The Young Men's Christian Association of Chicago

Financial Statements
December 31, 2014 and 2013

Page(s)

Independent Auditor's Report

To the Board of Managers of the YMCA of Metropolitan Chicago

We have audited the accompanying financial statements of the Young Men's Christian Association of Chicago (the 'Association'), which comprise the statement of financial position and the related statements of activities and changes in net assets, of cash flows, and of functional expenses as of December 31, 2014, and for the year then ended. The prior year summarized comparative information has been derived from the Association's December 31, 2013 financial statements, and in our report dated May 22, 2013, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements based on our audit. We conducted our audit 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 our 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, we consider internal control relevant to the Association'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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Men's Christian Association of Chicago at December 31, 2014, and the results of their operations, their cash flows, and their functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

June 23, 2015

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The Young Men's Christian Association of Chicago
Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	$ 4,826,690	$ 8,787,911
Restricted cash	973,020	3,064,442
Pledges receivable (net of allowance for doubtful accounts of $30,593 and $79,577, respectively)	128,713	200,000
Other receivables (net of allowance for doubtful accounts of $465,220, and $536,177, respectively)	1,523,674	2,006,482
Recoverable government-funded program expenditures (net of allowance for doubtful accounts of $201,565 and $230,485, respectively)	2,811,167	4,017,181
Other current assets	1,261,307	1,212,336
Total current assets	11,524,571	19,288,352
Investments, (including $8,668,625 of permanently restricted assets at December 31, 2014 and December 31, 2013)	152,999,863	152,389,598
Long Term Pledges and Life insurance policies	171,643	23,908
Pension and post retirement benefit asset	-	1,518,000
Property and equipment, net of accumulated depreciation	124,719,487	120,261,427
Funds held in trust for the Association	3,166,988	2,696,391
Total assets	$ 292,582,552	$ 296,177,676
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 7,632,929	$ 6,789,282
Accrued expenses		
Payroll and related benefits	4,373,868	4,883,709
Other	4,949,580	5,410,147
Interest rate swap	943,645	336,862
Advances from government agencies	791,850	615,171
Deferred revenues	2,707,902	2,570,085
Revolving credit facility	300,000	1,200,000
Current portion of long-term debt and capital leases	1,108,944	1,575,010
Total current liabilities	22,808,718	23,380,266
Long-term debt and capital leases, less current maturities	60,948,867	67,247,077
Other long-term liabilities	415,984	527,812
Refundable advances	-	250,000
Pension and post retirement benefit obligation	2,872,000	-
Total liabilities	87,045,569	91,405,155
Net assets		
Unrestricted	191,821,937	189,805,560
Temporarily restricted	1,879,633	3,602,145
Permanently restricted	11,835,413	11,364,816
Total net assets	205,536,983	204,772,521
Total liabilities and net assets	$ 292,582,552	$ 296,177,676

The accompanying notes are an integral part of the financial statements.

The Young Men's Christian Association of Chicago
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
Public support and revenue					
Public support					
Government-funded programs	$ 13,051,400	$ -	$ -	$ 13,051,400	$ 18,324,316
Contributions	4,036,876	9,962,016	-	13,998,892	12,064,702
United way, local chests, and special projects	1,110,027	-	-	1,110,027	1,111,537
Total public support	18,198,303	9,962,016	-	28,160,319	31,500,555
Revenue					
Membership fees	30,750,566	-	-	30,750,566	31,740,514
Social, educational and health program fees	28,096,004	-	-	28,096,004	27,702,072
Residence income	5,560,813	-	-	5,560,813	6,169,904
Rental, service and merchandise	995,610	-	-	995,610	1,157,744
Investment income designated for operations	6,874,638	-	-	6,874,638	6,846,424
Miscellaneous	95,968	-	-	95,968	225,678
Net assets released from restriction	11,684,528	(11,684,528)	-	-	-
Total revenue	84,058,127	(11,684,528)	-	72,373,599	73,842,336
Total public support and revenue	102,256,430	(1,722,512)	-	100,533,918	105,342,891
Expenses					
Program services	84,422,576	-	-	84,422,576	89,189,048
Management and general	18,301,994	-	-	18,301,994	16,368,634
Fundraising	1,368,086	-	-	1,368,086	1,646,496
Total expenses	104,092,656	-	-	104,092,656	107,204,178
Public support and revenue (less) than expenses before other income	(1,836,226)	(1,722,512)	-	(3,558,738)	(1,861,287)
Other income (loss)					
Investment income					
Total investment income	12,767,099	-	-	12,767,099	28,224,159
Investment income designated for operations	(6,874,638)	-	-	(6,874,638)	(6,846,424)
Net gain/(loss) on interest rate swap	(988,153)	-	-	(988,153)	882,217
Net gain/(loss) on funds held in trust	-		470,597	470,597	(77,545)
Contribution from debt forgiveness	8,518,615	-	-	-	-
Contribution of property	(5,566,141)	-	-	-	-
Net gain/(loss) on property	1,439,821	-	-	1,439,821	(9,000)
Total other income (loss)	9,296,603	-	470,597	6,814,726	22,173,407
Other changes in net assets	(5,444,000)	-	-	(5,444,000)	7,144,000
Change in net assets	2,016,377	(1,722,512)	470,597	764,462	27,456,120
Net assets					
Beginning of year	189,805,560	3,602,145	11,364,816	204,772,521	177,316,401
End of year	$ 191,821,937	$ 1,879,633	$ 11,835,413	$ 205,536,983	$ 204,772,521

The accompanying notes are an integral part of the financial statements.

