

**YMCA OF THE EAST VALLEY**

**FINANCIAL STATEMENTS**

June 30, 2021 and 2020

**YMCA OF THE EAST VALLEY**

June 30, 2021 and 2020

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**REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
YMCA of the East Valley  
Redlands, California

**Report on Financial Statements**

We have audited the accompanying financial statements of YMCA of the East Valley (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control over 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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and with *Government Auditing Standards*, issued by the U.S. Comptroller General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA of the East Valley as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

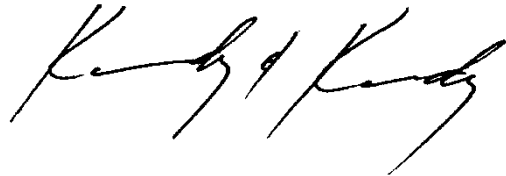
We have previously audited the YMCA of the East Valley's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 29, 2021. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal and state awards required by the California Departments of Education and Social Services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 6, 2021, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.



December 6, 2021  
San Bernardino, California

**YMCA OF THE EAST VALLEY**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2021  
(Summarized Totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and Equivalents	\$ 3,950,110	\$ 3,698,285
Accounts Receivable	206,984	186,390
Contracts Receivable	53,511	602,324
Pledges Receivable	39,802	63,257
CDE Reserve Account	218,456	176,164
Prepaid Expenses	271,809	102,968
Total Current Assets	4,740,672	4,829,388
Property and Equipment		
Land	1,776,306	1,776,306
Buildings and Improvements	20,998,859	20,828,757
Fixtures and Equipment	1,234,593	1,030,994
Vehicles	102,746	102,746
Capital Projects in Progress	2,100	2,100
	24,114,604	23,740,903
Accumulated Depreciation	(7,875,040)	(7,360,672)
Total Property and Equipment	16,239,564	16,380,231
Other Assets		
Investments	4,437,301	1,996,516
<b>Total Assets</b>	<b>\$ 25,417,537</b>	<b>\$ 23,206,135</b>

See Accompanying Notes to Financial Statements.

**YMCA OF THE EAST VALLEY**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2021  
(Summarized Totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 148,705	\$ 110,658
Accounts Payable - CDE	4,524	156,470
Accrued Payroll Costs	463,607	383,049
CDE Reserve Obligation	143,457	210,507
Deferred Revenue	209,948	212,767
Contract Liabilities	1,227,119	-
Payroll Protection Program Loan	347,533	-
Notes Payable	-	23,380
<b>Total Current Liabilities</b>	<b>2,544,893</b>	<b>1,096,831</b>
<b>Total Liabilities</b>	<b>2,544,893</b>	<b>1,096,831</b>
Net Assets		
Board Designated	2,556,159	1,994,716
Other Unrestricted Net Assets	18,396,296	18,826,565
Net Assets without Donor Restrictions	20,952,455	20,821,281
Net Assets with Donor Restrictions	1,920,189	1,288,023
<b>Total Net Assets</b>	<b>22,872,644</b>	<b>22,109,304</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 25,417,537</b>	<b>\$ 23,206,135</b>

See Accompanying Notes to Financial Statements.

**YMCA OF THE EAST VALLEY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2021  
(Summarized Totals for 2020)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2021</u>	<u>2020</u>
<b>Revenues and Support</b>				
After School Programs	\$ 3,967,014	\$ -	\$ 3,967,014	\$ 5,657,285
Memberships	1,308,119	-	1,308,119	2,617,520
Health and Fitness Services	1,088,669	-	1,088,669	852,601
Contributions	520,950	555,324	1,076,274	2,341,233
Paycheck Protection Program	977,467	-	977,467	-
Child Care Contracts - CDE/CDSS	947,499	-	947,499	1,012,787
Other Contracts and Grants	433,241	-	433,241	487,105
Child Care Fees	135,268	-	135,268	1,126,608
Camping Fees	18,813	-	18,813	212,958
	<u>9,397,040</u>	<u>555,324</u>	<u>9,952,364</u>	<u>14,308,097</u>
<b>Other Gains and Losses</b>				
Special Events Revenue	59,727	-	59,727	150,341
Direct Event Costs	(25,629)	-	(25,629)	(50,682)
Net Special Events	<u>34,098</u>	<u>-</u>	<u>34,098</u>	<u>99,659</u>
Investment Return	561,493	76,842	638,335	136,657
Rental and Other Income	13,781	-	13,781	7,712
Released from Restriction	-	-	-	-
	<u>10,006,412</u>	<u>632,166</u>	<u>10,638,578</u>	<u>14,552,125</u>
<b>Expenses</b>				
Program Services				
Child Care	1,210,462	-	1,210,462	1,768,182
After School Programs	3,281,951	-	3,281,951	4,264,807
Camping, Health and Fitness	3,689,670	-	3,689,670	4,897,517
Support Services				
Management and General	1,535,135	-	1,535,135	1,659,847
Fundraising	158,020	-	158,020	150,127
	<u>9,875,238</u>	<u>-</u>	<u>9,875,238</u>	<u>12,740,480</u>
<b>Change in Net Assets</b>	131,174	632,166	763,340	1,811,645
<b>Net Assets - Beginning</b>	<u>20,821,281</u>	<u>1,288,023</u>	<u>22,109,304</u>	<u>20,297,659</u>
<b>Net Assets - Ending</b>	<u>\$ 20,952,455</u>	<u>\$ 1,920,189</u>	<u>\$ 22,872,644</u>	<u>\$ 22,109,304</u>

