: International Language Bank (44) 599-9999.
6. DOES THE AGENCY FORMALLY EVALUATE AND MEASURE THE EFFECTIVENESS OF THIS PROGRAM?  No  Yes  
 If "no," please provide further explanation. If "yes," describe the evaluation process:  
Our program is required by CARF, ODADAS, HUD, VA, Ohio Department of Development and the Cuyahoga County Office of Homeless Services, to report our outcomes for 1) greater self-determination 2) increased skills and income 3) permanent housing placement. We do an Annual Progress Report for HUD that contains more detailed information on our residents.
7. HOW WILL THE AGENCY MODIFY THE PROGRAM IF FULL FUNDING IS NOT RECEIVED?  
We would potentially eliminate a staff position
8. PLEASE EXPLAIN ANY SIGNIFICANT CHANGES IN AGENCY FUNDING SOURCES IN THE LAST TWO (2) YEARS:  
We were pleased to be notified that our ESG funding increased in 2011.
9. WHAT NEW STRATEGIES ARE BEING DEVELOPED AND/OR EXPLORED TO GENERATE NEW SOURCES OF FUNDS?  
We have our own vocational program that currently has three contracts that are generating revenue. We continue to seek additional contracts to supplement our income. In addition, we will be undergoing the CARF Behavioral Health Certification process over the next 18 months. This will enable Y-Haven to accept contracts from additional agencies for services rendered.
10. WHAT STEPS HAVE BEEN TAKEN IN THE PAST YEAR TO MAKE THE AGENCY MORE COST EFFECTIVE?  
We continue to streamline processes, purchasing and fund development efforts through our Director of Operations position. In addition, as we replace products,

we ensure they are environmentally friendly and cost efficient. Y-Haven just replaced all of the light fixtures in the facility with energy saving units. This will result in a 20% savings in utility expenses.

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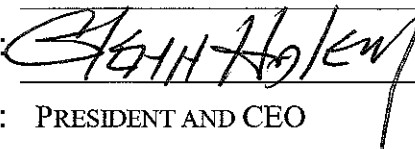
IF THIS REQUEST IS ACCEPTED FOR FUNDING, THE APPLICANT MUST BE WILLING TO COMPLY WITH ALL APPLICABLE FEDERAL, STATE, AND CITY REQUIREMENTS, AND ENTER INTO A FUNDING AGREEMENT WITH THE CITY OF LAKEWOOD.

APPLICANT CERTIFIES THAT:

*TO THE BEST OF MY KNOWLEDGE AND BELIEF, DATA CONTAINED IN THIS APPLICATION IS TRUE AND CORRECT. THIS APPLICATION HAS BEEN DULY AUTHORIZED BY THE APPLICANT'S APPROPRIATE BOARD OF TRUSTEES, BOARD OF DIRECTORS, OR CHIEF EXECUTIVE OFFICER.*

SUBMITTED BY: GLENN HALEY

SIGNATURE:



TITLE: PRESIDENT AND CEO

DATE: 7/11/11

SUBMIT:

- ONE UNSTAPLED **ORIGINAL AND**
- **ONE ELECTRONIC COPY**

OF APPLICATION AND ATTACHMENTS BY **5:00 PM, MONDAY, July 18, 2011** TO:

**EMMA PETRIE BARCELONA**  
GRANTS ADMINISTRATOR  
PLANNING & DEVELOPMENT DEPARTMENT  
CITY OF LAKEWOOD  
12650 DETROIT AVENUE  
LAKEWOOD, OHIO 44107  
(216) 529-7680  
FAX: (216) 529-5907  
EMMA.BARCELONA@LAKEWOODOH.NET

**ATTACHMENTS CHECKLIST**

- PART II, QUESTION 1 – PROBLEM NEED/IDENTIFICATION
- PART II, QUESTION 2 – STRATEGY STATEMENT
- ARTICLES OF INCORPORATION (IF APPLICABLE)
- IRS TAX EXEMPT STATUS DETERMINATION LETTER (IF APPLICABLE)
- LIST OF BOARD OF TRUSTEES (IF APPLICABLE)
- MOST RECENT ANNUAL REPORT (IF APPLICABLE)
- MOST RECENT AUDITED ANNUAL FINANCIAL STATEMENT (IF APPLICABLE)



Department of State

# The State of Ohio

15000-049

**Sherrod Brown**  
Secretary of State

4249

(or use 004249)

## Certificate

It is hereby certified that the Secretary of State of Ohio has custody of the Records of Incorporation and Miscellaneous Filings; that said records show the filing and recording of: CCE

of:

THE YOUNG MENS. CHRISTIAN ASSOCIATION OF CLEVELAND OHIO

United States of America  
State of Ohio  
Office of the Secretary of State

Recorded on Roll F665 at Frame 0650 of  
the Records of Incorporation and Miscellaneous Filings.

Witness my hand and the seal of the Secretary of State, at the  
City of Columbus, Ohio, this 24TH day of MAY,  
A.D. 1985.



*Sherrod Brown*  
**Sherrod Brown**  
Secretary of State

UNITED STATES OF AMERICA,  
STATE OF OHIO,  
OFFICE OF THE SECRETARY OF STATE.

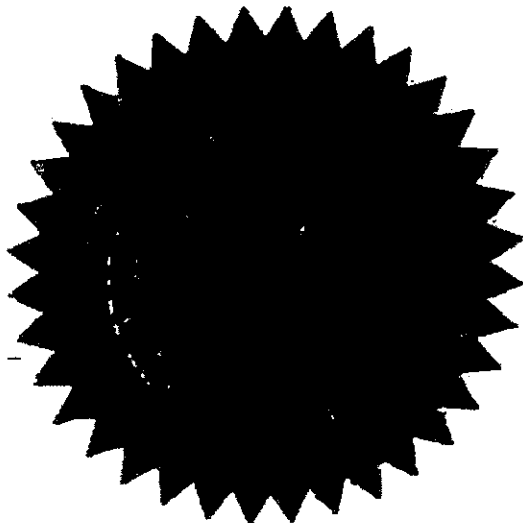
I, WILLIAM J. KENNEDY,

Secretary of State of the State of Ohio, do hereby certify  
that the foregoing is an exemplified copy, carefully compared  
by me with the original record now in my official custody as  
Secretary of State, and found to be true and correct, of the

CERTIFICATE OF AMENDMENT  
TO ARTICLES OF INCORPORATION OF THE  
YOUNG MEN'S CHRISTIAN ASSOCIATION OF CLEVELAND, OHIO

filed in this office on the 20th day of December, A. D. 1937  
and recorded in Volume 456 , Page 9 , of the Records of  
Incorporations.

WITNESS my hand and official seal, at  
Columbus, this 20th day of December  
A. D. 1937.



*William J. Kennedy*  
Secretary of State.

The Young Men's Christian Association of Cleveland Ohio.

The undersigned citizens of the State of Ohio desiring to form a corporation not for profit hereby subscribe to and acknowledge the following Articles of Incorporation.

I. The name of said Corporation shall be  
The Young Men's Christian Association of Cleveland Ohio.

II. The place where said Association shall be located is  
the City of Cleveland, County of Cuyahoga, State of Ohio.

III. The purpose for which said Corporation is organized is  
the improvement of the spiritual, moral, mental, social and  
physical condition of Young Men by means in harmony with  
the spirit of the Gospel.

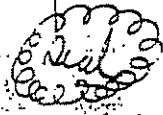
In Testimony whereof we hereunto subscribe our names  
this 16<sup>th</sup> day of April A.D. 1883.

