YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Financial Statements
and Supplementary Information
June 30, 2022
(With summarized comparative totals for June 30, 2021)

Together with
Independent Auditors' Report
and Single Audit Reports

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

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June 30, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
Santa Clara, California

Opinion

We have audited the accompanying financial statements of Young Men's Christian Association of Silicon Valley (a California public benefit corporation, the "Association"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Young Men's Christian Association of Silicon Valley, as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
Santa Clara, California

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
Santa Clara, California

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 our report dated December 13, 2022, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of 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 the Association's internal control over financial reporting and compliance.

Robert Lee + Associates, LLP

San Jose, California
December 13, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Statements of Financial Position

June 30, 2021

(With summarized comparative totals for June 30, 2021)

	June 30, 2022	June 30, 2021 *(Comparative)*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,524,845	$ 10,672,803
Accounts receivable, net of allowance of $562,276 and $303,198 for 2022 and 2021, respectively	3,739,157	2,997,119
Employee retention credit receivable	3,737,153	-
Annual giving campaign receivable, net of allowance of $347,140 and $120,637 for 2022 and 2021, respectively	120,047	89,915
Pledges receivable, net of allowance of $45,000 and $5,025 for 2022 and 2021, respectively	213,500	119,000
Prepaid expenses and other current assets	145,806	157,030
Assets held for sale	9,072,158	9,072,158
Total current assets	27,552,666	23,108,025
Long-term assets:		
Investments	20,200,528	21,287,426
Annual giving campaign receivable, noncurrent portion, net	153,960	129,166
Pledges receivable, non-current portion, net	443,677	57,506
Land, buildings and equipment, net	45,000,081	47,603,996
Other non-current assets	36,000	44,484
Total long-term assets	65,834,246	69,122,578
Total assets	$ 93,386,912	$ 92,230,603
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 823,889	$ 1,219,308
Accrued expenses	3,778,016	3,299,866
Notes payable	247,428	240,031
Paycheck protection program loan	157,442	9,453,908
Deferred revenue	3,433,090	2,257,535
Total current liabilities	8,439,865	16,470,648
Long-term liabilities:		
Accrued expenses, net of current portion	36,000	94,584
Notes payable, net of current portion	10,624,675	10,874,694
Paycheck protection program loan, net of current portion	441,157	-
Total long-term liabilities	11,101,832	10,969,278
Total liabilities	19,541,697	27,439,926
Commitments and contingencies (Note 23)		
Net assets:		
Without donor restrictions:		
Board designated for maintenance and equipment reserve	1,856,416	1,856,416
Board designated for quasi-endowment	2,816,439	3,101,884
Undesignated	56,544,985	46,236,814
Total net assets without donor restrictions	61,217,840	51,195,114
Net assets with donor restrictions	12,627,375	13,595,563
Total net assets	73,845,215	64,790,677
Total liabilities and net assets	$ 93,386,912	$ 92,230,603

The accompanying notes are an integral part of these financial statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2022 (with summarized comparative totals for 2021)

	2022			2021
	Without donor restrictions	With donor restrictions	Total	*(Comparative)* Totals
Support and revenues:				
Program, camp and child care fees	$ 15,560,049	$ -	$ 15,560,049	$ 5,865,252
Membership dues	11,834,993	-	11,834,993	8,191,817
Fees and grants from government agencies	10,847,487	75,000	10,922,487	9,170,003
Paycheck protection program	8,849,255	-	8,849,255	-
Employee retention credit	3,737,153	-	3,737,153	-
Contributions	3,164,305	1,268,156	4,432,461	3,796,094
Investment gains (losses), net	(613,789)	(473,110)	(1,086,899)	3,680,835
Gain on disposal of buildings and equipment	7,899	-	7,899	-
Miscellaneous revenue	670,726	-	670,726	598,981
Net assets released from restrictions	1,838,234	(1,838,234)	-	-
Total support and revenues	55,896,312	(968,188)	54,928,124	31,302,982
Expenses:				
Program services:				
Healthy living	12,989,683	-	12,989,683	8,292,854
Child, youth development and families	21,590,781	-	21,590,781	14,719,528
Total program services	34,580,464	-	34,580,464	23,012,382
Supporting services:				
Management and general	6,806,370	-	6,806,370	5,405,919
Fundraising	1,275,576	-	1,275,576	1,234,129
Total supporting services	8,081,946	-	8,081,946	6,640,048
Total expenses before depreciation and amortization	42,662,410	-	42,662,410	29,652,430
Change in net assets before depreciation and amortization	13,233,902	(968,188)	12,265,714	1,650,552
Depreciation and amortization expense	3,211,176	-	3,211,176	3,610,578
Change in net assets	10,022,726	(968,188)	9,054,538	(1,960,026)
Net assets, beginning of year	51,195,114	13,595,563	64,790,677	66,750,703
Net assets, end of year	$ 61,217,840	$ 12,627,375	$ 73,845,215	$ 64,790,677

The accompanying notes are an integral part of these financial statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Statements of Functional Expenses

For the Year Ended June 30, 2022 (with summarized comparative totals for 2021)

	2022							2021
	Program Services			Supporting Services				
	Healthy Living	Child, Youth Development and Families	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	*(Comparative)* Totals
Staff compensation	$ 7,895,178	$ 15,218,445	$ 23,113,623	$ 4,466,701	$ 839,009	$ 5,305,710	$ 28,419,333	$ 19,541,311
Facilities	3,710,879	2,591,482	6,302,361	195,222	244	195,466	6,497,827	3,972,669
Office and program supplies	120,983	2,555,689	2,676,672	43,908	48,986	92,894	2,769,566	2,267,191
Contractual services	130,540	265,979	396,519	731,097	24,053	755,150	1,151,669	1,013,915
Bad debt	286,758	137,988	424,746	100,541	288,827	389,368	814,114	493,411
Interest and bank fees	272,059	116,731	388,790	360,965	19,433	380,398	769,188	711,642
Insurance	277,600	304,304	581,904	53,344	19,829	73,173	655,077	516,868
Equipment rental, repairs and	111,926	104,917	216,843	110,220	2,966	113,186	330,029	259,728
Membership dues	789	282	1,071	312,403	2,890	315,293	316,364	400,817
Telephone	120,591	110,277	230,868	26,513	8,606	35,119	265,987	318,975
Printing and public relations	7,155	8,278	15,433	194,068	17,925	211,993	227,426	39,674
Recruitment and other	-	35,322	35,322	117,812	-	117,812	153,134	31,180
Vehicle and transportation	19,533	109,453	128,986	21,071	742	21,813	150,799	55,845
Conference and travel	35,623	31,179	66,802	63,843	1,741	65,584	132,386	20,144
Postage and shipping	69	455	524	8,662	325	8,987	9,511	9,060
Total expenses before depreciation and amortization	12,989,683	21,590,781	34,580,464	6,806,370	1,275,576	8,081,946	42,662,410	29,652,430
Depreciation and amortization	2,247,377	955,183	3,202,560	8,616	-	8,616	3,211,176	3,610,578
Total expenses	$ 15,237,060	$ 22,545,964	$ 37,783,024	$ 6,814,986	$ 1,275,576	$ 8,090,562	$ 45,873,586	$ 33,263,008

