



YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

**Financial Statements
and Supplementary Information
June 30, 2024
(With summarized comparative totals for June 30, 2023)**

**Together with
Independent Auditors' Report
and Single Audit Reports**

YOUNG MEN’S CHRISTIAN ASSOCIATION OF SILICON VALLEY

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June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
San Jose, California

Opinion

We have audited the financial statements of Young Men's Christian Association of Silicon Valley (the "Association"), a California public benefit corporation, which comprise the statement of financial position as of June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Young Men's Christian Association of Silicon Valley as of June 30, 2024, 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 Auditors' 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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
San Jose, 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of
Young Men's Christian Association of Silicon Valley
San Jose, 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 12, 2024, 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.

Report on Summarized Comparative Information

We have previously audited the Association's June 30, 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report March 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

 Robert Lee & Associates, LLP

San Jose, California
December 12, 2024

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Statements of Financial Position

June 30, 2024

(With summarized comparative totals for 2023)

	June 30,	
	2024	2023 <i>(Comparative)</i>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,786,743	\$ 8,737,453
Accounts receivable, net of allowance of \$624,384 and \$296,935 for 2024 and 2023, respectively	6,401,551	5,398,684
Employee retention credit receivable	-	3,737,153
Annual giving campaign receivable, net of allowance of \$179,622 and \$526,979 for 2024 and 2023, respectively	306,308	19,459
Pledges receivable	1,014,500	196,000
Prepaid expenses and other current assets	238,405	325,123
Assets held for sale	-	9,072,158
Total current assets	11,747,507	27,486,030
Long-term assets:		
Investments	34,277,846	21,277,573
Annual giving campaign receivable, non-current portion, net	-	78,604
Pledges receivable, non-current portion, net	1,981,156	283,419
Land, buildings, and equipment, net	41,402,555	43,483,426
Other non-current assets	36,000	36,000
Operating lease right-of-use-assets	3,386,292	2,441,981
Financing lease right-of-use-asset	50,385	62,477
Total long-term assets	81,134,234	67,663,480
Total assets	\$ 92,881,741	\$ 95,149,510
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 1,478,798	\$ 859,030
Accrued expenses	6,995,853	7,210,500
Note payable	-	249,598
Paycheck protection program loan	160,484	158,879
Deferred revenue	3,537,133	3,848,719
Operating lease liabilities	1,051,826	1,021,134
Financing lease liability	10,070	13,236
Total current liabilities	13,234,164	13,361,096
Long-term liabilities, net of current portion:		
Accrued expenses	36,000	421,000
Notes payable	-	10,372,589
Paycheck protection program loan	121,658	282,277
Operating lease liabilities	2,567,330	1,418,092
Financing lease liability	34,888	44,957
Total long-term liabilities	2,759,876	12,538,915
Total liabilities	15,994,040	25,900,011
Commitments and contingencies (Note 24)		
Net assets:		
Without donor restrictions:		
Board designated for maintenance and equipment reserve	1,856,416	1,856,416
Board designated for quasi-endowment	3,454,882	2,926,385
Undesignated	54,002,917	50,956,489
Total net assets without donor restrictions	59,314,215	55,739,290
Net assets with donor restrictions	17,573,486	13,510,209
Total net assets	76,887,701	69,249,499
Total liabilities and net assets	\$ 92,881,741	\$ 95,149,510