Jos. Perkins  
James M. Host  
D. N. Sheldon  
Horace Denton  
J. J. Ellwell  
J. P. Merriam

The State of Ohio,  
Cuyahoga County, ss. I, Before me a Notary Public in and  
for said County, personally appeared the above named  
Jos. Perkins, James M. Host, D. N. Sheldon, Horace Denton,  
J. J. Ellwell and J. P. Merriam to me personally known to be  
the identical persons who subscribed to the above articles of  
incorporation and each of them did then and there separately  
acknowledge that they did subscribe to said Articles of In-  
corporation for the purpose therein named, and that the same  
was their free act and deed.

In Testimony whereof I hereunto subscribe my  
name, and affix my official seal, at Cleveland in said

County this 16<sup>th</sup> day of April A. D. 1883.



Jas. W. Stewart  
Notary Public.

The State of Ohio, }  
County of Cuyahoga, ss. } I, Mary W. Kitchen, Clerk of the  
Court of Common Pleas, a Court of Record of Cuyahoga  
County, do hereby certify that James W. Stewart  
before me this 16<sup>th</sup> day of April 1883, was, at  
that time, a Notary Public in and for said County, duly  
qualified according to the laws of Ohio to take the same, and that  
the foregoing is a true and correct copy of the original  
as the same is contained in his handwriting and believe his  
signature is genuine.

Witness my hand and seal of said Court at Cleveland this 16<sup>th</sup> day  
of April 1883.

Mary W. Kitchen  
Clerk

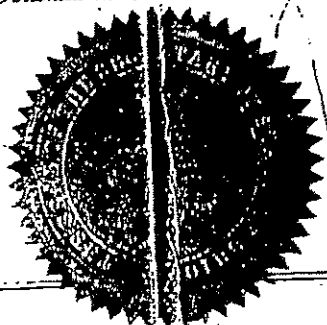
United States of America, Ohio }  
OFFICE OF THE SECRETARY OF STATE

J. JAMES W. NEWMAN, Secretary of State

I, the State of Ohio, do hereby certify that the foregoing is a true copy of the Articles of Incorporation

The Young Men's Christian Association  
of  
Cleveland Ohio

filed in this office on the 30<sup>th</sup> day of April A. D. 1883,  
and Recorded in Volume 24 Pages 300 etc. of the Records of Incorporation.



In Testimony Whereof, I have hereunto subscribed my name,  
and affixed my Seal of Office, at Columbus, the 1<sup>st</sup> day  
of May A. D. 1883.

J. W. Newman  
Secretary of State.

Filed December 20, 1937

Corp. No. 4249

CORP. NO 004249

CERTIFICATE OF AMENDMENT  
TO ARTICLES OF INCORPORATION OF THE  
YOUNG MEN'S CHRISTIAN ASSOCIATION OF CLEVELAND, OHIO

W. J. Austin, Vice-President, A. G. Knebel, Secretary, of the Young Men's Christian Association of Cleveland, Ohio, an Ohio Corporation not for profit, with its principal office located at 2200 Prospect Avenue, Cleveland, Ohio, do hereby certify that a meeting of the voting members of said Corporation was duly called and held on the 9th day of December, 1937 in the City of Cleveland, at which meeting a quorum of such voting members were present in person, and that by the affirmative vote of a majority of those present the following resolution of amendment was adopted:

"RESOLVED That Article 111 of the Articles of Incorporation of the Young Men's Christian Association of Cleveland, Ohio which now read:

'The purpose for which said Corporation is organized is the improvement of the spiritual, moral, mental, social and physical condition of young men by means in harmony with the spirit of the Gospel.'

Be amended to read as follows:

'The purpose of this Young Men's Christian Association is to help young people develop Christian character, to enlist them in a world-wide fellowship, and to aid them in building a Christian society, by the maintenance of such eleemosynary activities and services as contribute to their physical, social, mental and spiritual growth, and by such other means as may conduce to the accomplishment of this purpose.'"

IN WITNESS WHEREOF said W. J. Austin, Vice-President and A. G. Knebel, Secretary of Young Men's Christian Association of Cleveland, Ohio acting for and on behalf of said Corporation have hereunto subscribed their names and caused the seal of said Corporation to hereunto be affixed this 10th day of December, 1937.

By W. J. Austin  
Vice-President

By A. G. Knebel  
Secretary

	DATE	DOCUMENT NO	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
1.	5/4/1999	199914701280	AGS DOMESTIC AGENT SUBSEQUENT APPOINTMENT	3.00	0.00	0.00	0.00	0.00
			TOTAL	3.00	0.00	0.00	0.00	0.00

Return To:  
 YMCA OF GREATER CLEVELAND  
 2200 PROSPECT AVE STE 900  
 CLEVELAND, OH 44115-2697

cut along the dotted line



*The State of Ohio*  
 Certificate

*Secretary of State - J. Kenneth Blackwell*

**4249**

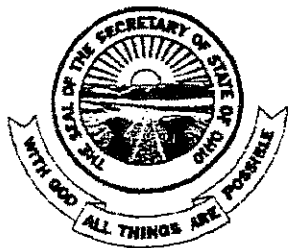
*It is hereby certified that the Secretary of State of Ohio has custody of the business records for THE YOUNG MENS CHRISTIAN ASSOCIATION OF CLEVELAND OHIO and that said business records show the filing and recording of:*

Document(s)  
 DOMESTIC AGENT SUBSEQUENT APPOINTMENT

Document No(s):  
 199914701280

United States of America  
 State of Ohio  
 Office of the Secretary of State

Witness my hand and the seal of the Secretary  
 of State at Columbus, Ohio, this 4th day of  
 May, A.D. 1999



*J. Kenneth Blackwell*  
 J. Kenneth Blackwell  
 Secretary of State

Internal Revenue Service  
District Director

Department of the Treasury

P. O. Box 2508  
Cincinnati, OH 45201

Date: JUL 15 1988

Young Men's Christian Association  
of Cleveland Ohio, Inc.  
2200 Prospect Avenue, Suite 900  
Cleveland, OH 44115-2106

Person to Contact:  
Dee Anna Jarmon  
Telephone Number:  
513-241-5199  
Fax Number:  
513-684-5936  
Federal Identification Number:  
34-0714728  
Accounting Period Ends  
December 31

Dear Sir or Madam:

This is in response to your request for a letter affirming your organization's exempt status.

In February 1937 we issued a determination letter that recognized your organization as exempt from federal income tax under section 101(6) of the Internal Revenue Code of 1939 (now section 501(c)(3) of the Internal Revenue Code of 1986). That determination letter is still in effect.

We classified your organization as a publicly supported organization, and not a private foundation, because it is described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's purposes, character, method of operations, or sources of support have changed, please let us know so we can consider the effect of the change on the organization's exempt status and foundation status.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

As of January 1, 1984, your organization is liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more the organization pays to each of its employees during a calendar year. There is no liability for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Young Men's Christian Association of Cleveland Ohio, Inc.  
34-0714728

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have questions, you may direct them to us at the address or telephone number shown in the heading of this letter.

Sincerely,



C. Ashley Bullard  
District Director

# **YMCA of Greater Cleveland and Subsidiaries**

Consolidated Financial Report  
December 31, 2009

**McGladrey & Pullen**  
Certified Public Accountants

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Trustees  
YMCA of Greater Cleveland and Subsidiaries  
Cleveland, Ohio

We have audited the accompanying consolidated statement of financial position of the YMCA of Greater Cleveland and Subsidiaries (the Organization) as of December 31, 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated September 10, 2009, we expressed an unqualified opinion on those statements.