See Accompanying Notes to Financial Statements.

**YMCA OF THE EAST VALLEY**  
**STATEMENT OF CASH FLOWS**  
For The Year Ended June 30, 2021  
(Summarized Totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 763,340	\$ 1,811,645
Non-Cash Items Included in Revenues and Expenses -		
Depreciation	507,372	475,502
Bad Debt Expense	42,353	84,025
Investment (Gains)/Losses	(529,633)	(59,424)
Loss on Disposition	18,847	8,602
Stock Donations	(3,067)	-
Increase (Decrease) in Cash Resulting From Changes In:		
Accounts and Contracts Receivable	485,866	82,857
Pledges Receivable	23,455	(8,217)
Prepaid Expenses	(168,841)	38,918
Accounts Payable and Accrued Expenses	(33,341)	(304,312)
CDE Reserve Account	(110,342)	11,677
Deferred Revenues	1,224,300	(57,820)
Cash Provided By Operating Activities	<u>2,220,309</u>	<u>2,083,453</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from Sale of Equipment	17,550	8,900
Proceeds from Sale of Investments	24,232	316,425
Purchase of Investments	(1,932,317)	(376,109)
Purchase of Property and Equipment	(403,102)	(527,279)
Cash (Used) By Investing Activities	<u>(2,293,637)</u>	<u>(578,063)</u>
<b>Cash Flows From Financing Activities</b>		
Borrowings on the PPP Loan	1,325,000	-
Recognized Forgiveness of the PPP Loan	(977,467)	-
Retirement of Long-Term Debt	(23,380)	(42,031)
Cash Provided (Used) By Financing Activities	<u>324,153</u>	<u>(42,031)</u>
<b>Net Increase in Cash and Equivalents</b>	250,825	1,463,359
<b>Cash and Equivalents - Beginning</b>	<u>3,699,285</u>	<u>2,234,926</u>
<b>Cash and Equivalents - Ending</b>	<u>\$ 3,950,110</u>	<u>\$ 3,698,285</u>

**Supplemental Cash Flow Information**

Cash flows from operating activities include interest payments of \$1,034 in 2021 and \$3,280 in 2020.

See Accompanying Notes to Financial Statements.



