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RESPONSIBLE REPORTING

Financial Statements and Report of Independent Certified Public Accountants
YMCA OF THE USA

April 2017

What follows are YMCA of the USA's 2016 and 2015 financial statements and report of independent certified public accountants, Grant Thornton, which were prepared in April 2017. Please refer questions to YMCA of the USA's finance department at 800-872-9622.

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
National Council of Young Men's Christian Associations
of the United States of America

Report on the financial statements

We have audited the accompanying financial statements of the National Council of Young Men's Christian Associations of the United States of America (Y-USA), which comprise the statement of financial position as of December 31, 2016, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. We have also audited the accompanying consolidated financial statements of the National Council of Young Men's Christian Associations of the United States of America and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Y-USA'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 Y-USA'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 reasonable 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 National Council of Young Men's Christian Associations of the United States of America as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as of December 31, 2015 and for the years ended December 31, 2016 and 2015, on pages 36 through 39 are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
April 4, 2017

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015
(In thousands)

ASSETS

	2016	2015
ASSETS		
Cash and cash equivalents	$ 9,379	$ 18,402
Prepaid expenses and other assets	920	4,288
Pledges receivable, net	42,414	28,510
Financial support and other receivables, net	5,191	5,348
Investments	85,624	83,329
Land, building and equipment, net	6,507	7,371
Jerusalem property development, net	8,232	8,958
Beneficial interests in perpetual trusts	7,705	7,520
TOTAL ASSETS	$ 165,972	$ 163,726

LIABILITIES AND NET ASSETS

	2016	2015
LIABILITIES		
Accounts payable and accrued liabilities	$ 7,132	$ 8,032
Deferred revenue	1,129	2,424
Notes payable	7,000	7,870
Deferred rent expense	6,734	7,433
Total liabilities	21,995	25,759
NET ASSETS		
Unrestricted	44,200	48,840
Temporarily restricted	80,558	70,095
Permanently restricted	19,219	19,032
Total net assets	143,977	137,967
TOTAL LIABILITIES AND NET ASSETS	$ 165,972	$ 163,726

The accompanying notes are an integral part of these statements.

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
STATEMENT OF ACTIVITIES
For the year ended December 31, 2016
(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support				
Contributions and support				
Contributions	$ 1,247	$ 46,747	$ 2	$ 47,996
Government grants	9,034	-	-	9,034
Donations in kind and contributed services	-	31,691	-	31,691
World Service campaign	-	1,565	-	1,565
Net assets released from restrictions	72,228	(72,228)	-	-
Total contributions and support	82,509	7,775	2	90,286
Financial support from member YMCAs	70,147	-	-	70,147
Program and service revenue	11,349	-	-	11,349
Royalties and other revenue	823	-	-	823
Income from third party trusts	236	31	-	267
Allocation of investment earnings for current operations	2,899	731	-	3,630
Total revenues and support	167,963	8,537	2	176,502
Expenses				
Program activities				
Social responsibility	56,669	-	-	56,669
Youth development	64,307	-	-	64,307
Healthy living	35,774	-	-	35,774
Total program activities	156,750	-	-	156,750
Supporting services				
Management and general	13,818	-	-	13,818
Fund-raising	2,574	-	-	2,574
Total supporting services	16,392	-	-	16,392
Total expenses	173,142	-	-	173,142
Change in net assets from operations	(5,179)	8,537	2	3,360
Non-operating activities				
Investment return in excess(deficit) of amounts designated for current operatio	(171)	2,049	-	1,878
Change in beneficial interests in perpetual trusts	-	-	185	185
Deconsolidation of Jerusalem International YMCA	710	(123)	-	587
Total non-operating activities	539	1,926	185	2,650
CHANGE IN NET ASSETS	(4,640)	10,463	187	6,010
Net assets at beginning of year	48,840	70,095	19,032	137,967
Net assets at end of year	$ 44,200	$ 80,558	$ 19,219	$ 143,977

The accompanying notes are an integral part of this statement.

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
STATEMENT OF ACTIVITIES
For the year ended December 31, 2015
(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support				
Contributions and support				
Contributions	$2,448	$53,007	$69	$55,524
Government grants	9,807	-	-	9,807
Donations in kind and contributed services	-	8,503	-	8,503
World Service campaign	-	1,470	-	1,470
Net assets released from restrictions	49,822	(49,822)	-	-
Total contributions and support	62,077	13,158	69	75,304
Financial support from member YMCAs	64,961	-	-	64,961
Program and service revenue	5,672	-	-	5,672
Jerusalem International YMCA program revenue	4,616	-	-	4,616
Royalties and other revenue	855	-	-	855
Income from third party trusts	467	99	-	566
Allocation of investment earnings for current operations	3,122	778	-	3,900
Total revenues and support	141,770	14,035	69	155,874
Expenses				
Program activities				
Social responsibility	41,206	-	-	41,206
Youth development	51,272	-	-	51,272
Healthy living	34,458	-	-	34,458
Total program activities	126,936	-	-	126,936
Supporting services				
Management and general	10,916	-	-	10,916
Fund-raising	2,498	-	-	2,498
Total supporting services	13,414	-	-	13,414
Total expenses	140,350	-	-	140,350
Change in net assets from operations	1,420	14,035	69	15,524
Non-operating activities				
Investment return in deficit of amounts designated for current operations	(3,158)	(1,198)	-	(4,356)
Change in beneficial interests in perpetual trusts	-	-	(527)	(527)
Impairment of Jerusalem Development Project	(6,141)	-	-	(6,141)
Total non-operating activities	(9,299)	(1,198)	(527)	(11,024)
CHANGE IN NET ASSETS	(7,879)	12,837	(458)	4,500
Net assets at beginning of year	56,719	57,258	19,490	133,467
Net assets at end of year	$ 48,840	$ 70,095	$ 19,032	$ 137,967

The accompanying notes are an integral part of this statement.