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

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

*McGladrey & Pullen, LLP*

Cleveland, Ohio  
June 10, 2010

**YMCA of Greater Cleveland and Subsidiaries**

**Consolidated Statement of Financial Position  
December 31, 2009  
(With Comparative Totals for 2008)**

Assets	2009	2008
Cash and cash equivalents	\$ 5,821,174	\$ 6,358,417
Grants receivable	146,808	166,993
Other receivables	408,825	381,045
Prepaid expenses and other assets	72,587	223,645
Investments	-	103,445
Unconditional promises to give, restricted for long-term purposes, net	1,384,162	1,595,802
Beneficial interest in perpetual trusts	2,385,393	2,040,601
Property, plant and equipment, net	22,601,880	28,271,428
<b>Total assets</b>	<b>\$ 32,820,829</b>	<b>\$ 39,141,376</b>
<b>Liabilities</b>		
Accounts payable	\$ 812,027	\$ 1,074,149
Accrued expenses and other liabilities	463,718	1,461,921
Deferred revenue	356,189	390,787
Swap liability	324,860	532,247
Loans payable	11,441,116	17,716,079
Capital lease obligations	213,114	365,992
<b>Total liabilities</b>	<b>13,611,024</b>	<b>21,541,175</b>
<b>Net Assets</b>		
Unrestricted		
Board designated	2,656,735	2,559,826
Undesignated	9,719,312	8,008,627
<b>Total unrestricted</b>	<b>12,376,047</b>	<b>10,568,453</b>
Temporarily restricted	2,187,606	2,841,897
Permanently restricted	4,646,152	4,189,851
<b>Total net assets</b>	<b>19,209,805</b>	<b>17,600,201</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,820,829</b>	<b>\$ 39,141,376</b>

See Notes to Consolidated Financial Statements.

**YMCA of Greater Cleveland and Subsidiaries**

**Consolidated Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2009**  
**(With Comparative Totals for 2008)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
<b>Revenues and Support</b>					
<b>Revenues</b>					
Membership dues	\$ 8,247,720	\$ -	\$ -	\$ 8,247,720	\$ 8,450,082
Activity fees	4,479,787			4,479,787	4,572,444
Residence	71,596			71,596	71,175
Change in fair value of interest in perpetual trusts	-		344,792	344,792	(1,084,109)
Investment return, net	47,059	865		47,924	144,654
Miscellaneous	184,893	-		184,893	84,557
<b>Total revenues</b>	<b>13,031,055</b>	<b>865</b>	<b>344,792</b>	<b>13,376,712</b>	<b>12,238,803</b>
<b>Support</b>					
Contributions	2,694,937	904,812	111,509	3,711,258	2,420,411
Government grants	2,491,705			2,491,705	2,695,238
Allocations from United Way Services	196,610	179,303		375,913	457,439
<b>Total support</b>	<b>5,383,252</b>	<b>1,084,115</b>	<b>111,509</b>	<b>6,578,876</b>	<b>5,573,088</b>
Net assets released from donor restrictions	1,739,271	(1,739,271)		-	-
<b>Total revenue and support</b>	<b>20,153,578</b>	<b>(654,291)</b>	<b>456,301</b>	<b>19,955,588</b>	<b>17,811,891</b>
<b>Expenses</b>					
<b>Program services</b>					
Residence	456,704			456,704	801,479
Health enhancement	2,097,445			2,097,445	1,894,100
Aquatics	2,563,738			2,563,738	2,943,624
Sports and recreation	1,017,996			1,017,996	1,160,085
Camping	2,562,130			2,562,130	2,917,591
Education and training	217,252			217,252	261,906
Family life	4,862,633			4,862,633	5,277,025
Special services	1,412,954			1,412,954	1,353,766
Community youth development	509,299			509,299	526,841
<b>Total program services</b>	<b>15,700,151</b>	<b>-</b>	<b>-</b>	<b>15,700,151</b>	<b>17,136,417</b>
<b>Support Services</b>					
Management and general	2,349,928			2,349,928	2,517,000
Fund raising	295,905			295,905	322,289
<b>Total support services</b>	<b>2,645,833</b>	<b>-</b>	<b>-</b>	<b>2,645,833</b>	<b>2,839,289</b>
<b>Total expenses</b>	<b>18,345,984</b>	<b>-</b>	<b>-</b>	<b>18,345,984</b>	<b>19,975,706</b>
<b>Excess of support and revenue over (under) expenses</b>	<b>1,807,594</b>	<b>(654,291)</b>	<b>456,301</b>	<b>1,609,604</b>	<b>(2,163,815)</b>
<b>Total change in net assets</b>	<b>1,807,594</b>	<b>(654,291)</b>	<b>456,301</b>	<b>1,609,604</b>	<b>(2,163,815)</b>
Net assets at beginning of year	10,568,453	2,841,897	4,189,851	17,600,201	19,764,016
<b>Net assets at end of year</b>	<b>\$ 12,376,047</b>	<b>\$ 2,187,606</b>	<b>\$ 4,646,152</b>	<b>\$ 19,209,805</b>	<b>\$ 17,600,201</b>

See Notes to Consolidated Financial Statements.

YMCA of Greater Cleveland and Subsidiaries

Consolidated Statement of Functional Expense  
Year Ended December 31, 2009  
(With Comparative Totals for 2008)