**YMCA OF THE EAST VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2021  
(Summarized Totals for 2020)

	Child Care Program	Other Before & After School Programs	Camping Health & Fitness Programs	Manage- ment and General	Fund Raising	2021 Total Expenses	2020 Total Expenses
Salaries / Wages	\$ 564,119	\$ 2,612,102	\$ 1,572,475	\$ 890,790	\$ 85,077	\$ 5,724,563	\$ 7,697,882
Payroll Taxes/ Benefits	40,187	199,869	116,925	58,424	6,523	421,928	571,546
Retirement	48,387	85,621	69,706	84,707	8,155	296,576	314,575
Unemployment Insurance	29,997	128,568	49,728	-	575	208,868	172,331
Health Insurance	79,168	7,541	48,360	60,487	5,219	200,775	220,836
Workers' Compensation	17,541	37,542	32,938	3,269	328	91,618	210,687
<b>Total Payroll Costs</b>	<b>779,399</b>	<b>3,071,243</b>	<b>1,890,132</b>	<b>1,097,677</b>	<b>105,877</b>	<b>6,944,328</b>	<b>9,187,857</b>
Occupancy	199,502	75,597	751,880	4,428	-	1,031,407	1,208,284
Depreciation	2,973	-	504,399	-	-	507,372	475,502
Professional Service Fees	25,794	3,532	12,760	315,960	4,206	362,252	410,807
Insurance	82,000	54,572	207,470	12,440	-	356,482	285,042
Supplies	53,675	13,182	94,170	4,476	4,507	170,010	344,807
Membership Dues	27,209	37,382	64,919	5,803	3,427	138,740	120,485
Interest / Financing Costs	-	-	51,438	45,790	207	97,435	181,146
Public Relations / Printing	600	4,288	28,653	23,781	13,229	70,551	91,620
Equipment	12,960	16,602	28,546	4,844	91	63,043	123,884
Bad Debts	4,400	-	16,176	-	21,777	42,353	84,025
Telephone	11,321	4,055	13,322	3,785	2,100	34,583	36,143
Miscellaneous	10,125	-	13,957	6,932	-	31,014	48,358
Travel / Meetings	104	1,367	9,716	4,825	464	16,476	111,107
Postage / Shipping	400	131	2,132	4,394	2,135	9,192	20,044
Entrance Costs	-	-	-	-	-	-	11,369
<b>Total Expenses 2021</b>	<b>\$ 1,210,462</b>	<b>\$ 3,281,951</b>	<b>\$ 3,689,670</b>	<b>\$ 1,535,135</b>	<b>\$ 158,020</b>	<b>\$ 9,875,238</b>	
<b>Total Expenses 2020</b>	<b>\$ 1,768,182</b>	<b>\$ 4,264,807</b>	<b>\$ 4,897,517</b>	<b>\$ 1,659,847</b>	<b>\$ 150,127</b>		<b>\$ 12,740,480</b>

See Accompanying Notes To Financial Statements

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – ORGANIZATION AND OTHER MATTERS**

The YMCA of the East Valley is a nonprofit corporation organized in California in 1887. The Association's principal function is to strengthen communities throughout the East San Bernardino Valley through programs that promote youth development, healthy living and social responsibility. It also operates childcare programs, funded in part by the California Department of Education (CDE) and California Department of Social Services (CDSS), which provide service to families at its facility and at several school sites in its service area. The Association is not a private foundation and is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and the related California tax law for exempt organizations.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

Revenue Recognition and Presentation

The Association presents its financial statements and recognizes revenues in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for reporting information about financial position and activities for nonprofit organizations.

GAAP requires that revenue from contracts with funding agencies be recognized using a principles-based five-step framework that is intended to create consistency and comparability across entities and industries. The following is a summary of revenue recognition methodologies used by the Association in conformity with these provisions of U.S. GAAP.

*Contracts with Funding Agencies:* Revenue from contracts with federal, state, and local funding agencies is recognized when qualifying costs are incurred under cost-reimbursement contracts or when units of service are provided for performance contracts.

The transaction price is stated in each contract and is satisfied over time, generally by monthly billings over the one-year contract period. The significant judgments required by GAAP involve 1) determining that the service has been provided, 2) that a cost allowable under the contract has been incurred, and 3) that the cost relates to a period covered by the contract. Each of these performance obligations must be satisfied before the funding agency can be billed for reimbursement, and revenue is recognized when the funding agency is billed.

Contract revenues are subject to audit and review by funding agencies, and in some cases, costs requested for reimbursement may be disallowed. Revenues from contracts with funding agencies are disaggregated in the statement of activities and are reported separately from other categories of revenue.

*Service Fees:* The Association recognizes service fee revenue in the period when the services are provided and when the amount and certainty of the fee can be determined.

*Contributions:* As noted above, contributions are reported in two net asset classes: with donor restrictions and without donor restrictions. Contributions with donor restrictions may be either temporarily or permanently restricted. Contributions without donor restrictions are recognized when received. Contributions restricted by the donor are presented as increases in net assets with donor restrictions, depending on the nature of the donor-imposed restriction. When temporary restrictions are satisfied, the restricted net assets are reclassified to net assets without donor restrictions and reported in the activity statement as net assets released from restrictions.

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Financial statements prepared in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles (GAAP). Such information should be read together with the Association's financial statements for the year ended June 30, 2020, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

Cash Equivalents, Restrictions, and Concentrations

For purposes of the statement of cash flows, the Association considers all temporary cash investments with original maturities of three months or less from the date of purchase to be cash equivalents.