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2016 and 2015
(In thousands)

	2016	2015
Cash flows from operating activities		
Change in net assets	$ 6,010	$ 4,500
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	1,454	2,059
Provision for bad debts	661	590
Net realized and unrealized (gains) losses on investments	(5,451)	675
Impairment of Jerusalem Development Project	-	6,141
Deconsolidation of Jerusalem International YMCA	(587)	-
Change in beneficial interests in perpetual trusts	(185)	527
Permanently restricted contributions	(2)	(69)
Changes in operating assets and liabilities		
Accounts payable and accrued liabilities	335	(594)
Financial support, pledges receivable and other receivables, net	(14,854)	(12,927)
Deferred revenue and lease payments	(1,694)	43
Prepaid expenses and other assets	3,358	(3,279)
Net cash used in operating activities	(10,955)	(2,334)
Cash flows from investing activities		
Cash outflow from deconsolidation of JIY	(144)	-
Jerusalem property development	726	(863)
Acquisitions of land, building and equipment	(1,308)	(428)
Sales of investments	8,719	4,380
Purchases of investments	(5,563)	(3,314)
Net cash provided by (used in) investing activities	2,430	(225)
Cash flows from financing activities		
Proceeds from notes payable	-	7,617
Permanently restricted contributions	2	69
Payments on notes payable	(500)	(8,000)
Net cash used in financing activities	(498)	(314)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,023)	(2,873)
Cash and cash equivalents at beginning of year	18,402	21,275
Cash and cash equivalents at end of year	$ 9,379	$ 18,402
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 153	$ 24

The accompanying notes are an integral part of these statements.

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2016
(In thousands)

	Program activities				Supporting services			
	Social responsibility	Youth development	Healthy living	Total	Management and general	Fund-raising	Total	Total
Personnel costs	$ 19,581	$ 15,483	$ 12,946	$ 48,010	$ 6,859	$ 2,087	$ 8,946	$ 56,956
Professional fees and other services	6,206	8,220	4,320	18,746	2,445	-	2,445	21,191
Advertising and marketing	15,946	16,024	9,219	41,189	25	-	25	41,214
Communications and supplies	1,102	597	437	2,136	245	66	311	2,447
Occupancy and insurance	1,378	1,075	891	3,344	1,258	182	1,440	4,784
Travel and meeting expenses	4,547	3,551	2,434	10,532	1,207	239	1,446	11,978
Awards and grants to associations	7,055	18,945	5,144	31,144	-	-	-	31,144
Financing costs	141	48	48	237	265	-	265	502
Depreciation and amortization	585	348	277	1,210	244	-	244	1,454
Provision for uncollectible accounts	73	-	-	73	588	-	588	661
Organizational dues	55	16	58	129	682	-	682	811
Total functional expenses	$ 56,669	$ 64,307	$ 35,774	$ 156,750	$ 13,818	$ 2,574	$ 16,392	$ 173,142

The accompanying notes are an integral part of this statement.

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2015
(In thousands)

	Program activities				Supporting services			
	Social responsibility	Youth development	Healthy living	Total	Management and general	Fund-raising	Total	Total
Personnel costs	$ 19,029	$ 15,272	$ 13,671	$ 47,972	$ 6,392	$ 2,009	$ 8,401	$ 56,373
Professional fees and other services	5,963	7,710	7,409	21,082	1,622	-	1,622	22,704
Advertising and marketing	3,287	3,388	1,639	8,314	11	-	11	8,325
Communications and supplies	1,121	990	740	2,851	260	82	342	3,193
Occupancy and insurance	1,683	1,279	1,202	4,164	718	109	827	4,991
Travel and meeting expenses	3,308	3,493	2,407	9,208	938	298	1,236	10,444
Awards and grants to associations	5,764	18,523	6,385	30,672	-	-	-	30,672
Financing costs	113	84	81	278	27	-	27	305
Depreciation and amortization	819	494	447	1,760	299	-	299	2,059
Provision for uncollectible accounts	67	31	471	569	21	-	21	590
Organizational dues	52	8	6	66	628	-	628	694
Total functional expenses	$ 41,206	$ 51,272	$ 34,458	$ 126,936	$ 10,916	$ 2,498	$ 13,414	$ 140,350

The accompanying notes are an integral part of this statement.

NOTE A - DESCRIPTION OF ORGANIZATION

The National Council of Young Men's Christian Associations of the United States of America (Y-USA) is an Illinois not-for-profit organization with headquarters in Chicago, Illinois. Jerusalem International YMCA (JIY) is registered in Israel as a not-for-profit in accordance with the Association's Law (1980).

As the national resource office for the nation's 2,700 YMCAs, Y-USA's basic objective is to build the capacity of YMCAs to advance our cause of strengthening community through youth development, healthy living and social responsibility. Youth development aims to nurture the potential of every child and teen through programs such as childcare, education and leadership, swim and camp. Healthy living programs aim to improve the nation's health and well-being through programs that focus on family time, well-being and fitness, sports and recreation. Social responsibility incorporates giving back and providing support to our neighbors with programs that include social services, global services, volunteerism and advocacy.

Y-USA's funding comes from various sources, the most significant being from YMCA associations throughout the United States. These associations are autonomous corporations, separately incorporated in their respective states, have independent boards and issue separate, individual financial statements, which are not included in the accompanying financial statements.

Y-USA is governed by its Board of Directors (the National Board). Objectives, purposes, powers and functions of Y-USA are performed, carried out and made effective by the National Board.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The consolidating financial statements for the year ended December 31, 2015 include the accounts of Y-USA and its subsidiary, JIY. Inter-organization balances and transactions have been eliminated in consolidation.