	Program Services										Supporting services			2008 Total Expenses
	Sports and Recreation					Education and Training			Community Development		Management and General		Fund Raising	
	Residence	Health Enhancement	Aquatics	Recreation	Camping	Training	Family Life	Special Services	Youth Development	Total	General	Total		
Salaries and wages	\$ 58,288	\$ 1,218,542	\$ 1,446,757	\$ 462,600	\$ 1,159,746	\$ 93,013	\$ 2,257,789	\$ 617,631	\$ 237,988	\$ 1,114,044	\$ 132,978	\$ 1,247,022	\$ 8,699,376	\$ 8,625,511
Employee benefits	12,924	83,905	103,604	53,128	86,396	6,733	234,229	44,250	25,585	174,149	16,228	190,377	841,031	903,433
Payroll taxes	7,635	135,463	166,094	50,445	127,704	10,374	252,887	50,821	25,341	94,531	14,080	108,621	935,385	938,680
<b>Total compensation</b>	<b>78,847</b>	<b>1,437,910</b>	<b>1,716,355</b>	<b>566,173</b>	<b>1,373,846</b>	<b>110,120</b>	<b>2,744,905</b>	<b>612,702</b>	<b>268,914</b>	<b>1,362,724</b>	<b>163,296</b>	<b>1,546,020</b>	<b>10,475,792</b>	<b>10,467,634</b>
Contracted services	125,678	61,435	67,998	55,491	88,420	32,905	162,003	114,787	18,145	432,736	8,487	441,223	1,168,085	1,435,297
Supplies	6,299	88,077	100,624	79,282	166,436	9,934	277,639	207,308	28,393	26,148	2,535	28,683	994,675	969,853
Telephone	3,943	12,288	20,560	9,988	31,825	2,118	58,987	15,380	6,648	40,668	105	40,773	202,400	186,494
Postage and shipping	1,571	5,055	8,494	4,109	11,762	872	20,779	6,353	2,149	61,204	894	15,977	77,181	72,935
Occupancy	203,318	166,576	298,613	144,379	402,195	28,717	701,664	208,492	68,666	92,377	-	92,377	2,315,207	2,387,393
Equipment costs	13,730	136,644	23,403	11,589	30,075	2,300	56,071	23,309	9,926	107,218	3,288	110,506	417,563	393,891
Printing, publication and promotion	3,296	13,345	22,317	10,847	31,517	2,301	53,933	16,703	5,516	104,571	64,815	169,386	329,161	275,801
Travel and transportation	574	18,480	16,050	9,074	72,016	1,097	86,032	10,493	12,369	24,453	1,236	26,689	251,874	222,995
Conferences, conventions and meetings	146	3,999	32,226	2,171	5,624	402	21,182	2,884	4,505	28,460	4,062	32,522	105,762	86,421
Membership dues	1,282	13,775	23,091	11,197	31,056	2,375	50,970	17,241	5,804	15,528	554	16,082	172,873	186,301
Financing expenses	11,950	37,223	62,249	30,256	83,820	6,417	149,040	46,589	15,386	7,500	7,500	7,500	450,530	1,614,159
Grants and awards	-	-	-	-	-	-	-	-	-	2,975	-	2,975	2,975	1,000
Special events	572	1,555	2,763	1,265	3,541	268	105,873	4,094	1,004	69,487	2,019	71,506	197,287	76,777
Miscellaneous	5,398	-	-	-	-	-	-	-	-	-	-	-	-	55,072
<b>Total expenses before depreciation</b>	<b>456,704</b>	<b>1,996,362</b>	<b>2,394,693</b>	<b>935,831</b>	<b>2,334,233</b>	<b>199,826</b>	<b>4,489,098</b>	<b>1,286,435</b>	<b>467,516</b>	<b>2,349,928</b>	<b>295,905</b>	<b>2,645,833</b>	<b>17,206,531</b>	<b>18,421,023</b>
Depreciation	-	101,083	169,045	82,165	227,897	17,426	373,535	126,519	41,783	1,139,453	-	-	1,139,453	1,554,683
<b>Total functional expenses</b>	<b>\$ 456,704</b>	<b>\$ 2,097,445</b>	<b>\$ 2,563,738</b>	<b>\$ 1,017,996</b>	<b>\$ 2,562,130</b>	<b>\$ 217,252</b>	<b>\$ 4,862,633</b>	<b>\$ 1,412,954</b>	<b>\$ 509,299</b>	<b>\$ 15,700,151</b>	<b>\$ 2,349,928</b>	<b>\$ 2,645,833</b>	<b>\$ 18,345,984</b>	<b>\$ 19,975,706</b>
Percent of total of 2009	2.5%	11.4%	14.0%	5.5%	14.0%	1.2%	26.5%	7.7%	2.8%	85.6%	12.8%	14.4%	100.0%	
Percent of total of 2008	4.0%	9.5%	14.7%	5.8%	14.6%	1.3%	26.4%	6.8%	2.6%	85.7%	12.7%	14.3%	100.0%	

See Notes to Consolidated Financial Statements.

YMCA of Greater Cleveland and Subsidiaries

**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2009**  
**(With Comparative Totals for 2008)**

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	\$ 1,609,604	\$ (2,163,815)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Forgiveness of debt and interest	(1,107,629)	-
Depreciation	1,139,453	1,554,683
Net realized and unrealized (gain) on long-term investments	-	(2,033)
Net change in fair value of interests in perpetual trusts	(344,792)	1,084,109
Change in swap liability	(207,387)	411,315
Contributions restricted for long-term investment	(111,509)	(22,669)
(Increase) decrease in operating assets:		
Grants receivable	20,185	108,571
Other receivables	(27,780)	(26,099)
Prepaid expenses and other assets	151,058	69,347
Unconditional promises to give	211,640	299,947
Increase (decrease) in operating liabilities:		
Accounts payable	(262,122)	47,296
Accrued expenses and other liabilities	(488,556)	23,848
Deferred revenue	(34,598)	120,958
<b>Net cash provided by operating activities</b>	<b>547,567</b>	<b>1,505,458</b>
Cash Flows From Investing Activities		
Proceeds from sales of property, plant and equipment	-	9,794
Purchases of property, plant and equipment	(227,025)	(267,054)
Purchases of investments	-	(7,251,583)
Proceeds from sales and maturities of investments	103,445	7,231,383
Net decrease in cash and cash equivalents designated or restricted for long-term purposes	-	785,452
<b>Net cash provided by (used in) investing activities</b>	<b>(123,580)</b>	<b>507,992</b>
Cash Flows From Financing Activities		
Proceeds from contributions restricted for capital improvements	-	9,216
Net line of credit activity	(421,754)	(609,000)
Repayment of bonds	(130,000)	(125,000)
Repayment of capital lease obligations	(152,878)	(186,606)
Proceeds from loan payable	1,150,000	-
Repayment of loans payable	(1,518,107)	(616,368)
Contributions restricted for long-term investment	111,509	22,669
<b>Net cash (used in) financing activities</b>	<b>(961,230)</b>	<b>(1,505,089)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(537,243)</b>	<b>508,361</b>
Cash and cash equivalents		
Beginning	6,358,417	5,850,056
Ending	\$ 5,821,174	\$ 6,358,417

See Notes to Consolidated Financial Statements.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies

**Nature of activities:** The YMCA of Greater Cleveland (the Organization or YMCA) is a nonprofit organization committed to promote the balanced development of spirit, mind and body and to put Judeo-Christian principles into practice to strengthen families, neighborhoods and the Greater Cleveland community using full facility centers and programs as tools to accomplish that mission. As of December 31, 2009, the Organization operates 15 operating units, of which 9 are full service facilities. The remainder of the operating units offer specific programs.

**Principles of consolidation:** The consolidated financial statements include the Organization's wholly-owned for-profit subsidiaries, YMCA Recreation, Inc. (YMCAR), Prospect Recreation Limited Partnership (PRLP), and YMCA Apartments, Inc. (YMCAA) and the Organization's nonprofit subsidiary, Geauga Center for Health and Wellness (GCHW). All significant intercompany accounts have been eliminated in consolidation.

YMCAR was incorporated as a wholly-owned subsidiary of the Organization on February 12, 1997. It was organized for the purpose of holding an equity position in and managing the for-profit limited partnership, PRLP. On February 14, 1997, YMCAR acquired a 50.39% interest in PRLP for \$750 and serves as its general partner. YMCAA holds the remaining 49.61%. PRLP was organized to operate a recreation and athletic facility located within the Organization's downtown location. For the year ended December 31, 2009, PRLP had net income of \$335,057. During 2009, YMCAR and PRLP were dissolved and filed a final tax return for the partial year ending September 1, 2009.

YMCAA was incorporated as a 79%-owned subsidiary of the Organization on January 8, 1997. YMCAA was organized for the purpose of holding an equity position in the for-profit limited partnership, 2200 Prospect. On January 8, 1997, YMCAA acquired a 1% interest in 2200 Prospect for \$1,500 and served as its general partner. On January 25, 2005, the YMCA redeemed the shares of the minority owner allowing the entity to become a wholly-owned subsidiary of the Organization. 2200 Prospect was organized to rehabilitate and operate an apartment complex of 148 units and to rehabilitate and lease a recreation and athletic facility to PRLP. The apartment complex and the recreation and athletic facility were both located within the Organization's downtown location. During 2009, YMCAA and 2200 Prospect were dissolved and filed a final tax return for the partial year ending September 1, 2009 as the property along with all assets, debt and equity was transferred to a new property owner as part of the note auction described in Note 6.

**Basis of accounting:** The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of presentation:** The financial statements of the Organization have been prepared in conformity with accounting principles recommended by the American Institute of Certified Public Accountants' (AICPA) Audit and Accounting Guide Not-for-Profit Organizations, and in accordance with the accounting standards applicable to *Financial Statement of Not-for-Profit Organizations*. Per this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

**Contributions:** The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

**Promises to give:** Unconditional promises to give are recorded when the promise is received. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are discounted at an appropriate discount rate commensurate with the risks involved. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. An immaterial allowance was deemed necessary at December 31, 2009.