CDE requires that the Association maintain a separate bank account for Child Care program reserve funds. An off-setting liability is carried to reflect the reserve obligation.

From time to time, the Association holds cash deposits with two financial institution in excess of limits covered by the FDIC. Management does not consider this to be a significant credit risk.

Fair Value Measurements

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements must be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is no market information

The Association is required to measure three types of assets and the related revenues at fair value: pledged contributions, non-cash contributions, and certain investments. The technique used to measure fair value for each element is described in the notes below that relate to each element.

Donated Services and Materials

Some Association members have donated significant amounts of time in the advancement of its programs and objectives. No amounts have been included in the financial statements for such donated member or volunteer services since no objective basis is available to measure the value of these services.

The Association records the donation of materials and services when an objective basis is available to measure the value of those contributions and when the services would be purchased if they were not donated. Non-cash contributions that have been recorded are discussed at Note 9.

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing the Association's programs and services has been summarized on a functional basis in the statement of functional expenses. Based on management estimates and an allocation plan, costs are allocated between programs and supporting services as they relate to those functions. The allocation of costs depends on the nature of the cost, the reason the cost is incurred, and the benefit received by each function.

Cost Allocation Plan

The Association reviews and updates its written cost allocation plan annually and presents the plan for approval by its Board of Directors. The Association allocates costs based on the costs incurred and benefits received by the programs or activities. Costs are categorized as follows:

*Direct Cost* - Costs that are directly attributable to specific programs.

*Shared Direct Costs* - Costs that are directly attributable to and shared by multiple programs.

*Indirect Costs* - Costs that support the organization but cannot be attributed to specific programs. These costs are allocated based on an approved plan and indirect cost rate.

Property and Equipment and Depreciation

Property and equipment are reported at cost or donated value and are depreciated by the straight-line method over estimated useful lives ranging between 3 and 50 years. The Association's policy is to capitalize equipment additions with a cost in excess of \$5,000.

If items of property and equipment are acquired with CDE funds and used under CDE contracts, a reversionary interest in such assets is maintained by CDE in the event that those contracts are terminated.

Income Taxes

Since the Association is exempt from federal and state income tax, no provision is made for current or deferred income taxes. The Association uses the same accounting methods for tax and financial reporting.

Recently Issued Accounting Standard Updates

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance requires the recognition of lease contracts, including existing and new arrangements, as assets and liabilities on the statement of financial position. The guidance is effective for annual reporting periods beginning after December 15, 2021.

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable result from the Association’s annual campaign:

	<u>2021</u>	<u>2020</u>
Annual Campaign	\$ 93,187	\$ 101,015
Allowance for Doubtful Accounts	<u>(53,385)</u>	<u>(37,758)</u>
Total	<u>\$ 39,802</u>	<u>\$ 63,257</u>

**NOTE 4 – ACCOUNTS AND CONTRACTS RECEIVABLE**

Accounts receivable consist of amounts due from membership activities and other programs. These balances are reduced by an allowance for doubtful accounts, based on experience and other factors that affect collectability. Receivables are considered doubtful if full payment is not received in accordance with the terms of the agreements. The Association’s policy is to charge off uncollectible accounts when management has determined that the receivable will not be collected.

	<u>2021</u>	<u>2020</u>
Accounts Receivable (allowance of \$5,011 and \$5,736)	<u>\$ 206,984</u>	<u>\$ 186,390</u>

Contracts assets from funding agencies consist of amounts receivable due from CDE, CDSS and other governmental funding agencies. Beginning and ending balances are presented below. Revenues are recognized when billings are submitted to the funding agencies, which result in contract assets and the right to receive reimbursement. Since these amounts are considered by management to be fully collectable, no allowance for doubtful accounts is provided.

	<u>2021</u>	<u>2020</u>
San Bernardino City Unified School District (CAPS)	-	570,514
Redlands Educational Partnership (ASES and Day Camp)	34,628	-
U.S. Department of Agriculture (Food Programs)	12,119	3,938
U.S. Department of Health and Human Services (Child Care)	6,764	15,279
California Department of Education (Pre-school)	<u>-</u>	<u>12,593</u>
Total Contracts Receivable	<u>\$ 53,511</u>	<u>\$ 602,324</u>

**NOTE 5 – DEFERRED REVENUES**

Deferred revenues consist of payments received in advance in the current year to be recognized as revenues when earned in the next program year. Deferrals include fees for membership, childcare, camping, and other programs. These totaled \$209,948 in 2021 and \$212,767 in 2020.