The Young Men's Christian Association of Chicago
Statements of Functional Expenses
Years Ended December 31, 2014 and 2013

	Child Development	Health Enhancement	Camping	Community Development	Residence	Program Services Total	Management and General	Fundraising	December 31, 2014 Total	December 31, 2013 Total
Salaries and wages	$ 13,692,546	$ 16,015,367	$ 4,551,450	$ 1,653,952	$ 1,538,141	$ 37,451,456	$ 9,484,314	$ 708,960	$ 47,644,730	$ 51,471,987
Payroll taxes and employee benefits	2,380,495	2,784,325	791,285	287,545	267,411	6,511,061	1,648,880	123,255	8,283,196	9,898,666
Total salaries and related expenses	16,073,041	18,799,692	5,342,735	1,941,497	1,805,552	43,962,517	11,133,194	832,215	55,927,926	61,370,653
Occupancy	1,893,660	2,214,903	629,459	228,739	212,723	5,179,484	1,311,668	98,048	6,589,200	5,639,004
Maintenance and repairs expenses	847,430	991,189	281,689	102,363	95,195	2,317,866	586,983	43,877	2,948,726	2,824,513
Supplies and equipment	1,825,235	2,134,870	606,714	220,474	205,036	4,992,329	1,264,272	94,505	6,351,106	6,719,219
Contract service fees	3,259,113	3,811,993	1,083,340	393,675	366,110	8,914,231	2,257,465	168,747	11,340,443	11,056,452
Promotion	715,304	836,649	237,769	86,403	80,353	1,956,478	495,464	37,036	2,488,978	2,408,250
Conferences, meetings and travel	225,519	263,776	74,963	27,241	25,333	616,832	156,208	11,677	784,717	955,997
Interest expense	127,706	149,371	42,450	15,426	14,346	349,299	88,457	6,612	444,368	472,359
Other expenses	1,178,233	1,378,110	391,649	142,321	132,356	3,222,669	816,118	61,005	4,099,792	2,959,351
Total operating expenses, before depreciation and amortization	26,145,241	30,580,553	8,690,768	3,158,139	2,937,004	71,511,705	18,109,829	1,353,722	90,975,256	94,405,798
Depreciation and amortization	4,720,316	5,521,076	1,569,049	570,177	530,253	12,910,871	192,165	14,364	13,117,400	12,798,380
Total functional expenses	$ 30,865,557	$ 36,101,629	$ 10,259,817	$ 3,728,316	$ 3,467,257	$ 84,422,576	$ 18,301,994	$ 1,368,086	$ 104,092,656	$ 107,204,178

The accompanying notes are an integral part of the financial statements.

The Young Men's Christian Association of Chicago
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 764,462	$ 27,456,120
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contribution from debt forgiveness	(8,518,615)	-
Contribution of property	5,566,141	-
Adjustment for pension and post retirement liability	4,390,000	(8,101,000)
Depreciation and amortization	13,117,400	12,798,380
Net loss (gain) on property	(1,439,821)	9,000
Provision for doubtful accounts	(148,861)	299,568
Net realized gain on sale of investments	(11,774,571)	(8,134,563)
Net unrealized (gain) loss on investments	1,966,222	(17,920,185)
Gain (loss) on interest rate swap	988,153	(882,217)
Decrease (Increase) in funds held in trust	(470,598)	77,546
Contributions restricted for capital projects	(9,110,369)	(7,932,245)
Other changes in operating assets and liabilities		
Decrease in recoverable government funded program expenditures	1,234,935	1,377,266
Decrease (Increase) in other assets and receivables	475,618	(560,664)
Decrease (Increase) in pledges receivable	(26,351)	110,000
Increase (Decrease) in advances from government agencies	176,679	(283,532)
Increase in other liabilities	(619,959)	1,103,836
Increase in deferred revenues	137,817	313,120
Net cash used by operating activities	(3,291,718)	(269,570)
Cash flows from investing activities		
Proceeds from sale of property and equipment	698,512	-
Purchase of equipment and property	(22,883,458)	(15,006,147)
Proceeds from sale of investments	52,226,312	61,646,798
Purchase of investments	(43,028,228)	(49,642,350)
Net cash used in investing activities	(12,986,862)	(3,001,699)
Cash flows from financing activities		
Payments on principal of capital leases	(1,584,432)	(1,742,197)
Increase (Decrease) in restricted cash	2,091,422	(2,388,033)
Borrowing on term loan	3,600,000	6,500,000
Payments on revolving credit facility	(900,000)	(7,400,000)
Contributions restricted for capital projects	9,110,369	7,932,245
Net cash provided by financing activities	12,317,359	2,902,015
Net decrease in cash	(3,961,221)	(369,254)
Cash and cash equivalents		
Beginning of year	8,787,911	9,157,165
End of year	$ 4,826,690	$ 8,787,911
Supplemental `		
Cash paid during the period for interest (net of amounts capitalized)	$ 798,780	$ 824,334
Noncash financing activities		
Investment in beneficial trust restricted for endowment	470,597	(77,546)
Noncash investing activities		
Capital lease obligations used to purchase property and equipment	737,249	1,104,817

The accompanying notes are an integral part of the financial statements.

1. Organization

The Young Men's Christian Association of Chicago (the "Association"), an Illinois charter not-for-profit Corporation is a community-based family service organization. The Association operates twenty-three YMCA membership centers, six senior housing facilities, twelve Early Head Start, Head Start and School Age child care facilities, five Community Schools, four human service agencies, four single room occupancy housing units, in the greater Chicagoland area and four resident camps, and is involved in building of the mind, body and spirit of its members and improving the quality of life in the greater Chicagoland area.

Revenue is derived primarily from contributions, public funding, and fees for membership, programs, and housing services. The accompanying financial statements reflect the financial results of all program and supporting services, and capital activities of the Association. All intra-Association balances and transactions have been eliminated. The Association is a tax-exempt organization, as defined by Section 501(c) (3) of the Internal Revenue Code.