The accompanying notes are an integral part of these financial statements

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Statements of Cash Flows

For the Year Ended June 30, 2022

(With summarized comparative totals for June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 9,054,538	$ (1,960,026)
Adjustments to reconcile change in net assets		
to net cash used by operating activities:		
Depreciation and amortization	3,211,176	3,610,578
Realized and unrealized (gains) losses on investments	1,484,558	(3,423,519)
Gain on extinguishment of paycheck protection program loan forgiveness	(8,849,255)	-
Change in allowance for uncollectible accounts receivable	(259,078)	(355,276)
Change in allowance for uncollectible annual giving receivable	(226,503)	(733,769)
Change in allowance for uncollectible pledges receivable	(39,975)	-
Amortization of original issue discount, notes payable	1,599	2,143
Changes in operating assets and liabilities:		
Accounts receivable	(482,960)	(839,804)
Employee retention credit receivable	(3,737,153)	-
Annual giving campaign receivable	171,577	1,171,940
Pledges receivable	(440,696)	80,725
Prepaid expenses and other current assets	11,224	(28,947)
Other non-current assets	8,484	8,305
Accounts payable	(395,419)	63,656
Accrued expenses	419,566	(1,521,358)
Deferred revenue	1,175,555	231,728
Net cash provided (used) by operating activities	1,107,238	(3,693,624)
Cash flows from investing activities:		
Proceeds from sale of investments	1,857,992	3,188,971
Purchases of investments	(2,255,652)	(2,524,986)
Purchases of land, buildings and equipment	(600,838)	(56,110)
Purchases of assets placed into construction-in-progress	(6,423)	(38,630)
Net cash provided (used) by investing activities	(1,004,921)	569,245
Cash flows from financing activities:		
Payments on note payable	(244,221)	(353,651)
Payment on paycheck protection program loan	(6,054)	-
Proceeds from paycheck protection program loan	-	9,453,908
Payments on capital lease obligations	-	(22,828)
Net cash provided (used) by financing activities	(250,275)	9,077,429
Increase (decrease) in cash and cash equivalents	(147,958)	5,953,050
Cash and cash equivalents, beginning of year	10,672,803	4,719,753
Cash and cash equivalents, end of year	$ 10,524,845	$ 10,672,803

The accompanying notes are an integral part of these financial statements

Note 1 - Organization and operations:

Description of Organization

The Young Men's Christian Association of Silicon Valley (the "Association" or the "Y") is a nonprofit organization committed to strengthening our community by improving the quality of life and inspiring individuals and families to develop their fullest potential in spirit, mind and body. Key areas of impact are youth development, healthy living and social responsibility. The Y nurtures the potential of every child and teen, improves the health and well-being of community members, and provides opportunities to give back and support its neighbors. Integral to all Y activities are its core values of caring, honesty, respect and responsibility. The Y serves people of all backgrounds, ages, capabilities and income levels, providing financial assistance to those in need.

The Association has received a determination letter from the Internal Revenue Service that it is exempt from federal taxation under Section 501(c)(3) of the U.S. Internal Revenue Code. The Association is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

Description of Programs

Healthy Living - The Y offers a wide range of programs and services to enable people to live healthier lifestyles. These wellness-based programs focus on exercise, nutrition, stress management, health education, therapeutic activities, avoidance of drug and alcohol abuse, chronic disease prevention and management, and other specialized needs. A lifelong progression of health related activities, experiences, and education is offered for all ages and abilities, and also encourages participants to give back and help strengthen their community. In a welcoming environment, over 49,000 members and program participants receive support to live a healthier lifestyle.

Child Development - It is critical for the healthy development of children to have physically, emotionally and educationally stimulating activities available in a safe environment before and after school. The Y delivers family-centered, values-based activities to more than 6,000 children every day through early learning; licensed and grant-funded after school programs; and special programs focusing on education, health and nutrition, offered in collaboration with school districts and community organizations. A highly trained staff delivers enriching and affordable programming in a nurturing environment. Children are encouraged and given opportunities to serve their community.

Camping Programs / Youth, Teen and Family Programs / Project Cornerstone - Youth and teen programs foster the development of self-esteem, social skills, social responsibility, physical fitness, healthy habits, character and values, teamwork, and positive attitude.

Note 1 - Organization and operations (continued):

Description of Programs (continued)

Camping Programs / Youth, Teen and Family Programs / Project Cornerstone (continued) - The Y offers sports, swim lessons, tutoring, leadership and development, and parent-child programs. The Y also trains volunteers to develop social-emotional skills by volunteering monthly in classrooms delivering the Project Cornerstone curriculum. Day, resident, and specialty camps provide a wide range of opportunities for growth, learning, relationship building and healthy fun. In total, the Y serves 78,900 children and teens. Families come together to form stronger bonds and healthier lifestyles. For those in need, financial assistance is provided.

Note 2 - Summary of significant accounting policies:

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation - The Association presents information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* - net assets which are available to support all activities of the Association without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation.

- *With donor restrictions* - net assets which are subject to donor-imposed restrictions that will be met rather by actions of the Association or the passage of time. Also included in this category are net assets restricted by the donor for investment in perpetuity, such as endowments. The income from such invested assets is available to support the activities of the Association.