Contract liabilities from funding sources consist of payments received before performance obligations have been satisfied on government contracts. Deferrals include advance payments on the CAPS and child care programs and the CDE reserve obligation. These totaled \$1,227,119 in 2021 and none in 2020.

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – INVESTMENTS**

Investments consist of marketable securities, mutual funds and bond funds carried at fair value and are intended to provide income for the Association’s programs or capital expenditures. The fair value of investments has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs). Significant information about investments is summarized as follows:

<u>June 30, 2021</u>	<u>Cost or Donated Value</u>	<u>Fair Value 6/30/21</u>	<u>Unrealized Gain (Loss) 6/30/21</u>
Cash	\$ 156,694	\$ 156,694	\$ -
Mutual Funds	1,584,518	2,305,821	721,303
Marketable Securities	1,800	1,800	-
Bond Funds	<u>1,936,865</u>	<u>1,972,986</u>	<u>9,121</u>
Total	<u>\$ 3,706,877</u>	<u>\$ 4,437,301</u>	730,424
Unrealized Gain at 6/30/20			<u>203,481</u>
Unrealized Gain During the Year Ended 6/30/21			<u>\$ 526,943</u>

<u>June 30, 2020</u>	<u>Cost or Donated Value</u>	<u>Fair Value 6/30/20</u>	<u>Unrealized Gain (Loss) 6/30/20</u>
Cash	\$ 3,695	\$ 3,695	\$ -
Mutual Funds	1,226,481	1,431,696	205,215
Marketable Securities	1,800	1,800	-
Bond Funds	<u>561,059</u>	<u>559,325</u>	<u>(1,734)</u>
Total	<u>\$ 1,793,035</u>	<u>\$ 1,996,516</u>	203,481
Unrealized Gain at 6/30/19			<u>150,411</u>
Unrealized Gain During the Year Ended 6/30/20			<u>\$ 53,070</u>

**NOTE 7 – NOTES PAYABLE**

	<u>2021</u>	<u>2020</u>
Paycheck Protection Program loan due to the US Treasury, unsecured, with interest at 1%, due in February 2026. Expected to be forgiven in 2021-2022 fiscal year.	\$ 347,533	\$ -
A note due to an individual, secured by real property, with monthly payments of \$3,670, interest at 4.34%, paid in 2020	<u>-</u>	<u>23,380</u>
Total Notes Payable	<u>\$ 347,533</u>	<u>\$ 23,380</u>

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – LINE OF CREDIT**

The Association has a \$1.5 million revolving line of credit with Citibank, N.A., secured by the Citrus Avenue building and other assets. This arrangement provides for an interest rate of 1% over the prime rate, which was 4.25% at June 30, 2021.

The credit line has no unpaid balance at June 30, 2021 or 2020. Credit line balances are payable on demand in the event that the arrangement is cancelled. The credit line was not used in 2021 or 2020, and no interest was paid in either year. The line of credit arrangement contains certain debt covenants, and management is not aware of any violations of these covenants.

Interest expense has not been charged to any of the California funding agency contracts.

**NOTE 9 – NON-CASH CONTRIBUTIONS**

The Association has received contributions of non-cash services, facilities, and property, which are summarized below. The fair value of contributed services and facilities has been measured on a nonrecurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of contributed marketable securities has been measured on a nonrecurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

	<u>2021</u>	<u>2020</u>
Donated Facilities	\$ 157,004	\$ 157,004
Donated Services	<u>-</u>	<u>1,000</u>
Total Recorded as Revenue and Expense	<u>\$ 157,004</u>	<u>\$ 158,004</u>
Donated Stock – Recorded as an Asset	<u>\$ 3,067</u>	<u>-</u>

**NOTE 10 – DONOR RESTRICTIONS**

<u>Net assets with temporary donor restrictions:</u>	<u>2021</u>	<u>2020</u>
Capital Projects (purpose restriction)	\$ 1,879,342	\$ 1,265,416
Camp Edwards (purpose restriction)	22,607	22,607
Swim Program (purpose restrictions)	<u>18,240</u>	<u>-</u>
Total with Donor Restrictions	<u>\$ 1,920,189</u>	<u>\$ 1,288,023</u>

**NOTE 11 – CDE INFORMATION**

Accrued payroll costs include accrued vacation of \$107,508, of which \$12,575 is attributable to the Child Care Program subsidized by CDE/CDSS. Contracts payable are overpayments from CDE/CDSS and will either be refunded or will be used to reduce future amounts due from CDE/CDSS. Contracts payable were \$4,524 at June 30, 2021 and \$156,470 at June 30, 2020.

