YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Financial Statements
and Supplementary Information
June 30, 2021
(With summarized comparative totals for June 30, 2020)

Together with
Independent Auditors' Report
and Single Audit Reports

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

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June 30, 2021

Robert Lee & Associates, LLP

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 auditors' 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 Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association 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 Association's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which is has been derived.

Other Matters

Other 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, 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 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 16, 2021

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Statements of Financial Position

June 30, 2021

(With summarized comparative totals for June 30, 2020)

	June 30, 2021	June 30, 2020 (Comparative)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,672,803	$ 4,719,753
Accounts receivable, net of allowance of $303,198 and $658,474 for 2021 and 2020, respectively	2,997,119	1,802,039
Annual giving campaign receivable, net of allowance of $120,637 and $854,406 for 2021 and 2020, respectively	89,915	404,057
Pledges receivable	119,000	113,644
Prepaid expenses and other current assets	157,030	128,083
Assets held for sale	9,072,158	-
Total current assets	23,108,025	7,167,576
Long-term assets:		
Investments	21,287,426	18,527,892
Annual giving campaign receivable, net	129,166	253,195
Pledges receivable, net	57,506	143,587
Land, buildings and equipment, net	47,603,996	60,191,992
Other non-current assets	44,484	52,789
Total long-term assets	69,122,578	79,169,455
Total assets	$ 92,230,603	$ 86,337,031
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 1,219,308	$ 1,155,652
Accrued expenses	3,964,679	5,477,914
Note payable	240,031	351,382
Capital lease obligations	-	22,828
Deferred revenue	1,592,722	1,360,994
Paycheck Protection Program loan	9,453,908	-
Total current liabilities	16,470,648	8,368,770
Long-term liabilities:		
Accrued expenses, net of current portion	94,584	102,707
Note payable, net of current portion	10,874,694	11,114,851
Total long-term liabilities	10,969,278	11,217,558
Total liabilities	27,439,926	19,586,328
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	3,101,884	2,400,026
Undesignated	46,236,814	50,671,617
Total net assets without donor restrictions	51,195,114	54,928,059
Net assets with donor restrictions	13,595,563	11,822,644
Total net assets	64,790,677	66,750,703
Total liabilities and net assets	$ 92,230,603	$ 86,337,031

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, 2021 (with summarized comparative totals for 2020)

	2021			2020
	Without donor restrictions	With donor restrictions	Total	*(Comparative)* Totals
Support and revenues:				
Program, camp and child care fees	$ 5,865,252	$ -	$ 5,865,252	$ 21,611,885
Membership dues	8,191,817	-	8,191,817	26,660,067
Fees and grants from government agencies	8,349,493	820,510	9,170,003	10,743,008
Contributions	2,359,184	1,436,910	3,796,094	7,354,163
Investment gains (losses), net	1,609,024	2,071,811	3,680,835	(270,995)
Gain on disposal of buildings and equipment	-	-	-	24,600
Miscellaneous revenue	598,981	-	598,981	536,604
Net assets released from restrictions	2,556,312	(2,556,312)	-	-
Total support and revenues	29,530,063	1,772,919	31,302,982	66,659,332
Expenses:				
Program services:				
Healthy living	8,292,854	-	8,292,854	25,886,539
Child, youth development and families	14,719,528	-	14,719,528	29,487,448
Total program services	23,012,382	-	23,012,382	55,373,987
Supporting services:				
Management and general	5,405,919	-	5,405,919	8,029,733
Fundraising	1,234,129	-	1,234,129	2,129,287
Total supporting services	6,640,048	-	6,640,048	10,159,020
Total expenses before depreciation and amortization	29,652,430	-	29,652,430	65,533,007
Change in net assets before depreciation and amortization	(122,367)	1,772,919	1,650,552	1,126,325
Depreciation and amortization expense	3,610,578	-	3,610,578	3,450,743
Change in net assets	(3,732,945)	1,772,919	(1,960,026)	(2,324,418)
Net assets, beginning of year	54,928,059	11,822,644	66,750,703	69,075,121
Net assets, end of year	$ 51,195,114	$ 13,595,563	$ 64,790,677	$ 66,750,703