The YMCA of Metropolitan Chicago Foundation, YMCA of Metropolitan Chicago Foundation for Greater Roseland, YMCA of Metropolitan Chicago Foundation for Washington Park, YMCA of Metropolitan Chicago Foundation for Harvey II and YMCA of Metropolitan Chicago Foundation for Harvey III (the "Foundations"), are related organizations. The majority of Board members are officers or Board members of the Association. The accounts of the Foundations are not included in these financial statements (Note 4).

In November 2013, the Third Age program that provided homemaker support to seniors and people with disabilities was discontinued. Other service organizations absorbed the clients and many of the staff moved with the clientele. The grant revenue for this program was $5,032,895 for the year ending December 31, 2013.

2. Summary of Significant Accounting Policies

Net Asset Accounting
The net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets are utilized to account for public support and program revenues that are unrestricted in nature. Donor restricted contributions whose restrictions are met in the year of contribution are reported as unrestricted support.

Temporarily restricted net assets are utilized to account for contributions that are donor restricted for uses which have not yet been fulfilled either in time or purpose.

Permanently restricted net assets are utilized to account for true endowments whereby the donor has permitted the Association to use the income for operations, but has prohibited the use of corpus.

When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Board of the Association periodically designates certain amounts for specific uses. These amounts are included within the unrestricted net assets which have been designated for certain projects by the board.

Revenue Recognition

Public support and revenue are recorded under the accrual method. Membership revenue is recognized over the period of membership. Unconditional promises to give are recorded as revenue in the current period at the net present value of the amounts expected to be collected. Conditional promises are recorded when the conditions on which they depend are substantially met. All gifts, bequests and other public support with purpose or time restrictions that are met in the same reporting period are reported as increases in unrestricted net assets.

Government-funded program support is recognized to the extent that reimbursable program costs are incurred or, for certain programs, at contractually determined rates as services are rendered.

Refundable advances included on the statement of financial position relate to rehabilitation grants received from the City of Chicago, the State of Illinois, Federal Home Loan Bank and the Corporation for Supportive Housing by the Association and will be recognized when the conditions on which they depend are substantially met. The grants are made in the form of noninterest bearing notes, which provide for forgiveness of the principal at the expiration of the respective terms, provided the Association remains in compliance with the stipulations of the agreements. During 2014, the refundable advance of $250,000 was transferred to Lawson LLC along with the property that was rehabilitated.

Donated Services

A substantial number of corporations and volunteers have donated significant amounts of time and services to the Association's program operations and to its fund-raising campaigns. However, such contributed services do not meet the criteria for recognition of contributed services contained in generally accepted accounting principles and, accordingly, are not reflected in the accompanying financial statements.

Cash and Cash Equivalents

The Association considers all highly liquid money market funds acquired with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Association had restricted cash of $973,020 and $3,064,442 at December 31, 2014 and 2013. Current year and prior year restrictions are all donor imposed restrictions that had not yet been fulfilled.

Investments

Investments are stated at fair value and are recorded on the trade or contract date. The fair value of investments is based on quoted market prices, except for investments for which quoted market prices are not available. The fair value of certain alternative investments, such as real estate and hedge funds, is estimated based on valuations provided by the associated external investment managers and are recorded at the net asset value (NAV) reported by the fund managers which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold at an amount different than NAV. As of December 31, 2014 and 2013 the Association had no plans to sell any alternative investments at amounts different than NAV. The Association exercises diligence in assessing the policies, procedures and controls implemented by its external investment managers, and believes the carrying amount of these assets represents a reasonable estimate of fair value. However, because alternative investments are generally not readily marketable, their estimated value is subject to inherent uncertainty and therefore may differ from the value that would have been used had a market for such investments existed.

Property and Equipment
Property and equipment are recorded at cost for assets purchased or constructed, at estimated fair value on the date of receipt for assets donated. Depreciation on buildings is computed principally on the straight-line basis over 40 years. Building additions are depreciated on a straight-line basis over a 20-year period or the remaining life of the building, if shorter. Furniture and fixtures, including computer equipment, are depreciated on a straight-line basis over service lives ranging from three to ten years.

Leased assets and leasehold improvements are amortized over the term of the lease or their useful lives, if shorter, principally by use of the straight-line method.

Other Long-Term Liabilities
These liabilities are charitable remainder trusts and represent expected amounts to be paid to the donor or their beneficiaries until their death.

Functional Expenses
The Association classifies expenses into three functional areas: program services, management and general, and fundraising. The program services function includes all expenses directly related to the Association's social, educational and health programs. Management and general expense represents administrative costs, including interest not directly associated with operating units. Fundraising expense consists of expenses related to the solicitation of contributions.

Pension
Pension expense for the Association administered defined benefit plan is determined on the projected unit credit method. The Association's current funding policy is to contribute annually at least the minimum amount required under the Employment Retirement Income Security Act of 1974.

Derivatives
The Association recognizes all derivative instruments as assets or liabilities at fair value, with the related gain or loss reflected within statement of activities and changes in net assets. The Association maintains interest rate swap agreements that are economically cash flow hedges to manage the market risk from changes in interest rates on a portion of its variable rate term loans. Such derivative financial instruments are recorded at fair value, and at December 31, 2014 and 2013, respectively, the fair value approximates $943,645 and $336,862, as reflected in accrued liabilities, within the accompanying statement of financial position. The differentials to be received or paid under the interest rate swap agreements are recognized in other expense.

Other Changes in Net Assets
The total other changes in net assets at December 31, 2014 and 2013 amounted to a decrease of $5,444,000 and increase of $7,144,000, respectively, relating to changes in both plan assets and benefit obligations of the pension and post retirement plans.

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 amount of assets and liabilities and disclosure of contingent 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.