Effective in December 2016, the by-laws of JIY were amended, and as a result, Y-USA no longer maintains a controlling financial interest in JIY. Therefore, the financial statements of Y-USA for the year ended December 31, 2016 no longer include consolidated financial information for JIY. In connection with the deconsolidation, Y-USA recognized an increase in its beginning net assets in the amount of $587, which represents JIY's beginning net assets of $(4,452), net of a transfer of net assets from Y-USA to JIY in the amount of $3,865 to reflect expenses incurred by Y-USA in support of JIY's activities.

The Investment Committee has the responsibility of overseeing and protecting the endowment assets. Certain endowments and gifts contain restrictions that specify the use of income and/or principal. All distributions from the endowment fund continue to be made in accordance with the original donor restrictions and board designations and are accounted for in accordance with accounting principles generally accepted in the United States of America, adherence to Illinois law and the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All disbursements are made for the express purpose of furthering YMCA work throughout the world.

Net Assets

Net assets have been recorded and reported as changes in unrestricted, temporarily restricted or permanently restricted net assets.

Unrestricted - Unrestricted net assets consist of resources that are available for use in carrying out the mission of Y-USA and include those expendable resources that have been designated for special use by the National Board.

Temporarily restricted - Temporarily restricted net assets represent those amounts that are donor restricted with respect to purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted - Permanently restricted net assets result from contributions with donor restrictions that mandate the original principal be invested in perpetuity. Permanently restricted net assets include beneficial interests in perpetual trusts held by third parties. The majority of the earnings from permanently restricted net assets are available for the general use of Y-USA.

Revenues

In the absence of donor restrictions, contributions and bequests are considered to be available for unrestricted use. All revenue is recognized in the period when the contribution, pledge or unconditional promise to give is received. As the national resource office for the nation's 2,700 YMCAs, Y-USA has 848 corporate members that pay financial support to the national office. Financial support dues are billed and recognized on a monthly basis. Y-USA also generates program and service revenue from program and registration fees as well as YMCA program certification from training and development courses offered to the nation's YMCAs and their members. Program and service revenues are recognized at the completion of the courses.

Contributed Services and In-kind Media

Contributed services are reported as contributions if such services create or enhance non-financial assets or if they would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills. Contributed services are recognized at their estimated fair values at date of receipt with an equal and offsetting amount in unrestricted functional expenses in the statements of activities, resulting in no net impact on the change in net assets during the year. Contributed services recognized related to consulting, support payments and travel were $143 and $450 for the years ended December 31, 2016 and 2015, respectively.

A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of Y-USA's activities. Such services do not meet the criteria for recognition as contributions; therefore, their value is not reflected in the accompanying financial statements.

Printing, publications and promotions includes public service announcements (PSA) on radio, national cable and magazines. Y-USA produces and distributes PSAs to a third party who then distributes them to television, radio, Internet and magazines that focus attention on the YMCA programs. These carriers provide airtime and print space to deliver PSAs to assist Y-USA in its mission, free of charge. Y-USA has contracted with independent outside agencies to track the date and time that each PSA displays and to estimate the fair value of the announcement and printed advertisement based on the date, time and market. For the years ended December 31, 2016 and 2015, Y-USA recorded $31,548 and $8,053, respectively.

Awards and Grants to Associations

These grants represent amounts distributed to member and international YMCAs to assist them in furthering their individual missions.

Investments

Publicly traded investments are recorded at fair value determined on the basis of closing market prices or bid quotations. Other investments are recorded at fair value based on Y-USA's unit share of the fair value of the underlying investments. Purchases and sales of investments are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Net realized and unrealized gains and losses are reflected in both operating and non-operating activities. The endowment allocation is reflected under operating activities while investment-related activity (realized/unrealized gains and losses and investment income) are reflected net in the non-operating activities section of the statements of activities.

Accounts and Pledges Receivable

Accounts and pledges receivable are due from member associations, donors and other entities, and are recorded net of allowances for uncollectible accounts. Y-USA determines its allowance for uncollectible accounts by considering a number of factors, including the length of time receivables are past due, Y-USA's previous collection history, the member association's or entity's current ability to pay its obligation to Y-USA, and the condition of the general economy and the industry as a whole. Y-USA writes off accounts and pledges receivable when they become uncollectible, and the payments subsequently received on such receivables are credited to revenue.

Land, Building and Equipment

Land, building, equipment and leasehold improvements are recorded at cost. Depreciation is provided using the straight-line method based on the estimated useful lives of the related assets, ranging from three to 30 years. Amortization on leasehold improvements is provided over the life of the lease. Y-USA's fixed asset capitalization policy is to capitalize long-lived assets with a value greater than $5.

Beneficial Interests in Perpetual Trusts

Y-USA has beneficial interests in certain perpetual trusts, which are held by third parties. Y-USA recognizes revenue equal to its proportionate share of the fair value of the trust assets upon notification and determination that its right to receive benefits under the agreement is unconditional and irrevocable. Changes in the fair value of Y-USA's interest in the trust assets are reflected as gains or losses in the statements of activities in the period in which they occur. The distributions are recognized as investment income.

Concentration of Credit Risk

Y-USA has certain financial instruments that subject it to potential credit risk. Those financial instruments consist primarily of cash and cash equivalents. Y-USA maintains its cash balance with financial institutions. At times, these balances may exceed the Federal Deposit Insurance Corporation insured limits. Y-USA has not experienced any loss on these accounts and believes there is no significant exposure of credit risk on cash and cash equivalents.

Use of Estimates

Management of Y-USA has made certain 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 revenue and expenses during the year. Actual results could differ from those estimates.

Income Taxes

Y-USA has received a favorable determination letter from the Internal Revenue Service stating that they are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986 (IRC), as an organization described in Section 501(c)(3), except for income taxes pertaining to unrelated business income. The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. Additionally, no provision for income taxes is reflected in these financial statements, and there is no interest or penalties recognized in the statements of activities or statements of financial position. The fiscal years ended 2013, 2014, 2015 and 2016 are still open to audit for both federal and state purposes.