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, 2021 (with summarized comparative totals for 2020)

	2021							
	Program Services			Supporting Services				
	Healthy Living	Child, Youth Development and Families	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	2020 *(Comparative)* Totals
Staff compensation	$ 4,874,445	$ 10,536,534	$ 15,410,979	$ 3,264,357	$ 865,975	$ 4,130,332	$ 19,541,311	$ 44,197,437
Facilities	2,488,819	1,319,179	3,807,998	164,463	208	164,671	3,972,669	8,886,214
Office and program supplies	63,066	2,157,074	2,220,140	43,686	3,365	47,051	2,267,191	4,124,917
Contractual services	88,477	130,981	219,458	773,854	20,603	794,457	1,013,915	2,128,389
Interest and bank fees	148,276	58,775	207,051	494,000	10,591	504,591	711,642	1,519,634
Insurance	188,819	274,594	463,413	39,968	13,487	53,455	516,868	626,926
Bad debt	150,595	-	150,595	44,329	298,487	342,816	493,411	713,354
Membership dues	807	288	1,095	399,664	58	399,722	400,817	437,960
Telephone	129,467	128,258	257,725	52,002	9,248	61,250	318,975	463,137
Equipment rental, repairs and maintenance	112,832	75,718	188,550	66,877	4,301	71,178	259,728	757,314
Vehicle and transportation	9,474	24,428	33,902	21,347	596	21,943	55,845	580,310
Printing and public relations	113	3,621	3,734	30,971	4,969	35,940	39,674	415,679
Recruitment and other	30,395	-	30,395	-	785	785	31,180	205,900
Conference and travel	7,081	9,584	16,665	3,236	243	3,479	20,144	399,829
Postage and shipping	188	494	682	7,165	1,213	8,378	9,060	76,007
Total expenses before depreciation and amortization	8,292,854	14,719,528	23,012,382	5,405,919	1,234,129	6,640,048	29,652,430	65,533,007
Depreciation and amortization	2,439,816	973,326	3,413,142	197,436	-	197,436	3,610,578	3,450,743
Total expenses	$ 10,732,670	$ 15,692,854	$ 26,425,524	$ 5,603,355	$ 1,234,129	$ 6,837,484	$ 33,263,008	$ 68,983,750

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Statements of Cash Flows

For the Year Ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ (1,960,026)	$ (2,324,418)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	3,610,578	3,450,743
Realized and unrealized (gains) losses on investments	(3,423,519)	558,864
Change in allowance for uncollectible accounts receivable	(355,276)	359,153
Change in allowance for uncollectible pledges	(733,769)	258,355
Amortization of original issue discount, note payable	2,143	2,900
Changes in operating assets and liabilities:		
Accounts receivable	(839,804)	1,381,648
Annual giving campaign receivable	1,171,940	(350,758)
Pledges receivable	80,725	(252,206)
Prepaid expenses and other current assets	(28,947)	145,732
Other non-current assets	8,305	69,690
Accounts payable	63,656	(55,989)
Accrued expenses	(1,521,358)	(103,761)
Deferred revenue	231,728	(3,506,296)
Net cash used by operating activities	(3,693,624)	(366,343)
Cash flows from investing activities:		
Proceeds from sale of investments	3,188,971	2,693,487
Purchases of investments	(2,524,986)	(2,981,357)
Purchases of land, buildings and equipment	(56,110)	(1,915,737)
Purchases of assets placed into construction-in-progress	(38,630)	(60,733)
Net cash provided (used) by investing activities	569,245	(2,264,340)
Cash flows from financing activities:		
Payments on note payable	(353,651)	(457,293)
Proceeds from Paycheck Protection Program loan	9,453,908	-
Payments on capital lease obligations	(22,828)	(44,011)
Net cash provided (used) by financing activities	9,077,429	(501,304)
Increase (decrease) in cash and cash equivalents	5,953,050	(3,131,987)
Cash and cash equivalents, beginning of year	4,719,753	7,851,740
Cash and cash equivalents, end of year	$ 10,672,803	$ 4,719,753

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, 49,300 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 5,990 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, 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 67,400 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.