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, 2024 (with summarized comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	<i>(Comparative)</i> Totals
Support and revenues:				
Program, camp, and child care fees	\$ 23,591,710	\$ -	\$ 23,591,710	\$ 21,375,378
Membership dues	20,106,778	-	20,106,778	15,247,781
Fees and grants from government agencies	21,218,751	408,501	21,627,252	16,007,901
Contributions	3,029,283	4,752,940	7,782,223	5,569,773
Investment gains, net	1,521,714	1,209,924	2,731,638	1,077,569
Gain on asset held for sale	4,960,077	-	4,960,077	-
Miscellaneous revenue	1,159,096	-	1,159,096	727,152
Net assets released from restrictions	2,308,088	(2,308,088)	-	-
Total support and revenues	<u>77,895,497</u>	<u>4,063,277</u>	<u>81,958,774</u>	<u>60,005,554</u>
Expenses:				
Program services:				
Healthy living	21,719,984	-	21,719,984	17,824,390
Child, youth development, and families	37,750,067	-	37,750,067	30,090,479
Total program services	<u>59,470,051</u>	<u>-</u>	<u>59,470,051</u>	<u>47,914,869</u>
Supporting services:				
Management and general	9,824,164	-	9,824,164	8,506,786
Fundraising	1,859,656	-	1,859,656	1,487,460
Total supporting services	<u>11,683,820</u>	<u>-</u>	<u>11,683,820</u>	<u>9,994,246</u>
Total expenses before depreciation and amortization	<u>71,153,871</u>	<u>-</u>	<u>71,153,871</u>	<u>57,909,115</u>
Change in net assets before depreciation and amortization	6,741,626	4,063,277	10,804,903	2,096,439
Depreciation and amortization expense	3,166,701	-	3,166,701	3,192,155
Contingency loss	-	-	-	3,500,000
Change in net assets	<u>3,574,925</u>	<u>4,063,277</u>	<u>7,638,202</u>	<u>(4,595,716)</u>
Net assets, beginning of year	<u>55,739,290</u>	<u>13,510,209</u>	<u>69,249,499</u>	<u>73,845,215</u>
Net assets, end of year	<u>\$ 59,314,215</u>	<u>\$ 17,573,486</u>	<u>\$ 76,887,701</u>	<u>\$ 69,249,499</u>

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, 2024 (with summarized comparative totals for 2023)

	2024							2023 <i>(Comparative)</i> Totals
	Program Services			Supporting Services				
	Healthy Living	Child, Youth Development, and Families	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	
Staff compensation	\$ 14,140,576	\$ 27,969,007	\$ 42,109,583	\$ 6,077,596	\$ 1,392,095	\$ 7,469,691	\$ 49,579,274	\$ 38,708,835
Facilities	5,749,442	3,320,912	9,070,354	665,879	911	666,790	9,737,144	8,117,997
Office and program supplies	363,761	4,018,700	4,382,461	2,670	119,563	122,233	4,504,695	4,357,640
Contractual services	212,990	723,971	936,961	1,168,840	80,043	1,248,883	2,185,844	1,914,104
Interest and bank fees	473,189	206,210	679,399	162,353	33,799	196,152	875,551	911,453
Insurance	222,658	471,023	693,681	79,494	15,904	95,398	789,079	647,610
Printing and public relations	17,034	57,284	74,318	561,827	92,803	654,630	728,948	474,272
Membership dues	1,145	313	1,458	635,701	10,204	645,905	647,363	430,700
Equipment rental, repairs, and maintenance	202,464	224,013	426,477	129,226	1,820	131,046	557,523	738,040
Vehicle and transportation	19,198	433,319	452,517	26,008	1,493	27,501	480,018	295,731
Telephone	176,157	162,890	339,047	92,925	11,477	104,402	443,449	358,567
Bad debt	66,981	48,742	115,723	7,666	80,004	87,670	203,393	363,886
Conference and travel	68,056	62,942	130,998	84,655	10,667	95,322	226,320	266,304
Recruitment and other	5,729	49,325	55,054	104,199	7,269	111,468	166,522	310,972
Postage and shipping	604	1,416	2,020	25,125	1,604	26,729	28,749	13,004
Total expenses before depreciation and amortization	21,719,984	37,750,067	59,470,051	9,824,164	1,859,656	11,683,820	71,153,871	57,909,115
Depreciation and amortization	2,177,200	974,009	3,151,209	15,492	-	15,492	3,166,701	3,192,155
Contingency loss	-	-	-	-	-	-	-	3,500,000
Total expenses	<u>\$ 23,897,184</u>	<u>\$ 38,724,076</u>	<u>\$ 62,621,260</u>	<u>\$ 9,839,656</u>	<u>\$ 1,859,656</u>	<u>\$ 11,699,312</u>	<u>\$ 74,320,572</u>	<u>\$ 64,601,270</u>