Fair Value Measurements

The FASB has issued guidance that defines fair value, establishes a framework for measuring fair value, specifies a fair value hierarchy based on the inputs used to measure fair value and specifies disclosure requirements for fair value measurements. The guidance also maximizes the use of observable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Inputs are used in applying the various valuation techniques and broadly refer to assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable requires significant judgment by Y-USA. Y-USA considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based on the pricing transparency of the instrument and does not necessarily correspond to Y-USA's perceived risk of that instrument.

Investments for which values are based on quoted market prices in active markets, and are therefore classified within Level 1, include mutual funds, common and preferred stock, and short-term money market mutual funds. Y-USA does not adjust the quoted price for such instruments, even in situations where Y-USA holds a large position and a sale could reasonably impact the quoted price.

Level 2 - Investments that trade in markets that are not considered to be active, but that are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 3 - Investments classified within Level 3 have significant unobservable inputs as they trade infrequently or not at all. When observable prices are not available for these investments, Y-USA uses one or more valuation techniques (e.g., the market approach, the income approach or the cost approach) for which sufficient and reliable data is available.

Y-USA has no investments recorded as Level 2 or Level 3 as of December 31, 2016 and 2015.

Y-USA's beneficial interests in perpetual trusts held by others are valued using the fair value of the assets in the trust as a practical expedient, unless facts and circumstances indicate that the fair values of the assets in the trust differ from the fair value of the beneficial interests. Perpetual trusts held by others are classified within Level 3 of the fair value hierarchy.

Prior-year Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation. These reclassifications had no effect on the change in net assets.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The guidance is currently effective for Y-USA for 2019 (early adoption is not permitted). The guidance permits the use of either a retrospective or cumulative effect transition method.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The underlying principle of ASU 2016-02 is that lessees should be required to recognize the assets and liabilities arising from leases on the statements of financial position. The guidance requires a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous generally accepted accounting principles. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statements of financial position. The guidance is currently effective for Y-USA for 2020, and early adoption is permitted for all entities. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.

In August 2016, the FASB issued ASU 2016-14, ***Presentation of Financial Statements of Not-for-Profit Entities***, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment return, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires a not-for-profit to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for Y-USA for 2018. Early adoption is permitted and entities are required to adopt the guidance retrospectively, but if comparative financial statements are presented, they have the option to omit certain information for any periods presented that are prior to the period of adoption.

(In thousands)

NOTE C - ACCOUNTS AND PLEDGES RECEIVABLE

Accounts receivable consist of the following at December 31:

	2016	2015
Financial support dues	$4,939	$4,907
Other receivables	1,120	1,389
Total accounts receivable	6,059	6,296
Less allowance for doubtful accounts	(868)	(948)
Accounts receivable, net	$5,191	$5,348

Pledges receivable at December 31, 2016 and 2015, are due in future periods as follows:

	2016	2015
Pledges due in varying amounts through 2019, non-interest-bearing, discounted using an interest rate of 2%		
Less than one year	$24,771	$16,784
One to five years	18,288	12,156
Total pledges	43,059	28,940
Less		
Provision for uncollectible accounts	(30)	(30)
Discount to present value	(615)	(400)
Pledges, net	$42,414	$28,510

(In thousands)

NOTE D - ALLOWANCE FOR DOUBTFUL ACCOUNTS

Changes in Y-USA's allowance for doubtful accounts receivable and financial support are as follows for the years ended December 31:

	2016	2015
Beginning balance	$ 978	$ 3,124
Provision for bad debts	661	590
Accounts written off	(741)	(2,736)
Total allowance for doubtful accounts	$ 898	$ 978

NOTE E - INVESTMENTS

At December 31, 2016 and 2015, investments comprised the following:

	2016	2015
Publicly traded		
Mutual funds	$11,042	$13,708
Common and preferred stock	45,688	43,236
Total publicly traded	56,730	56,944
Other investments		
Commingled funds	13,346	9,780
Invested cash in pending security purchases	1,425	2,789
Limited partnerships	14,123	11,444
Receivable from redemption of investment	0	1,889
Jerusalem Foundation	0	483
Total other investments	28,894	26,385
Total investments	$85,624	$83,329

(In thousands)

For the years ended December 31, 2016 and 2015, investment income consisted of the following:

	2016	2015
Interest and other investment income, net	$ 57	$ 219
Realized and unrealized gains (losses), net	5,451	(675)
Total investment return	5,508	(456)
Allocation of investment earnings for current operations	(3,630)	(3,900)
Investment return in excess of amounts available for current operations	$ 1,878	$(4,356)

Interest and other investment income have been presented net of investment fees of $531 and $548 for the years ended December 31, 2016 and 2015, respectively.

NOTE F - FAIR VALUE MEASUREMENTS

The following table summarizes assets by fair value measurement level as of December 31. Y-USA measures certain investments using net asset value ("NAV") which is exempted from categorization within the fair value hierarchy and related disclosures. However, Y-USA separately discloses the information required for assets measured using NAV in the following tables:

	2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	$11,042	$ -	$ -	$11,042
Common and preferred stock	45,688	-	-	45,688
	$56,730	$ -	$ -	56,730
Alternative investments, measured at NAV				
Commingled funds				13,346
Limited partnerships				14,123
Total investments at fair value				84,199
Invested cash in pending security purchases				1,425
Total investments				$85,624
Beneficial interests in perpetual trusts			$7,705	$ 7,705

(In thousands)

	2015			
	Level 1	Level 2	Level 3	Total
Mutual funds	$13,708	$ -	$ -	$13,708
Common and preferred stock	43,236	-	-	43,236
	$56,944	$ -	$ -	56,944
Alternative investments, measured at NAV				
Commingled funds				9,780
Limited partnerships				11,444
Jerusalem Foundation				483
Total investments at fair value				78,651
Receivable from redemption of investment				1,889
Invested cash in pending security purchases				2,789
Total investments				$83,329
Beneficial interests in perpetual trusts			$7,520	$ 7,520

All net realized and unrealized gains or losses in the tables above are reflected in the accompanying statements of activities.