Comparative totals - The statements of activities and changes in net assets and the statements of functional expenses include certain prior year summarized comparative information in total but not by net asset class and fund as presented for the current year. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Note 2 - Summary of significant accounting policies (continued):

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the allowance for doubtful accounts, in-kind contribution valuation, the useful lives of property and equipment, accrued unemployment expenses and the allocation of expenses by function. Actual results could differ from these estimates.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. These reclassifications have no effect on previously reported changes in net assets with or without donor restrictions.

Cash and cash equivalents - For purposes of reporting cash flows, the Association considers all highly liquid investments with a maturity of 90 days or less at the date of purchase to be cash equivalents. Cash balances held in managed investment accounts are excluded from cash and cash equivalents.

Accounts receivable and allowance for doubtful accounts - Accounts receivable consist of receivables relating to program revenue, foundation grants and government agency grants. Accounts receivable are carried at invoice amounts less an estimate made for doubtful receivables. The Association uses the allowance method to determine uncollectible trade receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. The financial statements reflect these receivables net of the allowance reserve.

Annual giving campaign receivables and allowance for doubtful accounts - The annual giving campaign receivables are the result of annual campaigns carried by each branch in support of the Association's mission in the local community and have not been collected at year end. The Association uses the allowance method to determine uncollectible annual giving campaign receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. The financial statements reflect these receivables net of the discount, if any, and allowance reserve.

Pledges receivable and allowance for doubtful accounts - Pledges receivable are unconditional multi-year commitments towards specific projects covering capital improvements, programs, and other initiatives, supporting the projects. Unconditional promises to give are promises that depend only on the passage of time or the demand by the promisor for performance. A conditional promise to give is a promise that depends on the occurrence of a specified future and uncertain event to bind the promisor.

Note 2 - Summary of significant accounting policies (continued):

Pledges receivable and allowance for doubtful accounts (continued) - Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give at June 30, 2022 and 2021. Pledges are predominantly associated with capital campaigns for construction and renovation to certain Association facilities and funding of specific projects. Pledges that are expected to be collected after one year are reported at fair value using a discounted cash flow methodology. Discount rates used are the Association's borrowing rate of interest applicable at the date of the pledge.

The Association uses the allowance method to estimate potentially uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. The financial statements reflect these pledges net of the discount and allowance reserve.

Employee retention credit receivable - Under section 2301 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES ACT"), the Association has elected to claim the Employee Retention Credit ("ERC") which is a refundable tax credit against certain employment taxes. Management determined $3,737,153 will be refunded back based on qualified wages incurred as of June 30, 2022. As the conditions for the credit existed as of June 30, 2022, management recognized the benefit as a receivable on the statement of financial position for the fiscal year ended. As of June 30, 2022, no payments have been received on the outstanding ERC balance.

Prepaid expenses and other assets - Prepaid expenses and other assets include payments for lease deposits, contracts and program related activities.

Investments - All investments are valued in accordance with Generally Accepted Accounting Principles ("GAAP"), including Fair Value Measurements.

Publicly traded - The Association invests primarily in marketable securities and bonds. All debt securities and equity securities are carried at quoted market prices as of the last trading date of the Association's fiscal year. The Association's Board of Directors has established an investment policy and has engaged the services of an outside investment advisor to assist in such matters. Contributions of investments are recorded at estimated fair value at the date of donation and are sold as soon as reasonably possible. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from the sales or maturities are the differences between the investment's cost basis and the sale or maturity settlement of the investment. Dividend and interest income are accrued when earned. The Association may have risk associated with its concentration of investments in one geographic region and in certain industries.

Note 2 - Summary of significant accounting policies (continued):

Investments (continued) - *Privately managed futures fund* - This fund invests in publicly traded investments and is included at quoted market prices as described above. The Association's investment within this fund is carried at estimated fair values as determined by the investment manager of these securities after giving consideration to operating results, financial condition, recent sales prices of issuers' securities and other pertinent information. These investments are valued at the Association's percentage interest owned in this fund. Because of the inherent uncertainty of valuations, these estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Fair value of financial instruments - Unless otherwise indicated, the fair values of all reported assets and liabilities approximate the carrying values of such amounts.

Land, buildings, equipment, depreciation and amortization - Land, buildings and equipment are stated at cost. Acquisitions of items in excess of $5,000 are capitalized. Significant donated items are recorded at estimated fair value at the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of land, buildings and equipment are recorded as unrestricted support.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease. Property under capital leases is amortized over the lives of the respective leases or the estimated useful lives of the assets, whichever is shorter.

Long-lived assets - The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any assets may not be recoverable. No such impairments have been identified to date.

Construction-in-progress - Construction-in-progress represents assets acquired and not yet placed into service. In the event applicable interest costs associated with the construction of new facilities are material, the Association will capitalize the respective interest.

Asset retirement obligation - The Association records an asset and related liability for costs associated with its retirement when an unconditional legal obligation to effect the retirement exists. The Association is not aware of any specific legal obligation which individually or in the aggregate, is material to the Association's financial position.

Note 2 - Summary of significant accounting policies (continued):

Paycheck Protection Program loan - The Association secured loans under the Paycheck Protection Program ("PPP"). The Association accounted for the PPP loans in accordance with the Financial Accounting Standards Board ("FASB") guidance for debt Accounting Standards Updated ("ASC") Topic 470. When recorded, the Association expected to meet the PPP's eligibility criteria, and concluded that the PPP loan represented, in substance, debt that was expected to be forgiven. Accordingly, the Association initially recorded the loan as a note payable and planned to record the forgiveness when the loan obligation was legally released. See Note 11 for details.

Deferred program credits - Deferred program credits, which are included in deferred revenue as disclosed in Note 13, relates to members and parents that had credits on their accounts from overpayments made towards membership and programs in prior years. The Association converted these balances into program credits which were issued during the year ended June 30, 2022 and June 30, 2021. Deferred program credits were approximately $689,000 and $665,000 for the year ended June 30, 2022 and June 30, 2021 respectively. Management believes that materially all program credits will be utilized or refunded, and no allowance is deemed necessary.