The payable at June 30, 2020 was actually a payable at June 30, 2019, but was not invoiced by CDE to the Association until 2021. This amount of \$156,470 was paid in the current year.

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – QUASI-ENDOWMENT**

In accordance with California law (SPMIFA), the Association has established amounts intended by the Board to be held as an endowment to be used only for Board approved purposes. Since this endowment was not created by donors, it is considered to be a “quasi-endowment” and is classified as without donor restrictions.

Unappropriated earnings on endowment assets are also classified as without donor restricted net assets. The Association classifies as quasi-endowment (1) the original value approved for quasi-endowment, (2) the original value of subsequent gifts to quasi-endowment, and (3) accumulations to the quasi-endowment made in accordance with the direction of the board of directors at the time the accumulation is added to the fund.

The remaining portion of the quasi-endowment fund is classified as board restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA. The Association is currently reinvesting earnings into the endowment to promote long-term growth.

From time to time, the fair values of endowment assets may, due to unfavorable market fluctuations, fall below the level that the Board intended to be retained as a fund of perpetual duration. In accordance with generally accepted accounting principles, declines of this nature are reported as losses in unrestricted net assets. As values recover, the increases are reported as unrestricted gains.

The Association has adopted an investment policy and spending guidelines for quasi-endowment assets to preserve the purchasing power of the quasi-endowment assets. Under these policies, endowment assets are invested to produce a return that is expected to meet or exceed the rate of inflation as measured by the Consumer Price Index. Actual results during any period may vary from these expectations.

The Association relies on a total return strategy which allows the earnings objective to be achieved through both capital appreciation and current yield. This strategy involves a diversified asset allocation that provides a balance among equity investments.

The activity and value of the quasi-endowment is as follows:

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 1,994,715	\$ 1,875,609
New Investments	3,068	-
Dividends	89,300	73,123
Realized Gain (Loss)	2,640	6,354
Unrealized Gain (Loss)	479,973	53,070
Transfer to Property Fund	-	-
Fees	<u>(13,537)</u>	<u>(13,440)</u>
Ending Balance	<u>\$ 2,556,159</u>	<u>\$ 1,994,716</u>



**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 – COMMITMENTS**

Donated Facilities Under Non-cancellable Leases (as Lessee)

The Association has an operating lease for the use of contributed facilities from the City of San Bernardino. The San Bernardino Family YMCA facility is leased from the City for a ten-year term ending in March 2026 at an annual rental payment of \$1. The fair market value of this lease is determined to be \$1,416 per month.

The Association has an operating lease for the use of contributed facilities from the City of Highland. The Highland facility is leased from the City for an annual payment of \$1. This lease has been extended through December 2022. The fair market value of this lease is determined to be \$11,667 per month.

Other Non-cancellable Leases (as Lessee)

The Association has a five-year lease for building and grounds that is used as a day care center through November 2024. This lease was amended in April 2019. The lease is cancellable if the Association loses funding from its CDE childcare contracts. The base rent begins at \$7,128 per month plus common area operating expenses. The base rent will be adjusted annually, beginning in December 2019, using the Consumer Price Index with a minimum increase of 3% and a maximum increase of 5% annually.

In 2016-17, the Association entered into a new postage machine lease with Mail Finance that runs through December 2021. Payments are \$252 quarterly.

In January 2018, the Association entered into a three-year non-cancellable operating lease for fitness equipment for the Redlands Branch with Jules and Associates, with monthly payments of \$5,583.

Future minimum lease obligations are as follows:

June 30, 2022	\$ 138,978
2023	141,163
2024	143,935
2025	<u>60,462</u>
	<u>\$ 484,538</u>

Donated and Purchased Facility Under Non-cancellable Lease (as Lessor)

The Association receives rent income for commercial office space in a building partially occupied by the Association. The Association uses three of the office spaces and leases out the other office space. One office space is leased to a tenant on a month to month rental contract.

**NOTE 14 – RELATED PARTY TRANSACTIONS**

The Association has a conflict-of-interest policy that governs transactions with related parties. Management may engage in such transactions when they are at least equivalent to similar transactions with an unrelated party. During the reporting periods, the Association engaged in several transactions with companies related to Board members and conducted those transactions according to this policy.