Investments valued at NAV as of December 31, 2016 and 2015, consisted of the following:

	2016			
	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Limited partnerships	$ 5,469	$ -	Annual	100 days
Limited partnerships	4,341	-	Quarterly	100 days
Limited partnerships	4,313	-	Monthly	Trade plus 5 days
Commingled funds	2,966	-	Monthly	Trade plus 5 days
Commingled funds	1,791	-	Monthly	Trade plus 5 days
Commingled funds	2,003	-	Anytime	Trade plus 7 days
Commingled funds	6,586	-	Monthly	Trade plus 30 days
	$27,469	$ -		

(In thousands)

	2015			
	Fair Value	Unfunded commitments	Redemption frequency	Redemption notice period
Limited partnerships	$ 3,876	$ -	Annual	100 days
Limited partnerships	2,334	-	Quarterly	100 days
Limited partnerships	868	-	Quarterly	100 days
Limited partnerships	4,366	-	Monthly	Trade plus 5 days
Commingled funds	2,819	-	Monthly	Trade plus 5 days
Commingled funds	1,670	-	Monthly	Trade plus 5 days
Commingled funds	1,681	-	Anytime	Trade plus 7 days
Commingled funds	3,610	-	Monthly	Trade plus 30 days
	$21,224	$ -		

The changes in Level 3 assets for the years ended December 31, 2016 and 2015, consisted of the following:

	Balance, December 31, 2015	Additions	Transfers	Change in value	Balance, December 31, 2016
Beneficial interests in perpetual trust funds	$7,520	$ -	$ -	$ 185	7,705

	Balance, December 31, 2014	Additions	Transfers	Change in value	Balance, December 31, 2015
Beneficial interests in perpetual trust funds	$8,047	$ -	$ -	$(527)	$7,520

Commingled Funds

Prudential Institutional Core Plus Fixed Income (Prudential)

Prudential is a fixed income portfolio. All of the underlying assets are marketable securities. This is an actively managed strategy targeting +150 basis points over the Barclays Aggregate benchmark. Both benchmark and non-benchmark sectors are used in the portfolio, with an emphasis on credit-oriented sectors. The fund, in aggregate, is investment-grade. On average, approximately 65% of the portfolio is rated A3/A- or better. The fund allows for liquidity upon five days' written notice. The fair value of the fund was $2,966 and $2,819 at December 31, 2016 and 2015, respectively.

Oppenheimer Funds, Inc.

The OFI Institutional Emerging Markets Equity Fund, LP is an emerging markets fund. The fund invests in common stocks of companies whose principal activities are in at least three developing markets. The fund invests in growth companies in any market capitalization. The selection process takes into account some top-down thematic trends: Mass Affluence, Restructuring, Technology and Trading. The fund is benchmarked against the MSCI Emerging Markets Index. All of the underlying assets are marketable securities. The fund allows for daily withdrawals with three to five days' written notice, and will be payable next day. The fair value of the fund was $1,791 and $1,670 at December 31, 2016 and 2015, respectively.

Polunin Capital Partners Limited

The Polunin Emerging Markets fund invests in emerging market companies that have strong balance sheets and whose value relative to replacement costs are compelling based on Polunin's proprietary evaluation process. Trading liquidity is a key consideration. Typically, the portfolio comprises up to 100 stocks across 25 countries and 20 industrial sectors, and the majority of the portfolio is made up of out-of-index stocks at any point in time. This fund does not hedge currency exposure. The fund is benchmarked against the MSCI Emerging Markets Index. All of the underlying assets are marketable securities. The fund allows for monthly withdrawals with seven business days' written notice, and will be payable within five business days. The fair value of the fund was $2,003 and $1,681 at December 31, 2016 and 2015, respectively.

Harris Associates L.P. (Harris)

Harris is an international value-oriented manager. All of the underlying assets are marketable securities. Harris's strategy is to invest in companies that trade at a substantial discount to their underlying business value and are run by managers that think as owners. By purchasing quality businesses at a discount to underlying value, the managers hope to produce superior performance with below-average risk. The fund may invest up to 15% of the fund's assets in emerging markets. The fund utilizes the MSCI EAFE benchmark. The fund allows for monthly redemptions with 30 days' notice. Proceeds are payable within 30 days of withdrawal. In the first year of investment, any withdrawal is subject to a 2% charge, which may be waived at the sole discretion of the general partner. The fair value of the fund was $6,586 and $3,610 at December 31, 2016 and 2015, respectively.

Limited Partnerships

Permal Fixed Income Holdings

This fund is registered with the U.S. Securities and Exchange Commission. The objective of the fund is to achieve above-average returns over time while maintaining a lower risk profile than traditional investments. The pool is globally focused and the investments are both credit spread and non-credit spread related. The credit spread strategies include Fixed Income - Hedged and Fixed Income - Developed and Emerging Markets. The non-credit spread strategies include Global Macro, Relative Value Arbitrage and Event Driven strategies. The NAV of the fund is determined monthly. The fund allows for quarterly liquidity with 20 days' written notice. The fair value of the fund was $4,313 and $4,366 at December 31, 2016 and 2015, respectively.

Pointer Offshore Ltd.

The Pointer Offshore, Ltd. Fund is a fund of funds with a long/short equity focus. The objective of this Fund is to preserve capital and generate attractive risk-adjusted returns. The managers that are employed by the Fund are fundamentally driven, bottom-up, research-intensive stock pickers who use moderate leverage. The NAV of the Fund is determined monthly. After an initial two-year lock-up, the Fund allows for annual liquidity on December 31 provided that a written notice is received by September 15. The fair value of the Fund was $5,469 and $3,876 at December 31, 2016 and 2015, respectively.