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

**Donated services:** Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund raising events and program services. No amounts have been recognized in the statement of activities for these services because the criteria for recognition of such volunteer efforts have not been satisfied.

**Government grants:** The Organization receives grants from city, county, state and federal government sources under a variety of programs. Amounts received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Government grant revenue is reported as an increase in unrestricted net assets in the reporting period in which the terms and conditions specified in the grant agreement are satisfied. During the year ended December 31, 2009, no single program provided more than 5% of the Organization's total support and revenue.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

**Cash and cash equivalents:** For purposes of the statements of cash flows, the Organization considers unrestricted or short-term temporarily restricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows and would be classified as investments on the statements of financial position. At December 31, 2009 there are no such cash and cash equivalents designated or restricted for long-term purposes.

**Supplemental disclosures of cash flow information:** During 2009, the Organization incurred capital lease obligations totaling \$10,151 for purposes of acquiring furniture, fixtures and equipment. Additionally, the Organization transferred ownership of the building at 2200 Prospect Avenue in Cleveland with a value of \$5,393,558 to a third party. In conjunction with the transfer, the third party assumed the note payable associated with building in the amount of \$5,005,102.

During 2009, the Organization made cash payments for interest in the amount of \$348,350.

**Investments:** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized investment gains and losses are included within investment return in the accompanying statements of activities.

**Property, plant and equipment:** Property, plant and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line basis over the estimated useful life of the respective assets, which are as follows:

Buildings and improvements	10-40 years
Furniture, fixtures and equipment	5-10 years

**Deferred revenue:** Deferred revenue results when membership dues are paid in advance or, when government grant funding is received in advance of the period in which the terms and conditions specified in the grant agreement are satisfied.

**Income tax status:** The Organization has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from taxation on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the Organization has been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the Code. The income of the Organization's for-profit subsidiaries, YMCAR and YMCAA, determined separately, are to be included in the income tax returns of each member and, as a result, no provision for income taxes or income tax benefits has been reflected in the accompanying statements.

The Organization adopted the FASB-issued guidance for accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of Unrelated Business Taxable Income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes and accounting interim periods. At December 31, 2009, there were no unrecognized tax benefits identified or recorded as liabilities.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

**Expense allocation:** The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on management's best estimate.

**Asset impairments:** The Organization reviews the carrying value of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If indicators of impairment exist, the Organization would determine whether the estimated undiscounted sum of the future cash flows of such assets is less than its carrying amount. If less, an impairment loss would be recognized based on the excess of the carrying amount of such assets over their respective fair values. There were no impairment losses recognized in 2009.

**Swap liability:** The Organization records its swap liability as either an asset or liability at its fair value in the consolidated statement of financial position with the changes in the fair value recorded in each period's consolidated statement of activities. For the year ended December 31, 2009, the Organization recognized a gain of \$207,387 in the consolidated statements of activities relating to the change in fair value of this interest rate swap agreement.

**Comparative information:** The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

**Reclassification:** Certain reclassifications of 2008 amounts have been made to conform to the 2009 presentation.

**Recent accounting pronouncements:** In April 2009, the Not for Profit – Business Combinations Topic was issued, which provides guidance on accounting for mergers and acquisitions by not-for-profit entities. This guidance is effective for mergers for which the merger date is on or after the beginning of an initial reporting period beginning on December 15, 2009 and for acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. Mergers and acquisitions also changes the subsequent accounting for goodwill and other intangible assets acquired in an acquisition by a not-for-profit entity for mergers and acquisitions completed prior to the effective date, with the changes made prospectively in the first set of initial or annual financial statements for a reporting period beginning on or after December 15, 2009. Early application is prohibited. This standard will have a significant impact on the accounting for future mergers and acquisitions after the effective date and will impact financial statements both on the merger or acquisition date and subsequent periods.

**Subsequent events:** The Organization has evaluated subsequent events for potential recognition and/or disclosure through June 10, 2010, the date the financial statements were available to be issued.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

Unrestricted - available for operating expenses	\$ 317,556
Restricted for short-term purposes	792,163
Restricted for capital investment purposes	4,711,455
	<u>\$ 5,821,174</u>

The Organization maintains its cash balances in several financial institutions located in Cleveland, Ohio and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2009, uninsured bank balances aggregated \$434,312.

#### Note 3. Beneficial Interest in Perpetual Trusts

The Organization is the irrevocable beneficiary of perpetual trusts and has no control of the trust assets. These trusts are maintained and in the custody of third party financial institutions. The Organization's ownership interests are included in beneficial interests in perpetual trusts. At December 31, 2009, amounts maintained by third party financial institutions are \$2,385,393.

#### Note 4. Unconditional Promises to Give

Unconditional promises to give restricted for long-term purposes, net, are comprised of the following at December 31:

Lakewood Branch expansion/renovation	\$ 501,102
Annual Strong Kids Campaign	198,829
Geauga Capital Project	522,980
Avon Capital Project	161,251
<b>Total unconditional promises to give</b>	<u>\$ 1,384,162</u>

Unconditional promises to give are primarily made by corporations, foundations, and individuals in the Greater Cleveland area. Promises to give to be received after 2010 were discounted at rates ranging from 2.5% to 6.0%. Amounts are to be received by the Organization as follows:

Receivable - less than one year	\$ 699,584
Receivable - one to ten years	754,573
Less discount to net present value	(69,995)
<b>Net unconditional promises to give</b>	<u>\$ 1,384,162</u>

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 5. Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31:

Buildings and improvements	\$ 30,520,508
Furniture, fixtures and equipment	7,181,362
Land and land improvements	639,784
	<u>38,341,654</u>
Less accumulated depreciation	(15,739,774)
	<u>\$ 22,601,880</u>

#### Note 6. Loans Payable

Loans payable consist of the following at December 31:

Line of credit borrowings	\$ 2,137,000
Bonds payable	3,575,000
Term loan - GCHW facility	1,011,367
Secured revolving credit facility - Lakewood Branch	4,216,324
Note payable - other	501,425
	<u>\$ 11,441,116</u>

The Organization has two demand lines of credit. The first is a line of credit agreement with a bank which provided for maximum borrowings of \$1,700,000. During December 2009 the maximum borrowings were increased to \$2,150,000. The Organization had \$2,137,000 outstanding under this agreement at December 31, 2009. Interest is payable monthly at the bank's prime lending rate (3.25% at December 31, 2009) plus 0.35%. The loan is collateralized by certain assets of the Organization.

The second line of credit agreement with a bank was entered into in April 2002 and initially provided for maximum borrowings of \$400,000. Borrowing limits were increased to \$600,000 in July 2009. The Organization had \$0 outstanding under this agreement at December 31, 2009. Interest is payable monthly at the bank's prime lending rate (3.25% at December 31, 2009). The loan is collateralized by certain receivables.