Summarized Comparative Information
The financial statements include certain prior-year summarized comparative information in total but not by individual net asset categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

3. Pledges Receivable

Unconditional pledges as of December 31, 2014 and 2013 are as follows:

	2014	2013
Gross pledges receivable	$ 307,213	$ 279,577
Less: Reduction for discounting	$ (1,285)	-
Less: Reduction for allowance	(30,593)	(79,577)
Pledges, net	$ 275,335	$ 200,000

Gross pledges receivable of $143,014 and $279,577 at December 31, 2014 and 2013, respectively were due within one year and classified as current on the balance sheet.

4. Related Foundations

The Association is related to the Foundations (Note 1) which are all Illinois non-for-profit corporations. These Foundations provide elderly and handicapped persons with housing facilities and related services presently at six properties.

Under the terms of management agreements with the Foundations, the Association manages the housing facilities and provides the Foundations with administrative services. Under the terms of a lease agreement with the YMCA of Metropolitan Chicago Foundation, the Association provides social, education, and health programs in the program facilities. Transactions under these agreements are not material to the Association's financial statements. At December 31, 2014 and 2013, the Association's balance sheet included other receivables of approximately $358,378 and $399,529 respectively, from the Foundations.

The following Foundation facilities were financed by capital grants from the U.S. Department of Housing and Urban Development ("HUD").

- YMCA of Metropolitan Chicago Foundation for Washington Park
- YMCA of Metropolitan Chicago Foundation for Harvey II
- YMCA of Metropolitan Chicago Foundation for Harvey III

The following Foundation facility was financed by a capital advance from the U.S Department of Housing and Urban Development ("HUD") and an affordable housing program grant.

- YMCA of Metropolitan Chicago Foundation of Greater Roseland

The YMCA of Metropolitan Chicago Foundation (South Chicago and Harvey) is funded by a combination of tax-exempt and taxable bonds.

The capital grants, secured by land and project costs, are subject to mortgage notes which bear no interest and are payable only if housing does not remain available for very low income eligible for 40 years. The capital advance is subject to a mortgage note secured by land and project costs. The affordable housing grant is subject to a junior mortgage note secured by real estate which is to be repaid only if housing program requirements are not met. The Association has no responsibility for repayment of these mortgages. The Association has rehabilitated program facilities at the Foundations' properties and accounts for these costs as leasehold improvements.

A summary of financial information related to the Foundations for the years ended and as of December 31, 2014 and 2013 is as follows:

	2014	2013
Total revenue	$ 6,385,112	$ 6,423,213
Operating expenses	$ 7,193,778	6,560,488
Non operating	$ 125,434	206,649
Total assets, mainly property, plant and equipment	$ 35,989,586	37,086,057
Total liabilities and equity	$ 35,989,586	37,086,057

5. Investments and Fair Value Measurements

The Association follows the provisions of the Financial Accounting Standards Board ("FASB") pronouncement on Fair Value Measurements. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Marketable investments in equities and debt securities are carried at fair value based upon quoted market prices at the reporting date. For limited marketability investments, including alternative investments, which are principally real estate, private equity and hedge funds, the carrying value is the estimated fair value. Because alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the governing partnership agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investments had been in existence, and the difference could be material. The Association's alternative investments accessed through limited partnerships are determined by the general partner to be at fair value pursuant to FASB's accounting standards, after it considers certain pertinent factors, including, but not limited to, the partner's share of the underlying limited partnership's net assets, liquidity features of the partnership, the underlying portfolio of holdings, the current market conditions for observable, corroborated or correlated transactions, comparable or similar products' fair valuations, external assessments of the limited partnerships' holdings, and the audit opinion from the independent auditor of the limited partnership.

The following tables set forth the Association's investment assets and investment liabilities categorization. The valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Total Association investment assets at fair value on a recurring basis classified within Level 3 were $23,361,006 as of December 31, 2014, which primarily consists of the Association's real estate, private equity and hedge funds holdings.

Investment holdings at fair value were comprised of the following at December 31, 2014:

	Investment Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,896,709	$ -	$ -	$ 1,896,709
Corporate bond funds	25,636,028	-	-	25,636,028
Common stocks	30,457,911	-	-	30,457,911
Government agencies bond funds	-		-	-
Common collective trusts	-	71,648,209	-	71,648,209
Real estate	-	-	7,182,564	7,182,564
Private equity	-	-	5,102,780	5,102,780
Hedge funds	-	-	11,075,662	11,075,662
Total investment assets at fair value	$ 57,990,648	$ 71,648,209	$ 23,361,006	$ 152,999,863

	Investment Liabilities at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Interest rate swaps	$ -	$ 943,645	$ -	$ 943,645
Total liabilities at fair value	$ -	$ 943,645	$ -	$ 943,645

Investment holdings at fair value were comprised of the following at December 31, 2013:

	Investment Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,055,742	$ -	$ -	$ 1,055,742
Corporate bond funds	21,433,563	-	-	21,433,563
Common stocks	35,144,177	-	-	35,144,177
Government agencies bond funds	-	110,904	-	110,904
Common collective trusts	-	72,634,856	-	72,634,856
Real estate	-	-	6,685,547	6,685,547
Private equity	-	-	4,667,830	4,667,830
Hedge funds	-	-	10,656,979	10,656,979
Total investment assets at fair value	$ 57,633,482	$ 72,745,760	$ 22,010,356	$ 152,389,598

	Investment Liabilities at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Interest rate swaps	$ -	$ 336,862	$ -	$ 336,862
Total liabilities at fair value	$ -	$ 336,862	$ -	$ 336,862

During 2014 and 2013, there were no transfers between Level 1 and Level 2 which are material to the financial statements.