Easterly U.S. Government Properties

Easterly is a private real estate equity fund that focuses primarily on the acquisition, development and management of Class A commercial properties that are leased to U.S. Government agencies through the U.S. General Services Administration (GSA). Easterly owns 29 commercial properties in the United States, including 26 that are leased primarily to U.S. Government tenant agencies and three properties that are leased to private tenants, encompassing approximately 2.1 million square feet in the aggregate. Easterly generates substantially all of its revenue by leasing its properties to such agencies through the GSA. Its objective is to generate attractive risk-adjusted returns for its stockholders over the long term through dividends and capital appreciation. The NAV of the fund is determined quarterly. The fair value of Easterly was $2,763 and $2,334 at December 31, 2016 and 2015, respectively

Fort Washington PE Opp II

Fort Washington is an institutional private equity fund-of-funds manager. Fort Washington works primarily with institutional investors, typically endowments, foundations and public pension plans. Fort Washington is active in both the primary and secondary markets, providing fund strategies to fit their client's investment needs with the private equity asset class. Fort Washington also manages customized separate account programs for a range of larger institutional investors. The NAV of the fund is determined quarterly. The fair value of Fort Washington was $1,578 and $868 at December 31, 2016 and 2015, respectively

(In thousands)

NOTE G - LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at December 31:

	2016	2015
Land	$ 346	$ 346
Building	1,419	1,419
Leasehold improvements	7,214	11,625
Equipment	19,377	20,315
Total land, building and equipment	28,356	33,705
Less depreciation and amortization	(21,849)	(26,334)
Land, building and equipment, net	$ 6,507	$ 7,371

NOTE H - JERUSALEM PROPERTY DEVELOPMENT

This project involves the expansion of the JIY YMCA facilities and the construction of residential units, an underground parking structure and retail space. In December 1999, a contract was signed with an Israeli developer to carry out the project. The contract, amended in 2002, called for an up-front payment of $9,000 followed by payments of $250 quarterly through 2006. Y-USA has received a total of $10,750 to date, while the remainder was held by the developer as an estimated capital gains tax on the transaction. In June 2013, the developer transferred $3,750 to the Israel Tax Authority as partial settlement of the capital gains tax liability. In October 2013, Y-USA paid the balance of $1,350 as the final settlement of the tax liability. Y-USA's portion of the tax has been capitalized in the Jerusalem property development. In addition to the cash payment, the contract called for the developer to construct and deliver to Y-USA, as custodian, a new sports center, a portion of the parking structure and related improvements. Y-USA has received assurance of performance of the developer through bank guarantees. The developer has received a 150-year lease on the land, ownership of the condominiums and a portion of the parking structure. Revenue on the lease is being recognized over the 150-year lease period.

In 2015, Y-USA entered into discussions with JIY to transfer Y-USA's interest in the property development to JIY for $8,958, comprised primarily of repayment of an Israel property tax liability originally paid by Y-USA and the related interest, in the amount of $8,232, as well as an escrow account in the amount of $726. As a result, Y-USA recorded a write down of a portion of the Jerusalem Development Project. The total asset of $22,990 was written down by $6,141 and the remaining asset of $16,489 was netted against future deferred lease payments totaling $7,891 as of December 31, 2015. Y-USA received the escrow amount of $726 in 2016, resulting in a remaining asset for the property development of $8,232 and $8,958 on the statements of financial position as of December 31, 2016 and 2015 respectively.

(In thousands)

NOTE I - NOTES PAYABLE

Notes payable consisted of the following at December 31:

	2016	2015
Note payable for the Three Arches Hotel at an interest rate of LIBOR plus 1.5%, with principal and interest payments due through December 2016.	$ -	$ 370
Note payable at an interest rate of 1.92% payable monthly. Principal is payable annually beginning December 15, 2016, in the amount of $500, with all remaining unpaid principal due and payable in full on December 15, 2018.	7,000	7,500
Total notes payable	$7,000	$7,870

Maturities of the notes payable as of December 31, 2016, are as follows:

2017	$ 500
2018	6,500
Total notes payable	$7,000

The covenant related to the $7,000 note required that Y-USA maintain a debt service coverage ratio greater than 1.5. Y-USA is in compliance with the debt covenant as of December 31, 2016.

NOTE J - LETTERS OF CREDIT

At December 31, 2016, Y-USA maintained unsecured, irrevocable letters of credit in the amount of $100 to secure the $1,000 deductible on its general liability coverage to cover any liability or exposure from claims that could have been generated prior to 2008. No claims have been made against these letters of credit.

On September 4, 2015, Y-USA renewed its line of credit of $5,000 with Bank of America. This is a revolving line of credit and Y-USA can repay principal amounts and re-borrow them, provided Y-USA does not exceed the principal balance. This line of credit will be available until September 30, 2017. As of December 31, 2016, Y-USA had not drawn on the available line of credit. If drawn on, interest payments are due monthly, calculated at LIBOR plus 1 percentage point on the outstanding principal.