On April 5, 2000, the Organization issued variable rate taxable bonds in the amount of \$4,525,000. The bonds mature on April 1, 2025. The net proceeds of the bonds were used to refinance certain outstanding loans payable and capital lease obligations. The interest rate on the bonds is variable (subject to a maximum rate of 15%) as determined by a remarketing agent to a rate that, in the remarketing agent's judgment, would permit the bonds to be sold for par plus accrued interest. The Organization has the option of setting the interest rate period to be weekly, semi-annually, or for periods in excess of one year. The interest rate on the bonds was 4.81% at December 31, 2009. Interest on the bonds is payable monthly. Expenses of approximately \$89,484 relating to the issuance of the bonds were capitalized in other assets in 2001 and are being amortized over a twenty-five year period. Accumulated amortization was \$41,098 at December 31, 2009.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 6. Loans Payable (Continued)

The Organization maintains an interest rate risk management strategy that uses interest rate swap derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest-rate volatility. The Organization's specific goal is to lower (whenever possible) the cost of its borrowed funds. In October 2005, the Organization entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its long-term debt. The original notional principal amount under this agreement was \$4,055,000 which reduces as debt principal payments are made. The interest rate swap agreement matures July, 2015. Under the swap agreement, the Organization pays interest at a fixed rate of 4.81%. Both the debt and the swap require payments to be made monthly. The Organization is exposed to credit loss in the event of nonperformance by the counter party to the interest rate swap agreement. However, the Organization does not anticipate nonperformance by the counter party. Gains or losses on the interest rate swap agreement are recognized in the statement of functional expenses as financing expense. At December 31, 2009, the interest rate swap is recorded as a liability in the consolidated statement of financial position with a fair value of \$324,860.

The variable rate taxable bonds are secured by an irrevocable direct-pay letter of credit issued by a bank. Under the terms of the letter of credit, amounts may be drawn to pay any principal or accrued interest due on the bonds up to a maximum draw equal to the aggregate outstanding principal on the bonds plus accrued interest. The Organization is required to pay a letter of credit commitment fee to the bank of 2.25% of the maximum draw per year. Obligations under the letter of credit are collateralized by certain real and personal property of the Organization. Unless extended by the bank, the letter of credit expires on April 15, 2011. The amount outstanding at December 31, 2009 was \$3,575,000.

In connection with the issuance of the bonds, the Organization has entered into a Reimbursement Agreement with the bank. Under the terms of the agreement, the Organization is required to annually redeem bonds plus accrued interest having principal amounts ranging from \$85,000 to \$335,000 through April 2025. The Organization redeemed \$130,000 of bonds in 2009.

On March 22, 2002, the Organization entered into a loan agreement with The Cleveland Foundation for maximum borrowings of \$1,500,000. The agreement called for a mandatory draw down by March 31, 2003 with interest payable quarterly at 3.00% per annum. The proceeds from the loan were used to provide a loan to GCHW at Heather Hill for the construction of a health and wellness center under the same terms as the agreement with The Cleveland Foundation. On April 1, 2005, the loan agreement with the Cleveland Foundation was amended. The amended agreement extended the final maturity date to March 31, 2010, provided for interest at 4.00%, payable quarterly, and called for periodic repayments of principal as the Organization receives contribution proceeds from a capital campaign. In 2009, the loan agreement was amended to allow the Organization to make a final \$1,150,000 payment and the remaining \$350,000 outstanding was forgiven.

A line of credit-construction loan was entered into with a bank for the construction of a recreational and health and wellness facility at GCHW. The line of credit is collateralized by the land, the facility as constructed and capital campaign pledges associated with the project. In January, 2005, the line of credit was converted to a term loan with minimum monthly principal and interest payments of \$33,853 with a balloon payment due in January 2010 for the remaining principal balance outstanding. Also, the terms of the loan agreement call for repayment of the principal balance from cash received on pledges receivable. The loan bears interest at 2.50% above the current five-year treasury note yield (interest rate of 2.98% at December 31, 2009). The amount outstanding on the loan at December 31, 2009 was \$1,011,367. The loan maturity date was extended to August 28, 2010.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 6. Loans Payable (Continued)

The Organization assumed a mortgage note in connection with the Assignment and Assumption Agreement entered into by the Organization and the limited partner of 2200 Prospect in July 2004 relating to apartment complex described in Note 1. On May 20, 2009, The U.S. Department of Housing and Urban Development (HUD) placed the \$5,005,102 note into a non-profit note auction. The note was acquired by a new mortgage holder and on September 1, 2009, the Organization transferred ownership of the building at 2200 Prospect Ave. in Cleveland to the new mortgage holder.

During August 2005, the Organization entered into a \$6,500,000 secured revolving credit facility with a bank. The credit agreement calls for quarterly interest payments bearing interest at LIBOR plus 1.85% with principal due at maturity. The note is collateralized by certain capital campaign pledges and real property related to the Lakewood Branch expansion/renovation, and also contains certain restrictive covenants. The amount outstanding at December 31, 2009 was \$4,216,324. On July 7, 2009, the Organization renewed the revolving credit facility for a maximum balance of \$4,600,000, with quarterly principal payment requirements of \$25,000, interest rate of LIBOR flex plus 325 basis points, and a maturity date of December 31, 2010.

The note payable - other has a 15-year term which was initially due in February 2012 with interest at 6% for the first three years and 8% thereafter. As of December 31, 2009, \$501,425 was outstanding on the note payable. The Organization assumed this note payable in connection with the Assignment and Assumption Agreement entered into by the Organization and the limited partner of 2200 Prospect in July 2004. On December 31, 2009 the Organization entered into an amended and restated Promissory Note and Agreement with the note holder that forgave the accrued interest on the note, provides for 0% interest, requires annual principal payments of \$50,000 in 2010, 2011, 2012 and 2013, and the balance to be paid on February 19, 2014. The note is collateralized by assets of the Organization.

Future maturities for all loans payable are as follows at December 31, 2009:

2010	\$ 5,417,691
2011	200,000
2012	205,000
2013	215,000
Thereafter	5,403,425
	<u>\$ 11,441,116</u>

**YMCA of Greater Cleveland and Subsidiaries**

**Notes to Consolidated Financial Statements**

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**Note 7. Leases**

**Capital lease obligations:** The Organization leases certain furniture, fixtures and equipment under agreements which are accounted for as capital leases. Assets under capital leases had a capitalized cost of \$2,145,313 at December 31, 2009. The accumulated depreciation related to these assets was \$1,922,847 at December 31, 2009.

The following is a schedule, by years, of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments:

2010	\$	101,712
2011		83,849
2012		39,276
2013		105
<b>Net minimum lease payments</b>		<u>224,942</u>
Less amount representing interest		(11,828)
	<b>\$</b>	<u><u>213,114</u></u>

**Operating leases as lessee:** The Organization leases certain facilities and equipment under operating leases that expire at various dates through 2014.

Total rental expense for all operating leases for the years ended December 31, 2009 was \$360,239.

The minimum future rental commitments under all operating leases are as follows:

2010	\$	174,526
2011		174,526
2012		174,079
2013		173,759
Thereafter		97,778
	<b>\$</b>	<u><u>794,668</u></u>

**Operating leases as lessor:** Effective December 30, 2004, the Organization entered into an Amended Sublease Agreement with University Hospitals Health Systems-Heather Hill, Inc. to lease certain property for five years. The agreement provided for the option to renew for four additional five year terms. The agreement was amended effective January 1, 2010, to lease certain property for two years. The amended agreement provides for the option to renew for three additional years and then renew for the remaining initial three five year terms as stated in the original agreement. Annual sublease income approximated \$118,000 for the year ended December 31, 2009. Annual sublease income for 2010 is approximately \$118,000.

Effective December 30, 2006, the Organization entered into a Commercial Lease Agreement with Lakewood Hospital Association to lease certain property for ten years. The agreement provides for the option to renew for two additional five year terms. Annual sublease income approximated \$71,000 for the year ended December 31, 2009. Annual sublease income for the next seven years will approximate \$71,000.