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, 2024

(With summarized comparative totals for June 30, 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 7,638,202	\$ (4,595,716)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	3,166,701	3,192,155
Realized and unrealized gains on investments	(1,433,102)	(558,198)
Change in allowance for uncollectible accounts receivable	327,449	(398,516)
Change in allowance for uncollectible annual giving receivable	(347,357)	195,330
Change in allowance for uncollectible pledges receivable	-	(45,000)
Change in discount on pledges receivable	(264,263)	14,742
Gain on disposal of asset held for sale	(4,960,077)	-
Amortization of original issue discount, notes payable	43,824	1,599
Reduction in carrying amount of right-of-use assets - operating lease	1,503,996	1,157,726
Reduction in carrying amount of right-of-use asset - financing lease	12,092	10,077
Changes in operating assets and liabilities:		
Accounts receivable	(1,313,847)	(1,261,011)
Employee retention credit receivable	3,737,153	-
Annual giving campaign receivable	139,112	(19,386)
Pledges receivable	(2,251,974)	208,016
Prepaid expenses and other current assets	86,718	(179,317)
Accounts payable	619,768	35,141
Accrued expenses	(214,647)	3,817,484
Deferred revenue	(311,586)	415,629
Operating lease liabilities	(1,268,377)	(1,160,481)
Financing lease liability	(13,235)	(14,361)
Net cash provided by operating activities	4,896,550	815,913
Cash flows from investing activities:		
Proceeds from sale of investments	6,290,285	1,104,632
Purchases of investments	(17,857,456)	(1,623,479)
Purchases of land, buildings, and equipment	(884,935)	(604,837)
Purchases of assets placed into construction-in-progress	(200,895)	(1,070,663)
Net cash used by investing activities	(12,653,001)	(2,194,347)
Cash flows from financing activities:		
Proceeds on disposal of asset held for sale	3,048,979	-
Payments on note payable	(84,224)	(251,515)
Payment on paycheck protection program loan	(159,014)	(157,443)
Net cash provided (used) by financing activities	2,805,741	(408,958)
Decrease in cash and cash equivalents	(4,950,710)	(1,787,392)
Cash and cash equivalents, beginning of year	8,737,453	10,524,845
Cash and cash equivalents, end of year	\$ 3,786,743	\$ 8,737,453

The accompanying notes are an integral part of these financial statements

YOUNG MEN’S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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 173,890 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 71,800 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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 over 103,300 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, 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, 2023, from which the summarized information was derived.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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 change in net assets 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, and totaled approximately \$6,402,000, \$5,399,000, and \$3,739,157 as of June 30, 2024, 2023, and 2022, respectively. 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. Management categorizes accounts receivable into pools based on the length of time outstanding and customer basis. In determining the amount of the allowance, the Association uses historical data to analyze past collection rates and identify patterns in customer defaults. The Association also reviews significant receivables on a case-by-case basis, particularly for high value accounts. If a specific member or customer is experiencing financial difficulties, management will assess if a higher allowance is necessary. An allowance for doubtful accounts is adjusted for management's expectations about current and future economic conditions. The Association had an allowance for doubtful accounts of approximately \$624,000 and \$297,000 for the years ended June 30, 2024 and 2023, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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

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 approximately \$3,737,000 that would be refunded back based on qualified wages incurred as of June 30, 2022. As of June 30, 2024, the Association had received payment on the outstanding balance.

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. Management categorizes annual giving campaign receivables into pools based on the length of time outstanding. 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, 2024 and 2023. 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.

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

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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

Investments (continued) - 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, 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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.

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 Codification ("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 years ended June 30, 2022 and June 30, 2021. There were no deferred program credits as of June 30, 2024 and approximately \$672,000 as of June 30, 2023.

Leases - The Association leases facilities and office equipment for operations under operating and financing leases. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract have changed. The operating leases are included as operating lease right-of-use ("ROU") assets and operating lease liabilities in the statements of financial position. Finance leases are included as financing lease ROU assets and finance lease liabilities in the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating and finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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

Leases (continued) - Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Association's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise the option.

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.

Revenue from exchange transactions - In accordance with 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, 2024 and 2023.

Program, camp, and childcare 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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

Revenue from exchange transactions (continued) - *Program, camp, and childcare fees (continued)* - Payments received for program, camp, and childcare fees in advance of the Organization satisfying its performance obligation are recorded within deferred revenues in the accompanying statements of financial position.

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.

Contributions - Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Association has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Association fails to overcome the barrier. The Association recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional promises to give (pledges receivable) are recognized as contributions when received at their estimated fair value. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions. Capital campaign contributions are considered net assets with donor restrictions until the asset is placed into service.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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

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. In-kind contributions are 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.