(In thousands)

NOTE K - UNRESTRICTED NET ASSETS

At December 31, 2016 and 2015, unrestricted net assets consisted of the following:

	2016	2015
Deferred rent expense	$ (6,734)	$ (7,433)
Other	2,260	8,164
Total undesignated net assets	(4,474)	$731
Armed services work	38,575	38,235
International work	6,152	6,097
Strategic Plan work	370	0
Education and training	912	895
Y-USA board designated	283	475
Other domestic work	2,382	2,407
Total board-designated net assets	48,674	48,109
Total unrestricted net assets	$44,200	$48,840

NOTE L - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016 and 2015, temporarily restricted net assets were available for the following purposes:

	2016	2015
Specific grant programs	$62,047	$52,749
Time restricted	5,291	4,426
International work	2,835	2,793
Armed services work	2,802	2,771
J.R. Mott Scholarship	2,727	2,659
Other programs	2,114	1,848
Geographically restricted domestic work	965	948
Other scholarship	875	871
World Service campaign	728	828
Jerusalem work	-	128
Specific sponsored programs	174	74
Total temporarily restricted net assets	$80,558	$70,095

(In thousands)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors as follows:

	2016	2015
Specific grant programs	$43,816	$38,275
Other programs	26,432	9,794
World Service campaign	1,690	1,482
Specific sponsorship programs	168	101
Scholarships	121	170
	$72,228	$49,822

NOTE M - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted as investments in perpetuity and include the beneficial interests in perpetual trusts, with restrictions specified by donors and consisting of the following at December 31:

	2016	2015
Endowments	$11,285	$11,285
Beneficial interests in perpetual trusts	7,705	7,520
Other	229	227
Total permanently restricted net assets	$19,219	$19,032

The following table illustrates the purpose of the earnings of permanently restricted net assets at December 31:

.	2016	2015
Unrestricted	$ 6,729	$ 7,133
International work	3,926	3,876
Time-restricted endowment	3,295	3,295
Scholarships	1,981	1,943
Specific programs	2,050	1,566
Jerusalem work	301	291
Armed services work	937	928
Total permanently restricted net assets	$19,219	$19,032

NOTE N - ENDOWMENTS

Y-USA's endowment consists of various individual funds established for different purposes as detailed above, but primarily to support YMCA programs worldwide. The endowment consists of internally designated endowment funds, donor-restricted endowment funds and board-designated endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

UPMIFA, as enacted by the state of Illinois, applies to Y-USA's donor-restricted endowment funds. As required by UPMIFA, Y-USA accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, Y-USA classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, either in accordance with donor stipulations or an implied time restriction, until those amounts are appropriated for expenditure by management for the donor-stipulated purpose. Y-USA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purpose of Y-USA and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of Y-USA.
- The investment policies of Y-USA.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the fund to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets of $45 and $74 as of December 31, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the board of directors.

Y-USA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the National Board, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximize returns on all funds invested and achieve full employment of all available funds as earning assets. Y-USA has an active Investment Committee that meets regularly to ensure that the objectives of the investment policies are met, and that the strategies used to meet the objectives are in accordance with the investment policies. Endowments are comprised of both investments and cash and cash equivalents on the statements of financial position at December 31, 2016 and 2015.

(In thousands)

The National Board has adopted a spending policy calculated as 5% of the funds' 28-quarter rolling average balance, with a cap of no more than 6% of the funds' current market value as of June 30. In establishing spending policy, the National Board considered the long-term expected return on its endowment. Over the long term, the board of directors expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with Y-USA's objective of maintaining the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Endowment net assets composition by type of fund as of December 31, 2016, consisted of the following:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Internally designated endowment funds	$10,608	$ -	$ -	$10,608
Donor-restricted endowment funds	(45)	15,929	11,285	27,169
Board-designated endowment funds	47,449	-	-	47,449
Total funds	$58,012	$15,929	$11,285	$85,226

(In thousands)

During the year ended December 31, 2016, Y-USA had the following endowment-related activities:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$57,186	$14,911	$11,285	$83,382
Investment return				
Investment income	45	11	-	56
Net appreciation (realized and unrealized)	3,680	1,738	-	5,418
Total investment return	3,725	1,749	-	5,474
Other changes				
Appropriation of endowment assets for expenditures	(2,899)	(731)	-	(3,630)
Endowment net assets, end of year	$58,012	$15,929	$11,285	$85,226

Endowment net assets composition by type of fund as of December 31, 2015, consisted of the following:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Internally designated endowment funds	$10,757	$ -	$ -	$10,757
Donor-restricted endowment funds	(74)	14,911	11,285	26,122
Board-designated endowment funds	46,503	-	-	46,503
Total funds	$57,186	$14,911	$11,285	$83,382

(In thousands)

During the year ended December 31, 2015, Y-USA had the following endowment-related activities:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$57,725	$16,802	$10,649	$85,176
Investment return				
Investment income	175	44	-	219
Net appreciation (depreciation) (realized and unrealized)	496	(1,157)	-	(661)
Total investment return	671	(1,113)	-	(442)
Contributions and additions	1,912	-	636	2,548
Other changes				
Appropriation of endowment assets for expenditures	(3,122)	(778)	-	(3,900)
Endowment net assets, end of year	$57,186	$14,911	$11,285	$83,382

NOTE O - RETIREMENT PLAN

Y-USA participates in a defined contribution, individual account, money purchase retirement plan that is administered by the YMCA Retirement Fund (a separate corporation). This plan is for the benefit of all eligible professional and support staff of Y-USA who qualify under applicable participation requirements.

The YMCA Retirement Fund is operated as a church pension plan and is a not-for-profit, tax-exempt, state of New York Corporation. Participation is available to all duly organized and recognized YMCAs in the United States. As a defined contribution plan, the YMCA Retirement Fund has no unfunded benefit obligations.

In accordance with the agreement with the YMCA Retirement Fund, Y-USA and employee contributions are a percentage of the participating employees' salaries, paid for by Y-USA, and are remitted to the YMCA Retirement Fund monthly. Y-USA contributions charged to retirement expense were $4,130 and $3,888 for the years ended December 31, 2016 and 2015, respectively.

(In thousands)

NOTE P - COMMITMENTS AND CONTINGENCIES

Minimum rental commitments for office space and office equipment under operating leases in effect as of December 31, 2016, are as follows:

Payable in years ending December 31,	
2017	$ 1,808
2018	1,888
2019	1,932
2020	1,955
2021	1,979
Thereafter	7,434
Total commitments	$16,996

Rental expense related to these operating leases was $2,562 and $2,412 for the years ended December 31, 2016 and 2015, respectively.