Details on typical redemption terms by asset class and type of investments are provided below:

Investments	Remaining Life	Redemption Terms	Redemption Restrictions and Terms	Redemption Restrictions in Place at Year End
Cash and cash equivalents	N/A	Daily	None	None
Corporate bond funds	N/A	Daily	None	None
Common stocks	N/A	Daily	None	None
Government agencies bond funds	N/A	Daily	None	None
Common collective trusts	N/A	Daily	None	None
Real estate	N/A	Quarterly with 45 days notice	None	None
Private equity	N/A	No redemption is permitted	No redemption is permitted	None
Hedge funds	N/A	Quarterly with notice periods of 65 to 90 days	None	None

The table below sets forth a summary of changes in the fair value of the Association's Level 3 investments for the year ended December 31, 2014. Realized and unrealized gains and losses on Level 3 investments are included in the "Statement of Activities and Changes in Net Assets" under other income (expense).

	Real Estate	Private Equity	Hedge Funds	Total
Balances at beginning of year	$ 6,685,547	$ 4,667,830	$ 10,656,979	$ 22,010,356
Realized (losses) gains	456	491,216	-	491,672
Unrealized gains (losses)	417,710	457,134	418,683	1,293,527
Capital contributions net of distributions	(182,880)	(434,020)	-	(616,900)
Fees	(81,493)	(89,257)	-	(170,750)
Income	343,224	9,877	-	353,101
Balances at end of year	$ 7,182,564	$ 5,102,780	$ 11,075,662	$ 23,361,006

The table below sets forth a summary of changes in the fair value of the Association's Level 3 investments for the year ended December 31, 2013. Realized and unrealized gains and losses on Level 3 investments are included in the "Statement of Activities and Changes in Net Assets" under other income (expense).

	Real Estate	Private Equity	Hedge Funds	Total
Balances at beginning of year	$ 6,299,866	$ 4,114,639	$ 9,682,232	$ 20,096,737
Realized (losses) gains	3,828	277,072	-	280,900
Unrealized gains (losses)	316,999	459,106	974,747	1,750,852
Capital contributions net of distributions	-	252,045	-	252,045
Fees	(254,746)	(446,644)	-	(701,390)
Income	319,600	11,612	-	331,212
Balances at end of year	$ 6,685,547	$ 4,667,830	$ 10,656,979	$ 22,010,356

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The significant unobservable inputs used in the fair value measurement of the Association's Level 3 investments include a combination of cost, discounted cash flow analysis, industry comparables and outside appraisals. Significant increases (decreases) in any inputs used by investment managers in determining net asset values in isolation would result in a significantly lower (higher) fair value measurement.

The Association has outstanding Private Equity capital call commitments totaling $1,495,876 and $2,231,730 at December 31, 2014 and 2013, respectively.

6. Property and Equipment

Property and equipment and related accumulated depreciation at December 31, 2014 and 2013 consisted of the following:

	2014	2013
Land	$ 14,240,606	$ 14,476,340
Buildings and improvements	199,105,259	205,739,853
Furniture, fixtures, and equipment	29,505,896	28,448,946
Leasehold improvements	7,148,120	7,023,928
Construction in progress	5,131,929	4,655,410
	255,131,810	260,344,477
Less: Accumulated depreciation	(130,412,323)	(140,083,050)
	$ 124,719,487	$ 120,261,427

Depreciation expense for the years ended December 31, 2014 and 2013 was $13,089,338 and $12,770,318 respectively.

In December 2014, the Association transferred the Lawson property and the Illinois Housing Development Authority debt associated with the property to Lawson LLC. The property provides single room occupancy and houses the YMCA corporate offices. .The fair value of the property transferred less debt assumed and cash received was $5,566,141 and is recorded as a contribution of property. The net book value of the assets transferred was $5,855,487.

In March 2014 the Association executed a Purchase and Sale agreement to sell the land where the Rich Port YMCA was located to an unrelated third party. This sale is subject to a physical due diligence period which has passed and a governmental approval contingency period which is pending. The governmental approval contingency period is expected to end in May, 2015.

Building improvements and other equipment were sold or disposed for a net gain of $1,439,821 and net loss of $9,000 in 2014 and 2013, respectively.

7. Capital Leases

The Association has entered into capital leases for certain office and exercise equipment with equipment vendors. Equipment under capital leases consists of:

	2014	2013
Furniture, fixtures and equipment	$ 5,800,847	$ 5,063,598
Less: Accumulated depreciation	(4,381,968)	(3,006,324)
	$ 1,418,879	$ 2,057,274

Minimum annual rentals are:

2015	$ 1,147,046
2016	630,498
2017	248,150
2018	15,082
2019 and thereafter	
	2,040,776
Less: Amount representing interest	(57,965)
Present value of net minimum payments under capital lease	1,982,811
Less: Current portion	(1,108,944)
Capital lease obligation	$ 873,867

8. Long-Term Debt

Long-term debt consists of the following at December 31, 2014 and 2013:

	2014	2013
Illinois Development Finance Authority Loan, with variable interest rates, due June 1, 2029	$ 37,000,000	$ 37,000,000
Illinois Finance Authority Adjustable Rate Demand Revenue Bonds Series 2004, with variable interest rates, due June 1, 2034	12,100,000	12,100,000
BMO Harris Term Loan with variable interest rates due in varying amounts through 2023	10,100,000	6,500,000
City of Chicago Department of Housing H.O.M.E. Funds, 3% due 2021	-	8,518,615
Illinois Housing Development Authority, 3%, due August 30, 2021	-	998,478
Illinois Development Action Grant, 3%, due October 15, 2029	875,000	875,000
Capital leases (Note 7)	1,982,811	2,829,994
Total long-term debt	62,057,811	68,822,087
Less: Amounts due within one year	(1,108,944)	(1,575,010)
	$ 60,948,867	$ 67,247,077

On June 14, 2001, the Authority issued $54,000,000 fully registered bonds on behalf of the Association, Series 2001 dated June 4, 2001. The Association was required to use $35,100,000 of the proceeds to retire the outstanding 1996A and 1999 bonds. On July 25, 2001, the Association utilized these funds to repay the 1996A and 1999 bonds in full.