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.

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, 2021 and 2020:

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.

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

Special events (continued) - 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

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 approximately $3,000 and $9,000 in contributions-in-kind during the years ended June 30, 2021 and 2020, 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.

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.

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

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. 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, 2021 and 2020.

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.

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

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

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.

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, however, the 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.

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

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.

Accrued program credits - Accrued program credits, which are included in current accrued expenses as disclosed in Note 9, relates to members and parents that had credits on their accounts from overpayments made towards membership and programs in prior years. The Association has converted these balances into program credits which were issued during the year ended June 30, 2021. Management believes that materially all program credits will be utilized or refunded, and no allowance is deemed necessary.

Paycheck Protection Program loan - The Association secured loans under the Paycheck Protection Program ("PPP"). The Association has accounted for the PPP loans in accordance with the FASB guidance for debt 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.

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.

Interpretation of relevant law:

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.

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

Endowment accounting and interpretation of relevant law (continued) -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.

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.

Advertising - Advertising costs are expensed as incurred. Advertising, promotion, and marketing expense for the years ended June 30, 2021 and 2020 were approximately $27,000 and $241,000, 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, 2021 and 2020, management did not identify any uncertain tax positions.

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, 2020, from which the summarized information was derived.

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

Recently adopted accounting guidance - During the year, the Association adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the year ending June 30, 2021 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements. The ASC also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

During the year, the Association adopted the provisions of FASB ASU 2018-13 "Fair Value Measurements: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements". This ASU modifies the disclosure requirements for fair value measurements. Those modifications include the removal and addition of disclosure requirements as well as clarifying specific disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2019. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued 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. Management has not determined the impact of this pronouncement.

In September 2020, FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU is meant to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities ("NFP"), including additional disclosure requirements for recognized contributed services. This ASU requires that all NFP receiving nonfinancial assets must present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires further disclosure on the contributed nonfinancial assets in the notes to the financial statements. The ASU will be applied retrospectively and is effective for fiscal years beginning after June 15, 2021, and interim periods beginning after June 15, 2022. Early adoption is permitted. Management has not determined the impact of this pronouncement.

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

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, 2021.

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:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 10,672,803	$ 4,719,753
Accounts receivable	2,997,119	1,802,039
Annual giving campaign receivable	89,915	404,057
Pledges receivable	119,000	113,644
Investments	21,287,426	18,527,892
Total financial assets	35,166,263	25,567,385
Less amounts unavailable for general expenditures within one year, due to:		
Investments not available to be liquidated within one year	(5,106,687)	(3,629,053)
Board designated for maintenance and equipment reserve	(1,856,416)	(1,856,416)
Board designated for quasi-endowment	(3,101,884)	(2,400,026)
Net assets with donor restrictions	(13,595,563)	(11,822,644)
Total financial assets available to meet general expenditures within one year	$ 11,505,713	$ 5,859,246

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 $3,102,000 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, 2021	For the Years Ended June 30, 2020
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 337,240	$ 433,597
Supplemental disclosure of non-cash transactions		
Transfer of assets from land, buildings and equipment to assets held for sale	$ 9,072,158	$ -

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
2022	$ 119,000	$ 210,552	$ 329,552
2023	60,000	40,000	100,000
2024	-	50,500	50,500
2025	-	38,000	38,000
2026	-	11,000	11,000
Total receivables	179,000	350,052	529,052
Less: discount for present value	(2,494)	(10,334)	(12,828)
Less: allowance for estimated uncollectible receivables	-	(120,637)	(120,637)
Receivables, net	176,506	219,081	395,587
Less: current portion	(119,000)	(89,915)	(208,915)
Non-current portion, net	$ 57,506	$ 129,166	$ 186,672

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

	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

Note 6 - Investments (continued):

	June 30, 2020		
	Level 1	Level 2	Total
Cash and cash equivalents	$ 3,857,875	$ -	$ 3,857,875
Equity securities	9,239,500	-	9,239,500
U.S. treasury bonds	1,801,464	-	1,801,464
Municipal bonds	-	2,001,701	2,001,701
Certificate of deposits	-	1,577,941	1,577,941
Miscellaneous investment assets	-	49,411	49,411
Total	$ 14,898,839	$ 3,629,053	$ 18,527,892

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

	2021	2020
Dividends and interest income	$ 284,157	$ 326,072
Realized gains	598,224	265,797
Unrealized gains (losses)	2,825,295	(824,661)
Investment related expenses	(26,841)	(38,203)
Total investment gains (losses), net	$ 3,680,835	$ (270,995)

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 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.