Member associations are separate autonomous corporations, the operations of which are not under the control of Y-USA. However, Y-USA has, on occasion, been included as a defendant in litigation arising from incidents at member associations. Y-USA has to date been dismissed from these cases. In addition, litigation has been filed against a former subsidiary of Y-USA.

Counsel, named by Y-USA insurers during the discovery process, is normally unable to express an opinion as to the liability and damage aspects of the cases. If Y-USA were to be held liable, it is possible that the plaintiff may, to the extent that the liability of Y-USA exceeds its insurance coverage, attempt enforcement action against the funds of Y-USA. It is the opinion of management that the outcome of any present litigation matters will not materially affect the net assets of Y-USA.

NOTE Q - SUBSEQUENT EVENTS

Y-USA evaluated its December 31, 2016, financial statements for subsequent events through April 4, 2017, the date the financial statements were available to be issued. Y-USA is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2015
(In thousands)

ASSETS	Y-USA	JIY	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	$ 18,258	$ 144	$ -	$ 18,402
Prepaid expenses and other assets	4,278	10	-	4,288
Pledges receivable, net	28,510	-	-	28,510
Financial support and other receivables, net	4,902	446	-	5,348
Investments	83,329	-	-	83,329
Land, building and equipment, net	6,653	718	-	7,371
Jerusalem property development	8,958	-	-	8,958
Beneficial interests in perpetual trusts	7,520	-	-	7,520
TOTAL ASSETS	$ 162,408	$ 1,318	$ -	$ 163,726

LIABILITIES AND NET ASSETS	Y-USA	JIY	Eliminations	Consolidated
LIABILITIES				
Accounts payable and accrued liabilities	$ 2,932	$ 5,100	$ -	$ 8,032
Deferred revenue	2,124	300	-	2,424
Notes payable	7,500	370		7,870
Deferred rent expense	7,433	-	-	7,433
Total liabilities	19,989	5,770	-	25,759
NET ASSETS (DEFICIT)				
Unrestricted	53,415	(4,575)		48,840
Temporarily restricted	69,972	123	-	70,095
Permanently restricted	19,032	-	-	19,032
Total net assets	142,419	(4,452)	-	137,967
TOTAL LIABILITIES AND NET ASSETS	$ 162,408	$ 1,318	$ -	$ 163,726

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2016
(In thousands)

	Y-USA	JIY	Eliminations	Consolidated
Revenues and support				
Contributions and support				
Contributions	$ 47,996	$ -	$ -	$ 47,996
Government grants	9,034	-	-	9,034
Donations in kind and contributed services	31,691	-	-	31,691
World Service campaign	1,565	-	-	1,565
Total contributions and support	90,286	-	-	90,286
Financial support from member YMCAs	70,147	-	-	70,147
Program and service revenue	11,349	-	-	11,349
Royalties and other revenue	823	-	-	823
Income from third party trusts	267	-	-	267
Allocation of investment earnings for current operations	3,630	-	-	3,630
Total revenues and support	176,502	-	-	176,502
Expenses				
Program activities				
Social responsibility	56,669	-	-	56,669
Youth development	64,307	-	-	64,307
Healthy living	35,774	-	-	35,774
Total program activities	156,750	-	-	156,750
Supporting services				
Management and general	13,818	-	-	13,818
Fund-raising	2,574	-	-	2,574
Total supporting services	16,392	-	-	16,392
Total expenses	173,142	-	-	173,142
Change in net assets from operations	3,360	-	-	3,360
Non-operating activities				
Investment return in excess of amounts designated for current operations	1,878	-	-	1,878
Change in beneficial interests in perpetual trusts	185	-	-	185
Deconsolidation of Jerusalem International YMCA	(3,865)	4,452	-	587
Total non-operating activities	(1,802)	4,452	-	2,650
CHANGE IN NET ASSETS	1,558	4,452	-	6,010
Net assets at beginning of year	142,419	(4,452)	-	137,967
Net assets at end of year	$ 143,977	$ -	$ -	$ 143,977

National Council of Young Men's Christian Associations
of the United States of America and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2015
(In thousands)

	Y-USA	JIY	Eliminations	Consolidated
Revenues and support				
Contributions and support				
Contributions	$ 55,289	$ 345	$ (110)	$ 55,524
Government grants	9,807	-	-	9,807
Donations in kind and contributed services	8,503	-	-	8,503
World Service campaign	1,470	-	-	1,470
Total contributions and support	75,069	345	(110)	75,304
Financial support from member YMCAs	64,961	-	-	64,961
Program and service revenue	5,672	-	-	5,672
Jerusalem International YMCA program revenue	-	4,616	-	4,616
Royalties and other revenue	653	202	-	855
Income from third party trusts	334	232	-	566
Allocation of investment earnings for current operations	3,900	-	-	3,900
Total revenues and support	150,589	5,395	(110)	155,874
Expenses				
Program activities				
Social responsibility	39,383	1,933	(110)	41,206
Youth development	49,339	1,933	-	51,272
Healthy living	32,525	1,933	-	34,458
Total program activities	121,247	5,799	(110)	126,936
Supporting services				
Management and general	10,916	-	-	10,916
Fund-raising	2,498	-	-	2,498
Total supporting services	13,414	-	-	13,414
Total expenses	134,661	5,799	(110)	140,350
Change in net assets from operations	15,928	(404)	-	15,524
Non-operating activities				
Investment return in deficit of amounts designated for current operations	(4,356)	-	-	(4,356)
Change in beneficial interests in perpetual trusts	(527)	-	-	(527)
Impairment of Jerusalem Development Project	(6,141)	-	-	(6,141)
Total non-operating activities	(11,024)	-	-	(11,024)
CHANGE IN NET ASSETS	4,904	(404)	-	4,500
Net assets at beginning of year	137,515	(4,048)	-	133,467
Net assets at end of year	$ 142,419	$ (4,452)	$ -	$ 137,967

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