On November 18, 2004, the Authority issued $27,000,000 fully registered bonds on behalf of the Association, Series 2004, dated November 1, 2004. The Association used $4,605,000 of the proceeds to repay an outstanding taxable loan with LaSalle Bank. In addition, the Association used $5,900,396 to refund the principal and interest on the outstanding 1996B Bonds.

The Series 2004 bond proceeds were made available to the Association pursuant to loan agreements entered into between the Association and the Authority. The bond proceeds provide funds to the association to (a) finance, refinance or reimburse all or a portion of the costs of the acquisition, construction, renovation, improving and equipping of certain facilities including certain finance costs (b) refund all of the principal of and interest on the outstanding Revenue Bonds, Series 1996B, (c) retire taxable loan with LaSalle Bank and (d) pay certain costs relating to the issuance of the Series 2004 Bonds.

The loan agreements contain certain options where the borrower may prepay a portion of the loan based on circumstances defined in the agreements. During 2011, the Association redeemed $900,000 of the Series 2004 bonds. During 2010 $17,000,000 of the Series 2001 and $14,000,000 of the Series 2004 bonds were redeemed.

The Series 2004 bonds are subject to mandatory sinking fund installment redemption of $6,000,000 on June 1, 2016. The final maturity date for the remaining $6,100,000 of bonds is June 1, 2034.

Pursuant to the above agreements, the Association entered into related reimbursement agreements with Harris Trust and Savings Bank which provide letters of credit in the amounts of $37,283,836 for Series 2001 and $12,192,823 for Series 2004, for principal and interest. These agreements were amended September 23,, 2014 and, unless renewed, will expire on January 31, 2018 for Series 2001 and Series 2004. The letters of credit have associated fees of 0.50% of the outstanding balance of the loans.

Pursuant to certain agreements among the Association, the Authority and the Harris Trust and Savings Bank, the Association must maintain certain covenants in connection with the reimbursement agreements and the loan agreements including restrictions related to debt service coverage, additional indebtedness, and maintenance of certain indebtedness ratios.

During 2014, the Association transferred the Lawson property to Lawson LLC. The City of Chicago note and regulatory agreement associated with the property were restructured. The note was forgiven and is reflected as a contribution to the Association. The regulatory agreement now requires the Lawson LLC to provide affordable residential units for period of time not less than thirty years.

The Illinois Housing Development Authority debt and related documents were assigned to the Lawson LLC as part of the property transfer.

Aggregate annual maturities of long-term debt and capital leases for the five years ending after December 31, 2014 and thereafter are as follows:

2015	$ 1,108,944
2016	614,904
2017	244,055
2018	14,908
2019	-
Thereafter	60,075,000
	$ 62,057,811

The Association maintains a $10,000,000 line of credit with Harris Trust and Savings Bank. The outstanding borrowings at and December 31, 2014 and 2013 against the credit line amounted to $300,000 and $1,200,000 respectively. The applicable interest rate at December 31, 2014 was 1.67%.

The fair value of the Association's long-term debt, excluding capital leases, at December 31, 2014 and 2013 approximates $60,075,000 and $65,992,093, respectively. The fair values of the Association's long-term debt are based on current traded values for similar types of borrowings which are considered Level 2 inputs as described in Note 5.

9. Interest Rate Swap

The Association is currently a party to two interest rate swap agreements. These swap agreements relate to the $54 million tax-exempt Series 2001 bond issue and the $27 million Series 2004 bond issue. The interest rate swap agreements effectively convert the tax-exempt daily reset (variable rate) for Series 2001 and tax-exempt weekly reset (variable rate) for Series 2004 interest rate to a fixed interest rate. See key terms of each swap agreement included below.

At December 31, 2014, the outstanding swaps are as follows:

Counterparty	Amount	Effective Date	Original Term	Expiration Date	Fixed Rate Paid	Floating Received
JPMorgan Chase	10,000,000	08/08/2011	10 years	08/09/2021	1.87 %	68% LIBOR
JPMorgan Chase	10,000,000	08/01/2012	10 years	08/01/2022	2.10 %	68% LIBOR

At December 31, 2014 and 2013, respectively, the total mark-to-market adjustment on these swap agreements was a loss of $606,783 and a gain of $1,258,758, respectively. The differential between the tax-exempt floating rate and the fixed rate was $381,370 and $376,541 respectively, and is included in the net loss on interest rate swap.

10. Pension Plans

Defined Contribution Plan

The Association participates in a defined contribution, individual account, money purchase retirement plan which is administered by the Young Men's Christian Association Retirement Fund (a separate corporation hereinafter referred to as "YMCA Retirement Fund"). This plan is for the benefit of all eligible professional and nonprofessional staff of the Association who qualify under the participation requirements.

In accordance with the agreement with the YMCA Retirement Fund, contributions by employees and the employer are a percentage of the participating employees' salaries and are to be remitted monthly to the YMCA Retirement fund. Total Association contributions charged to retirement costs aggregated $2,075,282 and $1,944,190 for the years ended December 31, 2014 and 2013, respectively.

Defined Benefit Plan

Substantially all Association qualifying nonexempt employees hired before attaining age 60 are eligible to participate in the YMCA of Chicago Employees Retirement Plan (the "Plan"), a noncontributory defined benefit plan, which is administered by the Association.

For exempt employees who were participants in the Plan prior to July 1, 1988, benefits are based on years of service and the employees' final average earnings, as defined, reduced by a percentage of Social Security retirement benefits and further reduced by retirement benefits available under the separate defined contribution plan.