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

Note 7 - Assets held for sale (continued):

Assets held for sale as of June 30, 2021, 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, 2021 and 2020:

	2021	2020
Building and improvements	$ 90,474,985	$ 95,886,737
Furniture, equipment, and vehicles	11,590,932	11,555,275
Total buildings and equipment	102,065,917	107,442,012
Less: accumulated depreciation and amortization	(62,197,798)	(60,046,973)
Buildings and equipment, net	39,868,119	47,395,039
Construction-in-progress	681,823	643,193
Capitalized interest	46,904	146,262
Capitalized finance charges	-	222,894
Land	2,479,447	7,229,447
Land improvements	4,527,703	4,555,157
Land, buildings and equipment, net	$ 47,603,996	$ 60,191,992

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 were approximately $3,611,000 and $3,451,000, respectively.

Note 9 - Accrued expenses:

Accrued expenses consisted of the following at June 30:

	2021	2020
Current accrued expenses:		
Accrued salaries, wages and related taxes withheld	$ 1,750,588	$ 787,886
Accrued vacation	1,189,713	1,340,165
Accrued program credits	664,813	-
Accrued credit card expenses	146,518	65,691
Accrued program expenses	75,972	256,050
Other accrued expenses	55,603	8,280
Accrued unemployment benefits	54,408	2,080,754
Accrued interest	27,064	34,547
Accrued customer credits and refunds	-	904,541
Total current accrued expenses	3,964,679	5,477,914
Non-current accrued expenses:		
Tenant deposit	50,100	50,000
Slonaker trust distribution	36,000	36,000
Deferred compensation	8,484	16,707
Total non-current accrued expenses	94,584	102,707
Total accrued expenses	$ 4,059,263	$ 5,580,621

Note 10 - Line of credit:

On September 1, 2020, the Association entered into a line of credit agreement which expires December 2050. 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 was not in compliance with certain loan covenants at June 30, 2021. The Association will receive a forbearance letter from the bank in relation to the Association's covenant violations at June 30, 2021. As of June 30, 2021, the Association had no balance at year-end on the line of credit.

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 Coronavirus Aid, Relief and Economic Security Act ("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. 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. The Association believes that PPP loan proceeds were used for purposes consistent with the PPP and intends to apply for forgiveness within 10 months of the end of the covered period.

To the extent that the Association is not granted forgiveness, the Association will be required to pay interest on the PPP loans at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of March 1, 2026. The terms of the loan provides for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

Note 12 - Note payable:

Note payable consisted of the following at June 30:

	2021	2020
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.	$ 11,161,882	$ 11,515,533
Less: original issue discount	(47,157)	(49,300)
Less: current portion of note payable	(240,031)	(351,382)
Long-term note payable	$ 10,874,694	$ 11,114,851

Note 12 - Note payable (continued):

At June 30, 2021, the future principal payments are due as follows:

Year Ending June 30,		Amount
2022	$	240,031
2023		246,923
2024		253,543
2025		262,099
2026		270,047
Thereafter		9,889,239
Total note payable	$	11,161,882

Note 13 - Capital lease obligations:

In November 2017, the Association entered into a capital lease arrangement for equipment with an aggregate cost of approximately $129,000 and related accumulated depreciation of approximately $68,000. The lease expired in January 2021 and was not renewed afterward. The lease required monthly payments of approximately $3,900, and bore interest of approximately 4.91% per annum.