Endowment accounting and interpretation of relevant law - The Association's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies this endowment as net assets with donor restrictions in perpetuity at (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 net assets with donor restriction in perpetuity is classified as net assets with restriction until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 2 - Summary of significant accounting policies (continued):

Revenue recognition - Revenue from exchange transactions: In accordance with Accounting Standards Codification ("ASC") 606, the Association recognizes revenue upon the transfer of goods or services to a customer at an amount that reflects the expected consideration to be received in exchange for those goods or services. The principles in ASC 606 are applied using the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Association satisfies its performance obligation(s). The Association recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration. The Association records the following exchange transaction revenues in its statements of activities and changes in net assets for the years ended June 30, 2022 and 2021:

Program, camp, and child care fees - The Association conducts various programs as described in Note 1. Fees for these programs include supplies, staffing, and facility costs. These items are not separately priced and are therefore considered to be one performance obligation and are recognized in the period in which the conditions are met or the service is provided.

Membership dues - The Association offers memberships which are comprised of an exchange element based on the value of benefits provided. The Association recognizes the exchange element of membership dues over the monthly membership period. Membership dues are recognized net of financial aid and discounts granted. Payments received for membership dues in advance of the Association satisfying its performance obligation are recorded within deferred revenues in the accompanying statements of financial position. The changes in deferred membership dues were caused by normal timing differences between the satisfaction of performance obligations and customer payments.

Special events - The Association conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Association. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Association. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is delivery of the event. The event fee is set by the Association. FASB ASC 606 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Foundation separately presents in its notes to financial statements, the exchange and contribution components of the gross proceeds from special events. For special event fees received before year-end for an event to occur after year-end, the Association follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component. Special event fees collected by the Association in an advance period of its delivery are initially recognized as deferred revenue and recognized as special event revenue after delivery of the event

Note 2 - Summary of significant accounting policies (continued):

Grants and contributions - The Association records contributions, grants and pledges receivable at their fair value in the period the contribution, grant or pledge is received. The Association reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

Contributed property and services - Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which the Association would have paid for if not contributed, is recorded at their estimated fair market value. The Association received no contributions-in-kind for the year ended June 30, 2022 and approximately $3,000 in contributions-in-kind during the year ended June 30, 2021, which is included in contributions on the statements of activities and changes in net assets. In addition, a substantial number of volunteers have contributed significant amounts of time in promoting the Association's programs. The value of contributed volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not require specialized skills.

Functional expense allocations - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Salary allocation percentages and branch locations are also used to allocate certain indirect costs, including but not limited to facilities expenses, office supplies and equipment, information technology expenses and depreciation. All other costs are allocated between programmatic and support services based on estimates of time, space, or other factors. Salaries and fringe benefits are allocated on a percentage basis between functional categories based on job description or time estimates.

Concentration of credit risk - Financial instruments that potentially subject the Association to credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Association maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to $250,000 per depositor by an agency of the federal government. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits. The credit risk associated with receivables is mitigated by the fact that generally the receivables are made by local Association members and donors and the receivables are evaluated by the Association based on the knowledge of the individuals. Additionally, any receivables that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. The Association's investments have been placed with high quality financial institutions. The Association monitors these investments and has not experienced significant credit losses. It is the Association's opinion that it is not exposed to any significant credit risks.

Note 2 - Summary of significant accounting policies (continued):

Advertising - Advertising costs are expensed as incurred. Advertising, promotion, and marketing expense for the years ended June 30, 2022 and 2021 were approximately $169,000 and $27,000, respectively.

Accounting for uncertainty in income taxes - The Association evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2022 and 2021, management did not identify any uncertain tax positions.

Recently adopted accounting guidance - In September 2020, FASB issued Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions and valuation techniques. The new standard as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Management has adopted the standard as of July 1, 2021. The standard did not have a material impact on the financial statements.

Recent accounting pronouncements - In February 2016, the FASB issued ASU No. 2016-02 "Leases." The ASU is intended to increase transparency and comparability between organizations recognizing lease assets and liabilities by recognizing lease assets and lease liabilities on the balance sheet and increasing the related disclosures. For non-public entities, the effective date will be effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application is permitted. The Association's management has not determined the impact that implementation of this ASU will have on the Association's financial statements.

Note 2 - Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued) - In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" to improve financial reporting related to anticipated credit losses. ASU 2016-13 involves several aspects of the accounting for credit losses related to certain financial instruments including assets measured at amortized cost, trade and other receivables, loans, and certain off-balance sheet commitments. ASU 2016-13, and subsequent updates, broadens the information that an entity must consider in developing its estimated credit losses expected to occur over the remaining life of assets measured either collectively or individually to include historical experience, current conditions, and reasonable and supportable forecasts, replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses model. The ASU is effective for annual reporting periods beginning after December 15, 2022. Management has not determined the impact of this pronouncement.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued and it has been determined that no material subsequent events that require an estimate to be recorded or disclosed as of June 30, 2022.

Note 3 - Liquidity and availability of funds:

The Association's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position as of June 30, are as follows:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 10,524,845	$ 10,672,803
Accounts receivable, net	3,739,157	2,997,119
Employee retention credit receivable	3,737,153	-
Annual giving campaign receivable, net	120,047	89,915
Pledges receivable, net	213,500	119,000
Investments	20,200,528	21,287,426
Total financial assets	38,535,230	35,166,263
Less amounts unavailable for general expenditures within one year, due to:		
Investments not available to be liquidated within one year	(5,108,108)	(5,106,687)
Board designated for maintenance and equipment reserve	(1,856,416)	(1,856,416)
Board designated for quasi-endowment	(2,816,439)	(3,101,884)
Net assets with donor restrictions	(12,627,375)	(13,595,563)
Total financial assets available to meet general expenditures within one year	$ 16,126,892	$ 11,505,713

The Association's restricted and board-designated fund investments consist of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Association has a quasi-endowment of approximately $2,816,000 and board designated reserve for maintenance and equipment of approximately $1,856,000. Although the Association does not intend to spend from these designations other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from board designation funds could be made available if necessary.

Note 4 - Supplemental cash flow information:

		For the Years Ended June 30,		
		2022		2021
Supplemental disclosure of cash flow information				
Cash paid during the year for interest	$	335,213	$	337,240

Note 5 - Receivables:

Non-current receivables are recorded after discounting future in cash flows to present value using a discount rate of 2.95%. The maturities of pledges receivable and annual giving campaign receivables are as follows:

Year Ending June 30,		Pledges Receivable		Annual Giving Campaign Receivable		Total
2023	$	258,500	$	467,187	$	725,687
2024		175,000		65,500		240,500
2025		150,000		63,000		213,000
2026		150,000		36,000		186,000
Total receivables		733,500		631,687		1,365,187
Less: discount for present value		(31,323)		(10,540)		(41,863)
Less: allowance for estimated uncollectible receivables		(45,000)		(347,140)		(392,140)
Receivables, net		657,177		274,007		931,184
Less: current portion, net		(213,500)		(120,047)		(333,547)
Non-current portion, net	$	443,677	$	153,960	$	597,637

Note 6 - Investments:

The Association follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Association's perceived risk of that investment.