**YMCA of Greater Cleveland and Subsidiaries**

**Notes to Consolidated Financial Statements**

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**Note 8. Restrictions on Net Assets**

Temporarily restricted net asset balances and amounts released are as follows:

	Beginning Balance	Additions	Releases	Ending Balance
Geauga Capital Campaign	\$ 1,004,992	\$ 58,944	\$ 368,107	\$ 695,829
Lakewood Capital Campaign	793,624	91,598	388,321	496,901
French Creek Capital Campaign	88,236	126,568	-	214,804
Camp Activities	233,539	-	33,433	200,106
United Way	212,712	179,303	212,712	179,303
Clevelanders in Motion	143,848	180,275	236,374	87,749
Euclid Collaborative	122,430	331,219	363,962	89,687
Branch Activities- Other	115,221	6,000	45,617	75,604
Y-Haven Projects	48,577	61,386	27,768	82,195
Community Development	35,605	13,645	15,902	33,348
Child Care Programs	37,916	35,151	44,468	28,599
West Park Capital	5,197	891	2,607	3,481
	<u>\$ 2,841,897</u>	<u>\$ 1,084,980</u>	<u>\$ 1,739,271</u>	<u>\$ 2,187,606</u>

Permanently restricted net assets at December 31, 2009, aggregating \$4,646,152, consist of endowment fund assets to be held indefinitely and two trusts for which the Organization is the irrevocable beneficiary. Income generated by these assets can be used for operating expenses. Board designated net assets are available as unrestricted net assets as designated by the Board of Trustees.

**Note 9. Participation in Trust Fund Income**

The Organization is the beneficiary of the income of several trust funds in which it has no beneficial interest in the fund assets and therefore, the assets have not been included in the Organization's financial statements. The Organization received income of \$1,314,400 from these trust funds in 2009. These amounts are recorded as unrestricted contributions in the consolidated statement of activities.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### **Note 10. Retirement Benefits**

The Organization participates in a defined contribution, individual account, money purchase, retirement plan which is administered by the Young Men's Christian Retirement Fund (the Retirement Fund). This plan is for the benefit of all eligible employees of the Organization who qualify under the participation requirements.

In accordance with an agreement with the Retirement Fund, contributions are determined based on a percentage of the participating employee's salary, are paid for by the Organization, and are remitted to the Retirement Fund monthly. Total Organization contributions charged to retirement costs were \$315,006 in 2009.

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

#### **Note 11. Commitments and Contingencies**

**National YMCA Organization:** The Organization from time to time utilizes the expertise of the National YMCA organization (YMCA of the USA). The YMCA of the USA assesses the Organization an annual fee based on a stipulated percentage of support and revenue. The annual fee for 2009 approximated \$152,486. Amounts payable to the YMCA of the USA approximated \$141,000 at December 31, 2009 relating to the annual fee assessment.

On December 1, 2009, the Organization entered into a partial payment agreement with the YMCA of the USA for the forgiveness of 75% or approximately \$449,000 of the obligation in 2009. At December 1, 2008, the Organization had payments due of approximately \$150,000, to be paid in 60 equal monthly installments ending November 1, 2013. At December 31, 2009, there were 47 payments totaling \$117,271 remaining.

**Legal proceedings and claims:** The Organization is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial condition of the Organization.

**Other business:** On November 14, 2008, the Organization entered into an Operating Agreement with the City of Avon for a \$13,500,000 municipal collaboration to develop and operate the French Creek Family YMCA, located in Avon, Ohio. The operation of the branch commenced April 5, 2010.

According to the Operating Agreement, the building is owned by the City of Avon and is operated by the YMCA. As the operator, commencing in October of 2011, the YMCA's responsibility is limited to current debt service as defined in the Operating Agreement. The total debt service, if not terminated, will equal \$5,500,000 over the term of the agreement. Upon termination of the Operating Agreement, the Organization is relieved of all obligations, except for liabilities and obligations accruing prior to the date of termination.

On December 22, 2009, the Organization entered into an Operating Agreement with the City of Warrensville Heights for a municipal collaboration to develop and operate the Warrensville Heights Family YMCA, located in Warrensville Heights, Ohio. The Operating Agreement is expected to commence in November 2010 upon the award by the city of the construction contract. The operation of the branch is expected to commence in February 2012.

## YMCA of Greater Cleveland and Subsidiaries

### Notes to Consolidated Financial Statements

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#### **Note 12. Fair Value Disclosures**

The Organization adopted the accounting standards for Fair Value Measurements, which provides a framework for measuring fair value under generally accepted accounting principles and applies to all financial and non-financial instruments that are being measured and reported on a fair value basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the fiscal year ended December 31, 2009, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

**Beneficial interest in perpetual trusts:** The fair value of the beneficial interest in perpetual trusts represents the Organization's proportionate interest in the value of the trusts. The fair value of the beneficial interests in perpetual trusts is based on the expected estimated future cash flows to be received by the Organization.

**YMCA of Greater Cleveland and Subsidiaries**

**Notes to Consolidated Financial Statements**

**Note 12. Fair Value Disclosures (Continued)**

**Derivative instrument:** The fair value of the YMCA's derivative instrument was provided by valuation experts. Certain derivatives with limited market activity are valued using externally developed models that consider unobservable market parameters.

**Fair value on a recurring basis:** The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2009:

	Total	Level 1	Level 2	Level 3
Financial Assets				
Beneficial interest in perpetual trusts	\$ 2,385,393	\$ -	\$ -	\$ 2,385,393
<b>Total assets</b>	<b>\$ 2,385,393</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,385,393</b>
Financial Liabilities				
Swap	\$ 324,860	\$ -	\$ 324,860	\$ -
<b>Total liabilities</b>	<b>\$ 324,860</b>	<b>\$ -</b>	<b>\$ 324,860</b>	<b>\$ -</b>

The changes in the fair value of Level 3 assets and liabilities are summarized as follows:

	<u>Beneficial Interest in Perpetual Trusts</u>
Balance, December 31, 2008	\$ 2,040,601
Total gains and losses included in change in net assets	
Change in beneficial interest in perpetual trust	344,792
<b>Ending, December 31, 2009</b>	<u><b>\$ 2,385,393</b></u>

**Note 13. Endowment Funds**

The YMCA's endowment consists of 47 individual donor restricted endowment funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**YMCA of Greater Cleveland and Subsidiaries**

**Notes to Consolidated Financial Statements**

**Note 13. Endowment Funds (Continued)**

**Interpretation of relevant law:** The Board of Trustees of YMCA has interpreted Uniform Management of Institutional Funds Act (UMIFA) 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, YMCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In addition, UMIFA introduced the concept of total return expenditures of endowment net assets for charitable program purposes, expressly permitting prudent expenditures of both appreciation and income. Thus asset growth and income can be appropriated for program purposes subject to the rule that a fund cannot be spent below "historical dollar value".

Beginning June 1, 2009 in accordance with the State Prudent Management of Institutional Funds Act (UPMIFA), the portion of the donor restricted endowment fund that is not classified in permanently restricted net assets will be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the YMCA in a manner consistent with that standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the YMCA will consider the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the YMCA
- (7) The investment policies of the YMCA

Endowment net asset composition by type of fund as of December 31, 2009:

	Permanently Restricted
Donor-restricted endowment	\$ 2,260,759

Changes in endowment net assets for the year ended December 31, 2009:

	Permanently Restricted
Beginning balance, December 31, 2008	\$ 2,149,250
Contributions	111,509
<b>Ending balance, December 31, 2009</b>	<b>\$ 2,260,759</b>

**Funds with deficiencies:** From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature would be reported in unrestricted net assets. There were no such deficiencies as of December 31, 2009.