Note 14 - 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

Note 15 - Board designated net assets:

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

	2021	2020
Board designated for quasi-endowment	$ 3,101,884	$ 2,400,026
Board designated for maintenance and equipment reserve	1,856,416	1,856,416
Total board designated net assets	$ 4,958,300	$ 4,256,442

Note 16 - Net assets with donor restrictions:

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

	2021	2020
Subject to expenditure for a specific purpose:		
Capital campaigns	$ 4,796,982	$ 4,904,243
Grants and contributions for projects	824,234	842,447
Total purpose restrictions	5,621,216	5,746,690
Endowment:		
Perpetual in nature	5,218,033	5,126,209
Earnings subject to endowment spending policy and appropriation	2,760,603	1,004,157
Funds with deficiencies endowment investment loss	(4,289)	(54,412)
Total net assets with donor restrictions	$ 13,595,563	$ 11,822,644

Note 17 - 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:

	2021	2020
Capital campaigns	$ 163,935	$ 228,612
Grants and contributions for projects	2,127,135	1,835,082
Endowments	265,242	270,610
Total net assets released from restrictions	$ 2,556,312	$ 2,334,304

Note 18 - 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, 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

The endowment is recorded by the different classifications of net assets in the financial statements for the year ended June 30, 2020 as follows:

		With donor restrictions		
	Without donor restrictions	Program service and general use	Perpetual in nature	Total
Donor restricted endowment funds	$ -	$ 1,004,157	$ 5,126,209	$ 6,130,366
Board designated endowment funds	2,400,026	-	-	2,400,026
Funds with deficiencies				
endowment investment loss	-	(54,412)	-	(54,412)
Total	$ 2,400,026	$ 949,745	$ 5,126,209	$ 8,475,980

Note 18 - Endowment (continued):

For the year ended June 30, 2021, 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, 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 and losses	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

For the year ended June 30, 2020, 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, 2019	$ 2,633,255	$ 1,549,502	$ 5,086,250	$ 9,269,007
Investment return:				
Interest and dividend income, net	46,430	118,908	-	165,338
Realized and unrealized gains and losses	(174,948)	(409,390)	-	(584,338)
Underwater endowment investment loss	-	(38,665)	-	(38,665)
Total investment return	(128,518)	(329,147)	-	(457,665)
Contributions	3,000	-	39,959	42,959
Appropriation of endowment net assets for expenditure	(107,711)	(270,610)	-	(378,321)
Endowment net assets June 30, 2020	$ 2,400,026	$ 949,745	$ 5,126,209	$ 8,475,980

Note 18 - Endowment (continued):

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 Uniform Prudent Management of Institutional Funds Act 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, 2021, deficiencies of this nature exist in 2 donor-restricted endowment funds, which together have an original gift value of $49,210, a current fair value of $44,921, and a deficiency of $4,289. As of June 30, 2020, deficiencies of this nature existed in 14 donor-restricted endowment funds, which together had an original gift value of $540,676, a current fair value of $484,264, and a deficiency of $54,412. 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.

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, 2021 and 2020, the governing board appropriated for expenditure $1,391 and $21,656, respectively, from underwater endowment funds during the year, which represents .01% and .17%, 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, 2021 and 2020, approximately $371,000 and $378,000, respectively, was distributed from the endowment.

Note 18 - Endowment (continued):

Spending policies and how the investment objectives relate to spending policy (continued): 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 19 - 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% until further notice. The Association's contributions under the Plan, which were included within staff compensation on the statements of functional expenses, were approximately \$998,000 and \$2,493,000 for the years ended June 30, 2021 and 2020, respectively.

Note 20 - 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 contributions into the 457(f) Plan of approximately \$9,000 and \$17,000 for the fiscal years ended June 30, 2021 and 2020.

Note 21 - 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 $817,000 and $2,149,000 for the years ended June 30, 2021 and 2020, respectively.

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 $391,000 and $395,000 for association dues and other contributions for the years ended June 30, 2021 and 2020, 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, 2021 and 2020 was approximately $499,000 and $421,000, 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:

	2021	2020
Grant support received	$ 499,285	$ 420,519
Personnel cost	$ 347,547	$ 318,146
Program expenses	206,719	270,456
Total contract expenses	$ 554,266	$ 588,602

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.

Note 23 - Commitments and contingencies (continued):

Sub-lease commitments: 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 2022.