The following are major categories of investments measured at fair value on a recurring basis:

- Level 1: Quoted prices in active markets for identical assets
- Level 2: Significant other observable inputs
- Level 3: Significant unobservable inputs

	Year Ended June 30, 2022		
	Level 1	Level 2	Total
Cash and cash equivalents	$ 3,887,193	$ -	$ 3,887,193
Equity securities	9,254,104	-	9,254,104
U.S. treasury bonds	1,951,123	-	1,951,123
Municipal bonds	-	2,873,148	2,873,148
Certificate of deposits	-	2,212,362	2,212,362
Miscellaneous investment assets	-	22,598	22,598
Total	$ 15,092,420	$ 5,108,108	$ 20,200,528

Note 6 - Investments (continued):

	Year Ended June 30, 2021		
	Level 1	Level 2	Total
Cash and cash equivalents	$ 3,867,674	$ -	$ 3,867,674
Equity securities	10,074,791	-	10,074,791
U.S. treasury bonds	2,238,274	-	2,238,274
Municipal bonds	-	3,108,906	3,108,906
Certificate of deposits	-	1,964,576	1,964,576
Miscellaneous investment assets	-	33,205	33,205
Total	$ 16,180,739	$ 5,106,687	$ 21,287,426

The following schedule summarizes the investment returns for the years ended June 30:

	2022	2021
Dividends and interest income	$ 433,083	$ 284,157
Realized gains	177,374	598,224
Unrealized gains (losses)	(1,661,932)	2,825,295
Investment related expenses	(35,424)	(26,841)
Total investment gains (losses), net	$ (1,086,899)	$ 3,680,835

Note 7 - Assets held for sale:

As a result of the Association's decision in 2021 to adopt a remote working environment for most of its administrative functions, a building and land owned by the Association in Santa Clara, CA are no longer needed. On January 20, 2021, the Association signed a letter of intent for the sale of the Association's main office building and associated property located in Santa Clara, CA. On February 25, 2021, an agreement was finalized with an outside party to purchase the property with an expected closing date prior to June 30, 2022.

An amendment was made to the original purchase agreement on June 25, 2022, which extended the closing date to fiscal year 2023. The amendment specifies the Association will receive two extension payments for approximately $114,000 and $133,000 for the year ending June 30, 2022 and June 30, 2023, respectively. The Association has chosen to hold these payments in escrow until the sale is finalized January 10, 2023. As of June 30, 2022 the Association has recorded the first extension payment of approximately $114,000 which is included in miscellaneous revenue on the statement of activities for the year ended June 30, 2022. The subsequent payment of $133,000 was later received in August 2022.

Note 7 - Assets held for sale (continued):

All negotiations for assets held for sale are for sales prices in excess of carrying amounts.

Assets held for sale as of June 30, 2022, all of which are reported at the lower of fair value or net book value, were as follows:

	Amount
Land	$ 4,750,000
Land improvements	23,153
Buildings	4,077,725
Capitalized interest	153,054
Financing costs	68,226
Total assets held for sale	$ 9,072,158

Note 8 - Land, buildings and equipment:

Land, buildings and equipment, including equipment under capital leases, consist of the following at June 30, 2022 and 2021:

	2022	2021
Building and improvements	$ 90,810,954	$ 90,474,985
Furniture, equipment, and vehicles	11,700,980	11,590,932
Total buildings and equipment	102,511,934	102,065,917
Less: accumulated depreciation and amortization	(65,254,153)	(62,197,798)
Buildings and equipment, net	37,257,781	39,868,119
Construction-in-progress	688,246	681,823
Capitalized interest	46,904	46,904
Land	2,479,447	2,479,447
Land improvements	4,527,703	4,527,703
Land, buildings and equipment, net	$ 45,000,081	$ 47,603,996

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 were approximately $3,211,000 and $3,611,000, respectively.

Note 9 - Accrued expenses:

Accrued expenses consisted of the following at June 30:

		2022		2021
Current accrued expenses:				
Accrued salaries, wages and related taxes withheld	$	2,096,789	$	1,750,588
Accrued vacation		1,295,722		1,189,713
Accrued credit card expenses		210,758		146,518
Accrued program expenses		131,450		75,972
Other accrued expenses		10,926		55,603
Accrued unemployment benefits		5,407		54,408
Accrued interest		26,964		27,064
Total current accrued expenses		3,778,016		3,299,866
Non-current accrued expenses:				
Tenant deposit		-		50,100
Slonaker trust distribution		36,000		36,000
Deferred compensation		-		8,484
Total non-current accrued expenses		36,000		94,584
Total accrued expenses	$	3,814,016	$	3,394,450

Note 10 - Line of credit:

On September 1, 2020, the Association entered into a line of credit agreement which expires August 2025. Under the terms of the agreement, the Association can borrow up to $7,500,000. Borrowings are secured by a building and bears interest at the prime rate on withdrawn balances. The agreement requires the Association to comply with various financial covenants. The Association is not aware of any violations of these covenants and there were no balances due on the line of credit for the years ended June 30, 2022 and 2021.

Note 11 - Paycheck Protection Program loan:

On March 1, 2021, the Association secured a Paycheck Protection Program ("PPP") loan in the amount of approximately $9,454,000. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses based on average monthly payroll expenses of the qualifying business. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities.

Note 11 - Paycheck Protection Program loan (continued):

The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments until forgiveness can be determined. Based on an analysis and calculation performed it was determined not all expenses qualified and the Association would receive partial forgiveness.

On April 26, 2022, the Association met the conditions for forgiveness and recognized approximately $8,849,000 of the PPP forgiveness on the statement of activities and changes in net assets. The Association made a payment of approximately $6,000 on the unforgiven balance of approximately $604,000. The remaining balance of approximately $599,000 owed on the loan remains outstanding as of June 30, 2022.