**YMCA of Greater Cleveland and Subsidiaries**

**Notes to Consolidated Financial Statements**

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**Note 13. Endowment Funds (Continued)**

**Return objectives, risk parameters and spending policy:** The Organization has adopted investment and spending policies for endowment assets that are designed to maintain the value of the original donor gift. During May 2004, the Board of Trustees, voted to liquidate all investments and transfer the funds to cash and cash equivalent accounts in order to protect the corpus of the funds. Therefore, at this time, expected returns are between 1 to 1.5% percent annually, with an annual distribution of 1%. During 2010, the Board plans to evaluate and implement new investment and spending policies for the Organization which includes endowment assets.

YMCA OF GREATER CLEVELAND  
2011-2012 BOARD OF DIRECTORS

**Jeffrey S. Bechtel (13)**

Senior Vice President & Group Manager  
PNC Bank  
4600 Great Northern Boulevard  
North Olmsted, Ohio 44070  
Bus. Phone: (216) 257-4022 Fax: (440) 777-1250  
e-mail: jeffrey.bechtel@pnc.com

**Douglas J. Butler (12)**

Director, Portfolio Manager  
MAI Wealth Advisors, LLC  
1360 East Ninth Street, Suite 1100  
Cleveland, Ohio 44114  
Bus. Phone: (216) 920-4844 Fax: 588-1007  
e-mail: dbutler@maiwealth.com

**Lonzo Coleman (13)**

President  
Coleman Spohn Corporation  
1775 East 45<sup>th</sup> Street  
Cleveland, Ohio 44103  
Bus. Phone: (216) 431-8070 Fax: 431-8254  
e-mail: lcoleman@colemanspohn.com

**Kevin A. Durst (14)**

Corporate Controller  
Ferro Corporation  
1000 Lakeside Avenue  
Cleveland, Ohio 44114  
Bus. Phone: (216) 875-6122 Fax: 875-7230  
e-mail: durstk@ferro.com

**Matthew R. Cox (12)**

Attorney  
McDonald Hopkins LLC  
600 Superior Avenue E, Suite 2100  
Cleveland, Ohio 44114  
Bus. Phone: (216) 348-5428 Fax: 348-5474  
e-mail: mcox@mcdonaldhopkins.com

**Clark L. Fitzgibbons (14)**

President  
Fitzgibbons Arnold & Company Agency  
PO Box 45520  
Westlake, Ohio 44145  
Bus. Phone: (440) 892-3636 Fax: 892-3630  
e-mail: cfitzgibbons@fitzarn.com

**Melissa M. Garrett (14) (Secretary)**

Senior Vice President & Director  
Key Bank  
127 Public Sq., OH-01-27-0334  
Cleveland, Ohio 44114  
Bus. Phone: (216) 689-3595  
e-mail: Melissa\_Garrett@keybank.com

**David H. Gunning II (13) (Chairman)**

Partner  
Roetzel & Andress LPA  
1375 East Ninth Street, 9<sup>th</sup> Floor  
Cleveland, Ohio 44114  
Bus. Phone: (216) 615-7404 Fax: 623-0134  
e-mail: dgunning@ralaw.com

**Marc A. Hays (12)**

Senior Vice President of Leasing  
Developers Diversified  
3300 Enterprise Parkway  
Beachwood, Ohio 44122  
Bus. Phone: (216) 755-5816 Fax: 755-1816  
e-mail: mhays@ddr.com

**Joshua D. Jenkins (13)**

Partner  
Ernst & Young, LLP  
925 Euclid Avenue, Suite 1300  
Cleveland, Ohio 44115  
Bus. Phone: (216) 583-8998 Fax: 276-1894  
e-mail: joshua.jenkins@ey.com

**Brian S. Kenyon (14)**

Executive Vice President/Chief Financial Officer  
Rock and Roll Hall of Fame and Museum, Inc.  
1100 Rock & Roll Boulevard  
Cleveland, Ohio 44114  
Bus. Phone: (216) 515-1514 Fax: 515-1998  
e-mail: bkenyon@rockhall.org

**Scott R. Kerns (14)**

Vice President & General Manager  
Alcoa Wheel & Transportation Products  
6450 Rockside Woods Blvd. S, Suite 350  
Independence, Ohio 44131  
Bus. Phone: (216) 641-5366 Fax: 674-3611  
e-mail: scott.kerns@alcoa.com

YMCA OF GREATER CLEVELAND  
2011-2012 BOARD OF DIRECTORS

**Robert F. Lynch (12)**

President-Paint & Sundries Division  
The Sherwin-Williams Company  
101 Prospect Avenue  
Cleveland, Ohio 44115  
Bus. Phone: (216) 566-3678 Fax: 566-3114  
e-mail: robert.f.lynch@sherwin.com

**John H. McMillan (12)**

President  
Oatey Company  
4700 West 160<sup>th</sup> Street  
Cleveland, Ohio 44135  
Bus. Phone: (216) 267-7100 Fax: 267-6538  
e-mail: jmcmillan@oateyscs.com

**Benjamin J. Mondics (14)**

President & Chief Operating Officer  
Applied Industrial Technologies  
One Applied Plaza  
Cleveland, Ohio 44115  
Bus. Phone: (216) 426-4308 Fax: 426-4840  
e-mail: bmondics@applied.com

**Joseph P. Palchak (14)**

President – Vehicle Group  
Eaton Corporation  
13100 E. Michigan Avenue  
Galesburg, MI 49053  
Bus. Phone: (269) 342-3596 Fax: 217-0479  
e-mail: josephppalchak@eaton.com

**Jack A. Schneider (14) (Treasurer)**

Senior Vice President & Business Banking Exec  
Fifth Third Bank  
600 Superior Avenue, E MD A6515A  
Cleveland, Ohio 44114  
Bus. Phone: (216) 274-5688 Fax: 274-5360  
e-mail: jack.schneider@53.com

**John P. Slagter (13)**

President/Managing Partner  
Buckingham, Doolittle, & Burroughs, LLP  
1375 East Ninth Street, Suite 1700  
Cleveland, Ohio 44114  
Bus. Phone: (216) 621-5300 Fax: 615-3049  
e-mail: jslagter@bdblaw.com

**Anthony Tricarichi (13)**

Partner  
KPMG, LLP  
1375 East 9<sup>th</sup> Street, Suite 2600  
Cleveland, Ohio 44114  
Bus. Phone: (216) 875-8345 Fax: 803-6722  
e-mail: atricarichijr@kpmg.com

**David D. Watson (12)**

Attorney/Member  
McDonald Hopkins LLC  
600 Superior Avenue, Suite 2100  
Cleveland, Ohio 44114  
Bus. Phone: (216) 348-5814 Fax: 348-5474  
e-mail: dwatson@mcdonaldhopkins.com

**G. Bretnell Williams (12) (Vice Chairman)**

Retired, President/Washington Services  
Washington Group International, Inc.  
17200 South Park Boulevard  
Shaker Heights, Ohio 44120  
Home Phone: (216) 767-0023  
e-mail: southparkbetty@aol.com

**Robert Wyllie, M.D. (13)**

Physician-in-Chief, Children's Hospital  
Cleveland Clinic Main Campus  
Mail Code A111  
9500 Euclid Avenue  
Cleveland, Ohio 44195  
Bus. Phone: (216) 444-2237  
Email: wyllier@ccf.org

**STAFF**

**Glenn Haley**

President/CEO  
YMCA of Greater Cleveland  
2200 Prospect Avenue, Suite 900  
Cleveland, Ohio 44115  
Bus. Phone: (216) 263-6837 Fax: 344-3901  
e-mail: ghaley@clevelandymca.org

**Vicki Caraffi**

Executive Assistant to the President  
2200 Prospect Avenue, Suite 900  
Cleveland, Ohio 44115  
Bus. Phone: (216) 263-6835 Fax: 344-3901  
Email: vcaraffi@clevelandymca.org