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
2022	$ 48,750	$ (202,200)	$ (153,450)
2023	13,825	(14,800)	(975)
Total	$ 62,575	$ (217,000)	$ (154,425)

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 $666,000 and $1,803,000 for the years ended June 30, 2021 and 2020, 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 23 - 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.

Contingencies: unemployment compensation - The Association has elected to pay unemployment compensation using the reimbursable method as allowed by the State of California Employment Development Department (the "EDD"). The Association is required to reimburse the EDD's unemployment insurance fund on a dollar-for-dollar basis for all benefits paid to their former employees and charged to their account. The Association has estimated and accrued the portion of state unemployment benefits to be paid on behalf of employees that were laid off prior to June 30, 2021. The Association believes that this accrual, as disclosed in Note 9, adequately represents their responsibility for future unemployment benefit costs in relation to actions taken during the 2021 fiscal year.

Contingencies: COVID-19 - In March 2020, the world was impacted by a coronavirus disease ("COVID-19) pandemic. As a result, many businesses closed their doors in order to assist in the containment of the virus. On March 17, 2020, the County of Santa Clara instructed the community, including the Association, to shelter in place. The shelter in place order and subsequent County ordinances have had a severe impact on the Association's membership retention and ability to operate efficiently. Creative solutions and further knowledge on COVID-19 has subsequently improved the situation, yet the overall impact of the pandemic is still uncertain. The extent of the impact of COVID-19 on the Association's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on their donors, employees and vendors, all of which are uncertain and cannot be predicted. The Association has prepared for the long-term effects of COVID-19 and has added a revolving line of credit, refinanced its loan with the bank, has adequate assets in its investment accounts and along with strategic reductions in staffing within corporate and operational lines of business, expects ongoing continuity of operations for the future. As of the date of the independent auditors' report, the extent to which COVID-19 may impact the Association's financial condition or results of operations is uncertain, however management is confident the Association will continue as a going concern.

SUPPLEMENTARY INFORMATION

Robert Lee
& Associates, LLP

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 the 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"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, 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, and have issued our report thereon dated December 16, 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 (internal control) 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 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.

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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 (CONTINUED)*

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

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 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 or other matters that are required to be reported under *Government Auditing Standards*. We noted 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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robert Lee & Associates, LLP

San Jose, California
December 16, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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", a nonprofit organization) compliance with the types of compliance requirements 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, 2021. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' 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* 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 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2021.

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 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 compliance* 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 16, 2021

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Single Audit Reports

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

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	$ 426,652
Passed-through Programs from Gilroy Unified School District:			
21st Century After School Grant	84.287	A2021-07	230,480
Total 21st Century After School Grant			657,132
Total U.S. Department of Education			**657,132**
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	1,206,112
Summer Food Service Program	10.559	04116-SFSP-43	554,079
Total U.S. Department of Agriculture			**1,760,191**
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	93,915
Senior Nutrition Program: NSIP	93.053	PO 4300015216	23,816
Total Aging Cluster			117,731
Centers for Disease Control and Prevention			
Passed through Program from YMCA of USA			
Chronic Disease Program Deliver	93.421	5 NU38OT000299-03-00	2,366
Total U.S. Department of Health & Human Services			**120,097**
U.S. Department of Treasury			
Pass through Program from City of San Jose			
Coronavirus Relief Fund*	21.019	Coronavirus Relief Fund	332,799
Total U.S. Department of Treasury			**332,799**
Total Expenditures of Federal Awards			**$ 2,870,219**

* Denotes a major program

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, 2021. 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, 2021

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 Agriculture:			
Child and Adult Care Food Program	10.558	$	1,206,112
U.S. Department of Treasury:			
Coronavirus Relief Fund	21.019		332,799
Total Major Program Expenditures		$	1,538,911
Total Federal Award Expenditures		$	2,870,219
Percent of Total Federal Award Expenditures			54%

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

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

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Current Year Findings

No financial statements audit findings noted in the current year.

Prior Year Findings

No financial statements audit findings noted in the prior year.

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

Current Year Findings

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.*

Prior Year Findings

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.*