	2022	2021
Note agreement with bank under the Paycheck Protection Program. The note requires monthly payments of approximately $14,000, including interest of 1.00% per annum, maturing March 9, 2026.	$ 598,599	$ 9,453,908
Less: current portion of paycheck protection loan	(157,442)	-
Long-term paycheck protection loan	$ 441,157	$ 9,453,908

Note 12 - Note payable:

Note payable consisted of the following at June 30:

	2022	2021
Note agreement with a bank to purchase property in the city of Santa Clara, California, perform building improvements and refinance of their line of credit. The note was refinanced in December 2020 and requires monthly payments of approximately $48,000, including interest of 2.95% per annum, maturing December 1, 2050.	$ 10,917,661	$ 11,161,882
Less: original issue discount	(45,558)	(47,157)
Less: current portion of notes payable	(247,428)	(240,031)
Long-term notes payable	$ 10,624,675	$ 10,874,694

Note 12 - Note payable (continued):

At June 30, 2022, the future principal payments are due as follows:

Year Ending June 30,		Amount
2023	$	247,428
2024		253,686
2025		262,246
2026		270,198
2027		278,391
Thereafter		9,605,712
Total notes payable	$	10,917,661

Note 13 - Deferred revenue:

The activity and balances for deferred revenue from contracts with customers are shown in the following table:

		Camps and Activities		Other		Total
Balance at June 30, 2020	$	1,255,218	$	105,776	$	1,360,994
Revenue recognized		(1,255,218)		(105,776)		(1,360,994)
Payments received for future obligations		1,476,311		116,411		1,592,722
Balance at June 30, 2021		1,476,311		116,411		1,592,722
Revenue recognized		(1,476,311)		(116,411)		(1,592,722)
Payments received for future obligations		2,556,223		876,867		3,433,090
Balance at June 30, 2022	$	2,556,223	$	876,867	$	3,433,090

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2022

Note 14 - Board designated net assets:

Board designated net assets consisted of the following at June 30:

		2022		2021
Board designated for quasi-endowment	$	2,816,439	$	3,101,884
Board designated for maintenance and equipment reserve		1,856,416		1,856,416
Total board designated net assets	$	4,672,855	$	4,958,300

Note 15 - Net assets with donor restrictions:

Net assets with donor restrictions were available for the following purposes at June 30:

		2022		2021
Subject to expenditure for a specific purpose:				
Capital campaigns	$	4,739,006	$	4,796,982
Grants and contributions for projects		653,936		824,234
Total purpose restrictions		5,392,942		5,621,216
Endowment:				
Perpetual in nature		5,226,469		5,218,033
Earnings subject to endowment spending policy and appropriation		2,017,809		2,760,603
Funds with deficiencies endowment investment loss		(9,845)		(4,289)
Total net assets with donor restrictions	$	12,627,375	$	13,595,563

Note 16 - Net assets released from restrictions:

Net assets, originally restricted by donors, were released as they were expended in accordance with donor restrictions for the following purposes at June 30:

		2022		2021
Capital campaigns	$	465,182	$	163,935
Grants and contributions for projects		1,097,813		2,127,135
Endowments		275,239		265,242
Total net assets released from restrictions	$	1,838,234	$	2,556,312

Note 17 - Endowment:

The endowment consists of fifty-six individual funds comprised of donor restricted net assets and Board designated (quasi) endowments. Net assets with donor restrictions represent the principal amounts of gifts accepted with donor stipulation that the principal be maintained intact in perpetuity and the income generated from the endowment investments which can be utilized for a variety of programs as directed by donors.

The quasi-endowments consists of Board designated net assets without restriction. The endowment investment loss consists of the cumulative fair value adjustments of the restricted endowment investments in perpetuity. The quasi-endowment investment gain (loss) consists of the cumulative fair value adjustment of the Board designated quasi-endowment investments. The current and prior year losses resulted, in most cases, in significant decreases in the values of these endowment funds, reducing the values below the original principal amounts. As a result, the Association has recorded these losses as part of net assets with donor restrictions and has shown them separately in the tables below.

The endowment is recorded by the different classifications of net assets in the financial statements for the year ended June 30, 2022 as follows:

		With donor restrictions		
	Without donor restrictions	Program service and general use	Perpetual in nature	Total
Donor restricted endowment funds	$ -	$ 2,017,809	$ 5,226,469	$ 7,244,278
Board designated endowment funds	2,816,439	-	-	2,816,439
Funds with deficiencies				
endowment investment loss	-	(9,845)	-	(9,845)
Total	$ 2,816,439	$ 2,007,964	$ 5,226,469	$ 10,050,872

Note 17 - Endowment (continued):

The endowment is recorded by the different classifications of net assets in the financial statements for the year ended June 30, 2021 as follows:

		With donor restrictions		
	Without donor restrictions	Program service and general use	Perpetual in nature	Total
Donor restricted endowment funds	$ -	$ 2,760,603	$ 5,218,033	$ 7,978,636
Board designated endowment funds	3,101,884	-	-	3,101,884
Funds with deficiencies endowment investment loss	-	(4,289)	-	(4,289)
Total	$ 3,101,884	$ 2,756,314	$ 5,218,033	$ 11,076,231

For the year ended June 30, 2022, the Association had the following endowment-related activities:

		With donor restrictions		
	Without donor restrictions	Program service and general use	Perpetual in nature	Total
Endowment net assets July 1, 2021	$ 3,101,884	$ 2,756,314	$ 5,218,033	$ 11,076,231
Investment return:				
Interest and dividend income, net	79,587	210,664	-	290,251
Realized and unrealized losses	(257,956)	(683,775)	-	(941,731)
Total investment return	(178,369)	(473,111)	-	(651,480)
Contributions	-	-	8,436	8,436
Appropriation of endowment net assets for expenditure	(107,076)	(275,239)	-	(382,315)
Endowment net assets June 30, 2022	$ 2,816,439	$ 2,007,964	$ 5,226,469	$ 10,050,872

Note 17 - Endowment (continued):

For the year ended June 30, 2021, the Association had the following endowment-related activities:

	Without donor restrictions	With donor restrictions: Program service and general use	With donor restrictions: Perpetual in nature	Total
Endowment net assets July 1, 2020	$ 2,400,026	$ 949,745	$ 5,126,209	$ 8,475,980
Investment return:				
Interest and dividend income, net	42,210	108,373	-	150,583
Realized and unrealized gains	764,940	1,963,438	-	2,728,378
Total investment return	807,150	2,071,811	-	2,878,961
Contributions	-	-	91,824	91,824
Appropriation of endowment net assets for expenditure	(105,292)	(265,242)	-	(370,534)
Endowment net assets June 30, 2021	$ 3,101,884	$ 2,756,314	$ 5,218,033	$ 11,076,231