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). 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. Special event revenue did not have a material impact for the year ending June 30, 2024 and 2023, and is recorded within contributions on the statements of activities and changes in net assets.

Grants and contracts - Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations, and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in return for the resources transferred to the Association, the revenue from the grant or contract is accounted for as an exchange transaction. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Association deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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

Grants and contracts (continued) - The Association has contracts with city, state, and federal agencies to provide a variety of program services to the public based on contract requirements, including eligibility, procurement, reimbursement, curriculum, staffing, and other requirements. These program services range from child care programs, programs for seniors, and immigration and health and welfare related programs. These contracts from government agencies are considered conditional contributions and are recorded as revenue when the condition is overcome, which is generally when the related qualifying expenditures are incurred over the period the service is provided.

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.

Revenue and receivable concentrations - The Association generated approximately 38% of support revenue from one individual with approximately 77% of outstanding capital pledge receivables due from one donor for the year ended June 30, 2024. Association generated approximately 39% of support revenue from two individuals with approximately 43% of outstanding capital pledge receivables due from one donor for the year ended June 30, 2023.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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, 2024 and 2023 were approximately \$590,000 and \$376,000, 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 or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of June 30, 2024 and 2023 management did not identify any uncertain tax positions.

Recently adopted accounting guidance - In June 2016, the FASB issued Accounting Standards Update ("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 Association elected to adopt this ASU effective July 1, 2023. The change in methodology did not have an impact to the financials statement, therefore no cumulative adjustment was recorded.

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 there are no material subsequent events that require an estimate to be recorded or disclosed as of June 30, 2024.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 3,786,743	\$ 8,737,453
Accounts receivable, net	6,401,551	5,398,684
Employee retention credit receivable	-	3,737,153
Annual giving campaign receivable, net	306,308	19,459
Pledges receivable, net	1,014,500	196,000
Investments	<u>34,277,846</u>	<u>21,277,573</u>
Total financial assets	45,786,948	39,366,322
Less amounts unavailable for general expenditures within one year, due to:		
Investments not available to be liquidated within one year	(2,709,931)	(4,782,380)
Board designated for maintenance and equipment reserve	(1,856,416)	(1,856,416)
Board designated for quasi-endowment	(3,454,882)	(2,926,385)
Net assets with donor restrictions	<u>(17,573,486)</u>	<u>(13,510,209)</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 20,192,233</u>	<u>\$ 16,290,932</u>

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 \$3,455,000 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 4 - Supplemental cash flow information:

Supplemental disclosure of cash flow information

	For the Years Ended	
	June 30,	
	<u>2024</u>	<u>2023</u>
Cash paid during the year for interest	\$ 149,640	\$ 327,716
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ 1,378,061	\$ 1,208,507
Operating cash flows from finance lease	\$ 13,189	\$ 14,568
Right-of-use assets obtained in exchange for new lease obligations:		
Operating lease	\$ 2,448,307	\$ 3,599,708
Finance lease	\$ -	\$ 72,554

Supplemental disclosure of non-cash investing and financing activities

Extinguishment of debt through sale	\$ 10,581,787	\$ -
Release of building deposit through sale	\$ 435,000	\$ -

YOUNG MEN’S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 5 - Receivables:

Non-current receivables are recorded after discounting future in cash flows to present value using a discount rate of 3.50%. The maturities of pledges receivable and annual giving campaign receivables are as follows:

<u>Year Ending June 30,</u>	<u>Pledges Receivable</u>
2025	\$ 1,024,500
2026	550,500
2027	400,500
2028	400,500
2029	400,500
Thereafter	500,000
Total receivables	3,276,500
Less: discount for present value	(280,844)
Receivables, net	2,995,656
Less: current portion, net	(1,014,500)
Non-current portion, net	\$ 1,981,156

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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 6 - Investments(continued):

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, 2024		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 4,710,385	\$ -	\$ 4,710,385
Equity securities	17,476,239	-	17,476,239
U.S. treasury bonds	9,381,291	-	9,381,291
Municipal bonds	-	2,709,931	2,709,931
Total	<u>\$ 31,567,915</u>	<u>\$ 2,709,931</u>	<u>\$ 34,277,846</u>