The most significant related party transactions included the following: a Board member provided vehicle repair services and was paid \$2,025 in 2021 and \$4,350 in 2020; a Board member performed plumbing services and was paid \$132,608 in 2021 and \$23,069 in 2020.

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 15 – FAIR VALUE MEASUREMENTS**

Investments measured at fair value are as follows:

	Active Markets (Level 1)	Inactive Markets (Level 2)	No Market (Level 3)
<u>Measured on a Recurring Basis at June 30, 2021</u>			
Pace Equity Funds	\$ 2,305,820	\$ -	\$ -
Pace Fixed Income Funds	1,972,986	-	-
Bear Valley Water Stock	-	1,800	-
Total	<u>\$ 4,278,806</u>	<u>\$ 1,800</u>	<u>\$ -</u>
 <u>Measured on a Recurring Basis at June 30, 2020</u>			
Pace Equity Funds	\$ 1,431,696	\$ -	\$ -
Pace Fixed Income Funds	559,325	-	-
Bear Valley Water Stock	-	1,800	-
Total	<u>\$ 1,991,021</u>	<u>\$ 1,800</u>	<u>\$ -</u>

**NOTE 16 – PENSION PLAN**

The Association has a defined contribution pension plan covering employees who are 21 years of age with at least two years of service and 1,000 hours in each year. Plan contributions include employer matching contributions and voluntary employee contributions. In the reporting periods, the Association contributed 10% of eligible salaries, which amounted to \$296,576 in 2021 and \$314,575 in 2020.

**NOTE 17 – CAPITAL PROJECTS**

A bathroom renovation project is planned at Camp Edwards, pending approval by the U.S. Forestry. The renovation is expected to be completed in fiscal year of 2021-22 for a cost of approximately \$150,000. In addition, a waterline replacement project at Camp Edwards was nearly completed in 2021 at a cost of approximately \$120,000. A new water tank project at Camp Edwards is planned for 2022.

**NOTE 18 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Association receives some support from restricted contributions. Because donor restrictions require that resources be used for a specified purpose or period, the Association must maintain sufficient liquid assets to meet those donor commitments, which amount to \$1,920,189. In addition, the Board has designated \$2,558,798 of net assets for various special purposes. As a result, the Association has \$4,478,987 of liquid assets that must be held to satisfy these restrictions and designations. These funds are not available for general expenditures in future periods.

At June 30, 2021, the Association had cash, receivables, and investments without restrictions or designations of \$4,208,721. This amount is available to pay future general expenditures as they come due. In the year ended June 30, 2021, general expenditures totaled \$9,875,238.

**YMCA OF THE EAST VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 19 – RESERVE ACCOUNT**

Child development contractors are allowed, with prior CDE and/or CDSS approval, to maintain a reserve account to be used for three types of programs: Center Based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are restricted for child development programs and may be applied to any of the contracts that are eligible for one of these program types.

The Association maintains a reserve account for Center Based contracts, and funds are held in a separate interest-bearing account. The reserve cash balance was \$218,456 at June 30, 2021, and \$176,164 at June 30, 2020, and is presented as a separate cash account in the statement of financial position. In the event that the center-based contracts are terminated, the Association will be required to return the reserve funds to CDE and /or CDSS. A liability is presented in the statement of financial position for the reserve obligation of \$143,457.

The reserve cash balance was higher than the reserve liability June 30, 2021, because the authorized transfer from the cash account of \$75,000 was not made until the subsequent year. The reserve cash account includes interest of \$60 earned on the account balances during the year ended June 30, 2021.

**NOTE 20– SUBSEQUENT EVENTS**

Subsequent to year-end, the Association settled a customer related legal matter at a cost of \$5,000.

Management has evaluated subsequent events through December 6, 2021 the date which the financial statements were available to be issued.

**NOTE 21 – UNCERTAINTIES**

**COVID-19**

In 2020 and 2021, domestic and international economies faced uncertainty related to the impact of the COVID-19 virus. The Association has been affected and may be adversely affected in the future by the economic results of this uncertainty. Management is currently evaluating these impacts and considering their effects on future operations.