Underwater endowments: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the UMPIFA requires the Association to retain as a fund of perpetual duration. In accordance with GAAP deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2022, deficiencies of this nature exist in 4 donor-restricted endowment funds, which together have an original gift value of $77,685, a current fair value of $67,840, and a deficiency of $9,845. As of June 30, 2021, deficiencies of this nature existed in 2 donor-restricted endowment funds, which together had an original gift value of $49,210, a current fair value of $44,921, and a deficiency of $4,289. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Note 17 - Endowment (continued):

The Association has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. For the years ended June 30, 2022 and 2021, the governing board appropriated for expenditure $2,582 and $1,391, respectively, from underwater endowment funds during the year, which represents .68% and .01%, respectively, of the 12-quarter moving average, not the 4% it generally draws from its endowment.

Return objectives and risk parameters: The Association 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. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period as well as Board-designated funds. Under this policy, as approved by the Association's Investment Committee, the endowment assets are invested in a manner that is intended to provide a moderate average annual real return in excess of inflation. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: The Association has a policy of appropriating, for distribution each year, 3.5% to 4.5% of its endowment funds' average fair value over the previous 12 quarters proceeding the fiscal year in which the distribution is planned. For the years ended June 30, 2022 and 2021, approximately $382,000 and $371,000, respectively, was distributed from the endowment. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment to grow each fiscal year. This is consistent with the Association's objective to maintain 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.

Note 18 - Employee benefits:

The Association participates in a defined contribution plan (the "Plan") under Section 401(a) of the Internal Revenue Code, which is administered by the YMCA Retirement Fund (the "Fund"). The Fund is operated as a church pension plan and is a not-for-profit, tax exempt, New York State Corporation (1922). Participation is available to all duly organized and reorganized YMCAs in the United States. The Plan is for the benefit of all eligible employees of the Association who qualify under the participation requirements. In accordance with the Fund agreement, employer contributions are approximately 12% of the participating employee's salary, which are paid by the Association and are remitted to the Fund monthly. In May 2020, under the direction of the Board of Directors, these contributions were reduced to 8% and changed to 10% in April 2021, until further notice. The Association's contributions under the Plan, which were included within staff compensation on the statements of functional expenses, were approximately $1,362,000 and $998,000 for the years ended June 30, 2022 and 2021, respectively.

Note 19 - Deferred compensation program:

The Association has a deferred compensation program ("457(f)" Plan) for the benefit of highly-compensated employees and certain other eligible employees. The 457(f) plan provides benefits separate and apart from any benefits that may be available under the Fund agreement. The 457(f) is a nonqualified, unfunded plan in compliance with terms of Sections 457 of the Internal Revenue Code. The Association has created a Trust with an outside third-party, of the type generally known as a "rabbi trust" to act as direct trustee of the 457(f). The principal and earnings on the Trust are held separate and apart from other funds of the Association and shall be used exclusively for the purposes of the plan participants. The 457(f) does not permit voluntary deferral of additional compensation by the participants. The participant rights to receive 100% of any deferred compensation credited and adjusted for earnings and losses, shall become vested and nonforfeitable on the one year anniversary date of the deferred compensation being credited to the account. Upon retirement, all payments under the deferred compensation program may be paid from the general assets of the Association. The liability is recorded in non-current accrued expenses in the statement of financial position. The Association made no contributions into the 457(f) Plan for the year ended June 30, 2022 and contributions of approximately $9,000 for the year ended June 30, 2021.

Note 20 - Related-party transactions:

The volunteer members of the Board of Directors of the Association and branches are active in oversight of fundraising events, activities, and in making private contributions. Contributions received from the Board of Directors and branch boards of managers, or from companies with which the Board of Directors or boards of managers are affiliated, were approximately $1,233,000 and $817,000 for the years ended June 30, 2022 and 2021, respectively.

Note 21 - Related-party transactions (continued):

The Association is a member of the National Council of Young Men's Christian Associations of the United States of America ("National"). The Association is a separate independent legal entity and maintains membership in the National Association. The Association made payments to National of approximately $308,000 and $391,000 for association dues and other contributions for the years ended June 30, 2022 and 2021, respectively.

Note 22 - City of Morgan Hill Senior Nutrition Grant:

The Association has contracted with the County of Santa Clara to receive funding for the Y Senior Nutrition Program. The Senior Nutrition Program provides balanced hot meals to senior residents five times a week. Statistical data detailing certain demographics of the program are submitted quarterly to the County of Santa Clara. The maximum funding under the grant for the years ended June 30, 2022 and 2021 was approximately $507,000 and $499,000, respectively.

The following amounts were reported in the accompanying financial statements as fees and grants from the government agencies and as program services for the years ended June 30:

	2022	2021
Grant support received	$ 507,304	$ 499,285
Personnel cost	$ 395,516	$ 347,547
Program expenses	268,312	206,719
Total contract expenses	$ 663,828	$ 554,266

Note 23 - Commitments and contingencies:

Lease commitments: The Association is obligated under non-cancelable operating leases for facilities and office equipment, which expire at various dates through December 2022. Under the terms of these leases, the Association is responsible for maintaining liability and property damage insurance and for paying certain allocable operating expenses. Rent expense is being recorded on the straight-line method over the terms of the lease.

The Association also leases its property and a related office facility to unrelated third parties under non-cancellable leases, which expire at various dates through August 2023.

Note 24 - Commitments and contingencies (continued):

Lease commitments (continued):

Future minimum lease payments and lease rental income under non-cancelable leases are approximately as follows:

Year Ending June 30,		Minimum Lease Payment		Minimum Lease Income		Net Lease Payments
2023	$	13,825	$	(91,800)	$	(77,975)
2024		-		(15,400)		(15,400)
Total	$	13,825	$	(107,200)	$	(93,375)

Other commitments: The Association has also entered into various month-to-month leases for space at its after school program sites. Net rental expense under both non-cancelable operating and month-to-month leases was approximately $1,333,000 and $666,000 for the years ended June 30, 2022 and 2021, respectively.