For nonexempt employees, until December 31, 2003, benefits were based on years of service and employees' final average earnings. A Plan amendment to the YMCA of Metropolitan Chicago Employees' Retirement Plan was adopted with an effective date of January 1, 2004. The amendment changes the benefit formula from a final average pay formula to a career average pay formula. This change will have the effect of reducing the future rate of benefit accrual, however, will not reduce the amount of Plan benefit earned as of December 31, 2003. The rate of accrual remains unchanged at 1.5%. Under the new formula, each active participant that works 1,000 hours will accrue an additional retirement benefit based on that year's pay.

The amortization of any unrecognized net loss is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive the benefits under the plan.

The following table sets forth the accumulated benefit obligation, projected benefit obligation, and the change in the Plan assets of the defined pension plan. The table also reflects the funded status of the plans as well as recognized and unrecognized amounts in the statement of financial position at December 31, 2014 and 2013:

	2014	2013
Accumulated benefit obligation	$ 31,997,000	$ 26,364,000
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	$ 26,756,000	$ 29,879,000
Service cost	684,000	1,083,000
Interest cost	1,299,000	1,252,000
Effect of curtailments and settlements	-	(835,000)
Actuarial loss (gain)	5,101,000	(3,176,000)
Benefit payments	(1,595,000)	(1,447,000)
Projected benefit obligation at end of year	32,245,000	26,756,000
Change in plan assets		
Fair value of plan assets at beginning of year	28,328,000	23,372,000
Actual return on assets	1,896,000	4,303,000
Employer contributions	800,000	2,100,000
Benefit payments	(1,595,000)	(1,447,000)
Fair value of plan assets at end of year	29,429,000	28,328,000
Funded status	$ (2,816,000)	$ 1,572,000
Additional Amounts Recognized in the Statement of Financial Position		
Noncurrent assets	$ -	$ 1,572,000
Current liabilities	-	-
Noncurrent liabilities	(2,816,000)	-
Net pension liability at end of year	$ (2,816,000)	$ 1,572,000
Amounts Recognized in Unrestricted Net Assets		
Net actuarial loss	$ 9,286,000	$ 4,162,000
Prior service credit	-	(48,000)
	$ 9,286,000	$ 4,114,000

	2014	2013
The components of net periodic pension cost		
Service cost	$ 684,000	$ 1,083,000
Interest cost	1,299,000	1,252,000
Expected return on plan assets	(2,041,000)	(1,715,000)
Amortization of unrecognized net loss	122,000	864,000
Amortization of unrecognized prior service credit	(48,000)	(58,000)
Net periodic pension cost	16,000	1,426,000
One-time curtailment expense	-	(10,000)
Total periodic pension cost	16,000	1,416,000
Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Unrestricted Net Assets		
Net actuarial loss arising during fiscal year	5,246,000	(5,764,000)
Amortization of net actuarial loss	(122,000)	(864,000)
Prior service cost (credit) arising during fiscal year	-	(835,000)
Amortization of prior service credit	48,000	58,000
Recognition of prior service cost due to curtailment	-	10,000
Amortization of net transition obligation (assets)	-	-
	5,172,000	(7,395,000)
Total recognized in net periodic pension cost and unrestricted net assets	$ 5,188,000	$ (5,979,000)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2015	$ 1,690,000
2016	1,710,000
2017	1,730,000
2018	1,750,000
2019	1,740,000
2020-2024	8,890,000

Key pension plan assumptions are as follows:

	2014	2013
Discount rate used to determine actuarial present value of projected obligation	4.20 %	5.00 %
Discount rate used to determine actuarial net periodic pension cost	5.00 %	4.30 %
Rate of increase in future compensation levels	3.00 %	3.00 %
Expected long term rate of return on plan assets	7.25 %	7.25 %

The amount of net loss and prior service cost in net assets expected to be recognized as components of net periodic benefit cost during fiscal 2015 are $583,000 and $0, respectively. The expected contributions for 2015 fiscal year are $1,200,000.

The assets of the Plan are invested in a manner that is intended to achieve a rate of return of 7.25%, which is the Plan's assumed long-term rate of return.

The investment portfolio of the Plan is intended to achieve the return objective and reduce the volatility of returns. The Plan relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) over a long-term horizon. Third party managers invest the Plan's assets.

The Plan's assets by investment category were as follows at December 31, 2014:

	Investment Assets at Fair Value as of December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 189,867	$ -	$ -	$ 189,867
Registered investment entities	3,620,857	-	-	3,620,857
Common stock				
Domestic	3,469,924	-	-	3,469,924
Real estate	-	-	1,321,067	1,321,067
Common collective trusts	-	20,866,337	-	20,866,337
Total investment assets at fair value	$ 7,280,648	$ 20,866,337	$ 1,321,067	$ 29,468,052

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 investments *for the year ended December 31, 2014. There were no transfers between Level 1 and 2 which are* considered material to the financial statements.

	Real Estate
Balances at beginning of year	$ 1,197,048
Realized losses	83
Unrealized gains	76,168
Contributions	33,082
Distributions	(33,082)
Investment income	62,511
Fees	(14,743)
Balances at end of year	$ 1,321,067

The Plan's assets by investment category were as follows at December 31, 2013:

	Investment Assets at Fair Value as of December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 1,184,838	$ -	$ -	$ 1,184,838
Registered investment entities	2,973,872	-	-	2,973,872
Common stock				
Domestic	3,991,580	-	-	3,991,580
Real estate	-	-	1,197,048	1,197,048
Common collective trusts	-	18,980,423	-	18,980,423
Total investment assets at fair value	$ 8,150,290	$ 18,980,423	$ 1,197,048	$ 28,327,761

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 investments for the year ended December 31, 2013. There were no transfers between Level 1 and 2 which are considered material to the financial statements.

	Real Estate
Balances at beginning of year	$ 1,096,970
Realized losses	677
Unrealized gains	56,231
Contributions	31,361
Distributions	(31,361)
Investment income	56,641
Fees	(13,471)
Balances at end of year	$ 1,197,048

The Association also provides post retirement medical benefits which had an unfunded status of $56,000 and $54,000 in 2014 and 2013, respectively.