**PPP Loan Forgiveness**

As discussed in Note 7, the Association secured a Paycheck Protection Program loan in the amount of \$1.325 million in February 2021. Management believes that it has used these funds in accordance with the requirements for forgiveness and that ultimately the entire loan will be forgiven. Based on the use of these funds for qualified expenses during the current reporting period, forgiveness revenue has been recognized for the year ended June 30, 2021, in the amount of \$977,467.

The remaining amount of \$347,533 is presented as a liability in the statement of financial position, but management anticipates that this amount will be used for qualified expenses in the subsequent year, and the entire loan will be forgiven.

**YMCA OF THE EAST VALLEY**  
**Center Program – Project NO. 36-H265-00-1**

SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2021

<u>Grantor</u>	<u>Federal CFDA No.</u>	<u>Grantor's Number</u>	<u>Award Amount</u>			<u>Expenditures</u>		
			<u>Federal</u>	<u>State</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>Federal Programs</b>								
U.S. Department of Health and Human Services Federal Block Grants, passed through the California Department of Education.								
Child Development Program								
Center Child Care	93.596/93.575	CCTR-0200	\$227,365	\$456,614	\$683,979	\$131,527	\$264,161	\$395,688
CRRSA Stipend		CCTR-0200	22,299	-	22,299	22,299	-	22,299
CRRSA Stipend		CSPP-0440	14,083	-	14,083	14,083	-	14,083
CRRSA Stipend			16,800	-	16,800	16,800	-	16,800
Cluster Total			<u>\$280,547</u>	<u>\$456,614</u>	<u>\$737,161</u>	<u>\$184,709</u>	<u>\$264,161</u>	<u>\$448,870</u>
U.S. Department of Agriculture Federal Block Grants, passed through the California Department of Education.								
Child Care Food Program	10.558	CACFP	<u>\$56,321</u>	-	<u>\$56,321</u>	<u>\$56,321</u>	-	<u>\$56,321</u>
U.S. Department of Housing and Urban Development								
Passed through the City of Highland	14,218		\$11,131	-	\$11,131	\$11,131	-	\$11,131
Passed through the City of Redlands	14,218		<u>10,000</u>	-	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Cluster Total			<u>\$21,131</u>	-	<u>\$21,131</u>	<u>\$21,131</u>	-	<u>\$21,131</u>

See Auditor's report.

**YMCA OF THE EAST VALLEY**  
**Center Program – Project NO. 36-H265-00-1**

SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2021

<u>Grantor</u>	<u>Federal CFDA No.</u>	<u>Grantor's Number</u>	<u>Award Amount</u>			<u>Expenditures</u>		
			<u>Federal</u>	<u>State</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>Other State Programs</b>								
California Department of Education								
Child Development Program		CSPP-0440	-	\$772,666	\$772,666	-	\$384,108	\$384,108
CDE Reserve Account Transfer to CSPP 0440			-	75,000	75,000	-	75,000	75,000
Passed through San Bernardino Unified School District Before and After School Program			-	5,124,782	5,124,782	-	3,967,014	3,967,014
Passed through Redlands Unified School District Extended Summer Program			-	30,435	30,435	-	30,435	30,435
Passed through SB County Superintendent of Schools AB 212 Stipend			-	8,334	8,334	-	8,334	8,334
Total Other State Programs			\$ -	\$6,011,217	\$6,011,217	-	\$4,464,891	\$4,464,891
Total Federal and State Programs			\$357,999	\$6,467,831	\$6,825,830	\$262,161	\$4,729,052	\$4,991,213

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

The Accompanying schedule of expenditures of federal and state awards includes the federal and state contract activity of the Association and is presented on the accrual basis of accounting, which is the same basis of accounting used in the preparation of the financial statements.

The Association has elected to use the 8% indirect cost rate approved by California Department of Education for certain CDE contracts.

<sup>3</sup>See Auditor's Report.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
YMCA of the East Valley  
Redlands, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of YMCA of the East Valley (a nonprofit organization), which comprise the statement of financial position as of and for the year ended June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2021.

Internal Control Over Financial Reporting

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

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

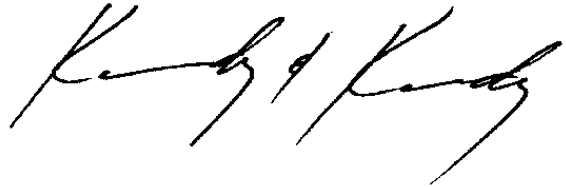
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "K. G. K. G.", is positioned to the right of the text.

December 6, 2021  
San Bernardino, California