The Association and the El Camino Hospital District (the "District") have constructed a building on land owned by the District. The land under the Association's portion of the building is leased from the District pursuant to a non-assignable 50-year lease at $1 per year. In exchange, the District's employees will get priority use of the facilities and the Association is responsible for a percentage of the building costs. The lease ends on June 30, 2049 and the facilities must be returned to the District. The Association may not assign, sublet or mortgage its interest in the land or improvements.

The Association entered into a 55-year lease agreement with the City of East Palo Alto (the "City") in May of 2001. The Association constructed a facility on the premises, which was completed and placed into operations during 2007. The lease payment due under this agreement is $1 per year. In exchange, the Association must provide use of the facilities to the City and make funds available for financial assistance for residents of the City. The lease ends on May 1, 2056 and the facilities must be returned to the City of East Palo Alto.

The Association has determined that both the District and City leases are exchange transactions. As such, these do not meet the requirements of recording the leases as contributions under GAAP.

Note 25 - Commitments and contingencies (continued):

Contingencies: insurance - The Association purchases liability insurance to cover various claims. These claims include both known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to members. From time to time, the Association reports certain incidences to its insurance companies. Some of these reports serve as information only and some result in the involvement of the insurance carrier or carriers. The Association believes that it is adequately insured for any circumstances that may arise related to performance of services.

SUPPLEMENTARY INFORMATION

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*

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
Santa Clara, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Young Men's Christian Association of Silicon Valley (the "Association"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 13, 2022.

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 (internal control) as a basis for designing 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 a 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 material weaknesses or significant deficiencies. 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.

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 (CONTINUED)*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from 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 financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*. We noted no certain other matters that were reported to management of the Association in a separate letter.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert Lee & Associates, LLP

San Jose, California
December 13, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
Santa Clara, California

Report on Compliance for Each Major Federal Program

We have audited Young Men's Christian Association of Silicon Valley's, (the "Association") compliance with the types of compliance requirements1 described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended June 30, 2022. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONTINUED)

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
Santa Clara, California

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONTINUED)

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
Santa Clara, California

Report on Internal Control over Compliance (continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robert Lee & Associates, LLP

San Jose, California
December 13, 2022

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Single Audit Reports

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Pass-through entity identifying number		Federal Program Expenditures
EXPENDITURES OF FEDERAL AWARDS:				
U.S. Department of Education:				
Passed-through Programs from California Department of Education:				
21st Century After School Grant*	84.287	43-14349-Z493-1A	$	655,560
Passed-through Programs from Gilroy Unified School District:				
21st Century After School Grant*	84.287	A2122-19		355,191
Total 21st Century After School Grant				1,010,751
Total U.S. Department of Education				**1,010,751**
U.S. Department of Agriculture:				
Passed-through Programs from California Department of Education:				
Child and Adult Care Food Program	10.558	04116-CACFP-43-NP-SOIC		1,347,076
Summer Food Service Program	10.559	04116-SFSP-43		214,176
Total U.S. Department of Agriculture				**1,561,252**
U.S. Department of Health & Human Services				
Passed-through Programs from the County of Santa Clara:				
Aging Cluster				
Senior Nutrition Program: Title III	93.045	PO 4300015216		70,718
Senior Nutrition Program: NSIP	93.053	PO 4300015216		21,611
Total Aging Cluster				92,329
Centers for Disease Control and Prevention				
Passed through Program from YMCA of USA				
Chronic Disease Program Deliver	93.421	5 NU38OT000299-03-00		2,695
Total U.S. Department of Health & Human Services				**95,024**
U.S. Department of Housing & Urban Development				
Passed through Program from City of Gilroy - CARES Act				
CDBG Cares Act Healthy Meal Delivery Program	14.218	None		59,469
Total U.S. Department of Treasury				**59,469**
Total Expenditures of Federal Awards			**$**	**2,726,496**

* Denotes a major program

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Single Audit Reports
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2022

Note 1 - Organization and operations:

Description of Organization

The Young Men's Christian Association of Silicon Valley (the "Association" or "Y") is a nonprofit organization committed to strengthening our community by improving the quality of life and inspiring individuals and families to develop their fullest potential in spirit, mind and body. Key areas of focus are youth development, healthy living and social responsibility. The Y nurtures the potential of every child and teen, improves the health and well-being of community members, and provides opportunities to give back and support its neighbors. Integral to all Y activities are its core values of caring, honesty, respect and responsibility. The Y serves people of all backgrounds, ages, capabilities and income levels, providing financial assistance to those in need.

The Association has received a determination letter from the Internal Revenue Service that it is exempt from federal taxation under Section 501(c)(3) of the U.S. Internal Revenue Code. The Association is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

Note 2 - Summary of significant accounting policies:

Basis of accounting - Expenditures in the Schedule of Expenditures of Federal Awards ("SEFA") are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Association has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The information in the accompanying SEFA includes the federal grant and loan activity of the Association under programs of the federal government for the year ending June 30, 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the financial statements. Although the Association is required to match certain grants, as defined by the grants, no such matching has been included as expenditures in the SEFA.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Single Audit Reports
Schedule of Findings and Questioned Costs
June 30, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Young Men's Christian Association of Silicon Valley.

2. No significant deficiencies relating to the audit of the financial statements are reported in the basic financial statements.

3. No instances of noncompliance material to the financial statements of the Association were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the financial statements.

5. The auditors' report on compliance for the major federal award programs for the Association expresses an unqualified opinion.

6. Audit findings relative to the major federal award programs for the Association is reported in Part C of this Schedule below.

7. The programs tested as major programs include:

Major Programs	CFDA #		Expenditures
U.S. Department of Education:			
21st Century After School Grant	84.287	$	1,010,751
Total Major Program Expenditures		$	1,010,751
Total Federal Award Expenditures		$	2,726,496
Percent of Total Federal Award Expenditures			37%

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Association was determined to be a low risk auditee.

<u>YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY</u>

Single Audit Reports
Schedule of Findings and Questioned Costs (continued)
June 30, 2022

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

<u>Current Year Findings</u>

No financial statements audit findings noted in the current year.

<u>Prior Year Findings</u>

No financial statements audit findings noted in the prior year.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

<u>Current Year Findings</u>

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

<u>Prior Year Findings</u>

There are no prior year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*