11. Trust Funds

Funds held in trust for the Association are comprised of the John V. Painter Trust, Alban Barth Nixon Fund, Francis and Eva Thorton Trust, the William J. Watson Trust and the Aurora Community Trust. Each trust consists of investments held by an outside custodian with the Association as a perpetual beneficiary. The income from the trusts is paid to the Association and gains and losses are retained in the trusts. Such losses and gains, amounting to $470,597 at December 31, 2014 and ($77,545) at December 31, 2013, were recorded as adjustments to permanently restricted net assets.

The Association receives income from another trust fund, the corpus of which is not included in the Statement of Financial Position since the Association does not have a perpetual right to receive income from this trust or the title, custody and management is not vested in the Association.

12. Restricted Net Assets and Board Designated Endowment Funds

Temporarily restricted net assets are those whose use by the Association has been limited by donors to a specific time period or purpose. Temporarily restricted net assets of $1,278,948 and $3,064,442 were available for capital purchases as of December 31, 2014 and 2013 respectively. In addition, temporarily restricted net assets of $600,685 were available for specific programs to occur in the next fiscal year.

Permanently restricted net assets have been restricted by donors to be maintained by the Association in perpetuity. Permanently restricted net assets as of December 31, 2014 and 2013 are invested for the following purposes:

	2014	2013
Designated Purpose		
Perpetual trust	$ 3,166,988	$ 2,696,391
Charitable remainder trust	8,668,425	8,668,425
	$ 11,835,413	$ 11,364,816

The Board of Managers has determined that donor-restricted funds will be governed by specific policies, which assure that the original gift shall be protected to perpetuity as the endowed corpus and distribution shall not be made if it were to bring the value below that threshold; which explain the calculation used to determine funds available for expenditure, and which govern the process for expenditure of funds, in accordance with donor restrictions. The Investment Policy adopted by the YMCA Investment Committee reiterates these basic principles for donor-restricted funds and defines the return objectives and risk parameters for all the Association's investments.

Board Designated Endowment Funds
The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Association's capital and program needs. The endowment assets are invested at the direction of the Board in an approved mix of cash, equities, fixed income, real estate, hedge funds, and private equity investments. This investment strategy is meant to provide a steady rate of return while assuming a moderate level of investment risk.

The Association has a policy of appropriating for distribution each year 5 percent of its Board designated endowment fund's fair value. This policy was established based upon the investment strategy of the endowment assets as well as the operational objectives of the Association.

Changes in restricted funds and the Board designated endowment funds for the year ended December 31, 2014 are as follows:

	Perpetual Trusts	Permanently Restricted	Total Perpetual Trusts/ Permanently Restricted	Board Designated	Total
Beginning balances	$ 2,696,391	$ 8,668,425	$ 11,364,816	$ 143,721,173	$ 155,085,989
Investment income	-	-	-	3,490,035	3,490,035
Realized gains	-	-	-	11,687,146	11,687,146
Unrealized gains(losses)	470,597		470,597	(1,710,957)	(1,240,360)
Fees	-	-	-	(517,005)	(517,005)
Distributions	-	-	-	(12,083,689)	(12,083,689)
Ending balances	$ 3,166,988	$ 8,668,425	$ 11,835,413	$ 144,586,703	$ 156,422,116

Changes in restricted funds and the Board designated endowment funds for the year ended December 31, 2013 are as follows:

	Perpetual Trusts	Permanently Restricted	Total Perpetual Trusts/ Permanently Restricted	Board Designated	Total
Beginning balances	$ 2,773,936	$ 8,668,425	$ 11,442,361	$ 129,670,873	$ 141,113,234
Investment income	-	-	-	3,028,387	3,028,387
Realized gains	-	-	-	8,134,563	8,134,563
Unrealized gains(losses)	(77,545)		(77,545)	17,920,184	17,842,639
Fees	-	-	-	(985,419)	(985,419)
Distributions	-	-	-	(14,047,415)	(14,047,415)
Ending balances	$ 2,696,391	$ 8,668,425	$ 11,364,816	$ 143,721,173	$ 155,085,989

13. Commitments and Contingencies

The Association leases certain office space and equipment under noncancelable operating leases. Future annual minimum lease payments for such noncancelable operating leases in effect at December 31, 2014 are as follows:

2015	$ 437,220
2016	127,970
2017	70,946
2018	52,893
2019	632
Thereafter	10,159
	$ 699,820

Total rent expense for the years ended December 31, 2014 and 2013 was approximately $1,004,809 and $918,450, respectively.

The Association is self-insured for a portion of its general, property and vehicle liability exposure. At December 31, 2014 and 2013, approximately $894,198 and $723,360, respectively, was included in accounts payable and accrued expenses in the accompanying statement of financial position for such liability.

The Association is involved in various other litigation arising in the ordinary course of business. In the opinion of management after consulting with legal counsel, and taking into account insurance and reserves, the disposition of all such matters should not have a material adverse effect on the Association's financial position.

The Association receives fees and grants from various federal, state and city government agencies for services performed under contracts. Such contracts are subject to governmental compliance audits which may, from time to time, result in adjustments to fees and grants received. In the opinion of the Association's management, the disposition of all such matters should not have a material adverse effect on the Association's financial position.

14. Related-Party Transactions

For the years ending December 31, 2014 and 2013, the Association has entered into other transactions, including banking, space rental and legal services, that employ or have officers who are members of the Association's Board of Managers. Such transactions are negotiated not to exceed current market rates.

15. Subsequent Events

The Association has evaluated subsequent events through May __, 2015, the date the financial statements were available to be issued. No significant subsequent events were noted through the issuance of the financial statements.