	Year Ended June 30, 2023		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 3,973,573	\$ -	\$ 3,973,573
Equity securities	10,334,634	-	10,334,634
U.S. treasury bonds	2,186,986	-	2,186,986
Municipal bonds	-	2,746,555	2,746,555
Certificate of deposits	-	2,017,161	2,017,161
Miscellaneous investment assets	-	18,664	18,664
Total	<u>\$ 16,495,193</u>	<u>\$ 4,782,380</u>	<u>\$ 21,277,573</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 6 - Investments (continued):

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

	<u>2024</u>	<u>2023</u>
Dividends and interest income	\$ 1,343,620	\$ 552,398
Realized gains	281,436	409,776
Unrealized gains	1,151,666	148,422
Investment related expenses	<u>(40,501)</u>	<u>(33,027)</u>
Total investment gains, net	<u>\$ 2,736,221</u>	<u>\$ 1,077,569</u>

Note 7 - Assets held for sale:

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. Nine amendments were made to the original purchase agreement, which extended the closing date to November 2023. The amendments specified the Association would receive extension payments up until the date the property was sold.

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

Assets held for sale as of June 30, 2023, all of which were reported at the lower of fair value or net book value, were as follows:

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

On November 13, 2023 the sale of the Association's office building located in Santa Clara, CA, was finalized for approximately \$14,500,000. The Association recognized a gain of approximately \$4,960,000, on the statements of activities and changes in net assets.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 8 - Land, buildings, and equipment:

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

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 91,756,805	\$ 91,313,025
Furniture, equipment, and vehicles	<u>12,528,439</u>	<u>12,178,968</u>
Total buildings and equipment	104,285,244	103,491,993
Less: accumulated depreciation and amortization	<u>(71,600,916)</u>	<u>(68,446,308)</u>
Buildings and equipment, net	32,684,328	35,045,685
Construction-in-progress	1,441,877	1,279,188
Capitalized interest	46,904	46,904
Land	2,479,447	2,479,447
Land improvements	<u>4,749,999</u>	<u>4,632,202</u>
Land, buildings, and equipment, net	<u>\$ 41,402,555</u>	<u>\$ 43,483,426</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 were approximately \$3,167,000 and \$3,192,000, respectively.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 9 - Accrued expenses:

Accrued expenses consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Current accrued expenses:		
Accrued salaries, wages, and related taxes withheld	\$ 916,240	\$ 738,221
Accrued vacation	1,799,098	1,710,115
Accrued credit card expenses	240,890	263,443
Accrued program expenses	3,863,821	4,096,422
Other accrued expenses	149,609	189,068
Accrued unemployment benefits	25,963	186,630
Accrued interest	232	26,601
Total current accrued expenses	<u>6,995,853</u>	<u>7,210,500</u>
Non-current accrued expenses:		
Tenant deposit	-	385,000
Slonaker trust distribution	36,000	36,000
Total non-current accrued expenses	<u>36,000</u>	<u>421,000</u>
Total accrued expenses	<u>\$ 7,031,853</u>	<u>\$ 7,631,500</u>

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, 2024 and 2023.

Note 11 - Paycheck Protection Program loan:

On March 1, 2021, the Association secured a 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

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 partial forgiveness of the PPP loan. The Association made a payment of approximately \$159,000 and \$157,000 for the years ended June 30, 2024 and 2023, on the unforgiven balance, respectively. The remaining balance of approximately \$282,000 owed on the loan remains outstanding as of June 30, 2024.

	<u>2024</u>	<u>2023</u>
Note agreement with bank under the Paycheck Protection Program requires monthly payments of approximately \$14,000, including interest of 1.00% per annum, maturing March 9, 2026	\$ 282,142	\$ 441,156
Less: current portion of paycheck protection loan	<u>(160,484)</u>	<u>(158,879)</u>
Long-term paycheck protection loan	<u>\$ 121,658</u>	<u>\$ 282,277</u>

Note 12 - Note payable:

Note payable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
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	\$ -	\$ 10,666,146
Less: original issue discount		(43,959)
Less: current portion of notes payable	<u>-</u>	<u>(249,598)</u>
Long-term notes payable	<u>\$ -</u>	<u>\$ 10,372,589</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 12 - Note payable (continued):

As referenced in Note 7, the Association finalized the sale of their office building on November 13, 2023. Upon sale of the building the Association paid off the remaining balance on their note and there was no outstanding balance of June 30, 2024

Note 13 - Deferred revenue:

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

	<u>Camps and Activities</u>	<u>Other</u>	<u>Total</u>
Balance at June 30, 2022	\$ 2,556,223	\$ 876,867	\$ 3,433,090
Revenue recognized	(2,556,223)	(876,867)	(3,433,090)
Payments received for future obligations	<u>2,862,150</u>	<u>986,569</u>	<u>3,848,719</u>
Balance at June 30, 2023	2,862,150	986,569	3,848,719
Revenue recognized	(2,862,150)	(986,569)	(3,848,719)
Payments received for future obligations	<u>3,085,539</u>	<u>451,594</u>	<u>3,537,133</u>
Balance at June 30, 2024	<u>\$ 3,085,539</u>	<u>\$ 451,594</u>	<u>\$ 3,537,133</u>

YOUNG MEN’S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 14 - Operating lease arrangements:

The Association is obligated under various non-cancelable operating leases at year-end with remaining terms through 2029, which includes various options to extend. Management has not determined if additional renewal periods are reasonably certain to be exercised.

The Association recognized operating lease expense of approximately \$1,623,000 and \$1,213,000, for the years ended June 30, 2024 and 2023, respectively, which is allocated according to its functional basis of allocation on the statements of functional expenses. At June 30, 2024, the weighted-average remaining lease term for the operating leases was 3.79 years. At June 30, 2024, the weighted-average discount rate associated with the operating leases was 4.37%.

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 1,155,662
2026	930,542
2027	969,503
2028	550,736
2029	<u>326,554</u>
Total operating lease payments	3,932,997
Less: present value discount	<u>(313,841)</u>
Present value of operating lease liabilities	3,619,156
Less current portion operating leases	<u>(1,051,826)</u>
Long-term portion operating leases	<u>\$ 2,567,330</u>

Note 15 - Financing lease arrangements:

The Association is obligated under one financing lease at year-end with remaining terms through 2029, which includes an option to extend. Management has not determined if additional renewal periods are reasonably certain to be exercised. At June 30, 2024, the weighted average remaining lease term for the financing lease was 4.17 years. At June 30, 2024, the weighted-average discount rate associated with the financing lease was 4.29%.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 15 - Financing lease arrangements (continued):

The future payments due under the financing lease as of June 30, 2024 were as follows:

Year Ending June 30,	Amount
2025	\$ 11,760
2026	11,760
2027	11,760
2028	11,760
2029	1,960
Total financing lease payments	49,000
Less: present value discount	(4,042)
Present value of financing lease liabilities	44,958
Less current portion financing leases	(10,070)
Long-term portion financing leases	\$ <u>34,888</u>

Note 16 - Board designated net assets:

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

	2024	2023
Board designated for maintenance and equipment reserve	\$ 1,856,416	\$ 1,856,416
Board designated for quasi-endowment	3,454,882	2,926,385
Total board designated net assets	\$ <u>5,311,298</u>	\$ <u>4,782,801</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 17 - Net assets with donor restrictions:

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

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specific purpose:		
Capital campaigns	\$ 6,725,563	\$ 4,639,007
Grants and contributions for projects	605,041	682,859
Total purpose restrictions	<u>7,330,604</u>	<u>5,321,866</u>
Endowment:		
Perpetual in nature	7,036,222	5,877,372
Earnings subject to endowment spending policy and appropriation	3,209,192	2,318,100
Funds with deficiencies endowment investment loss	<u>(2,532)</u>	<u>(7,129)</u>
Total net assets with donor restrictions	<u>\$ 17,573,486</u>	<u>\$ 13,510,209</u>

Note 18 - 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:

	<u>2024</u>	<u>2023</u>
Capital campaigns	\$ 892,944	\$ 100,000
Grants and contributions for projects	1,100,909	1,462,595
Endowments	<u>314,235</u>	<u>289,539</u>
Total net assets released from restrictions	<u>\$ 2,308,088</u>	<u>\$ 1,852,134</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 19 - Endowment:

The endowment consists of sixty 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, 2024 as follows:

	Without	With donor restrictions		
	donor	Program	Perpetual in	Total
	restrictions	service and	nature	
		general use		
Donor restricted endowment funds	\$ -	\$ 3,209,192	\$ 7,036,222	\$ 10,245,414
Board designated endowment funds	3,454,882	-	-	3,454,882
Funds with deficiencies				
endowment investment loss	-	(2,532)	-	(2,532)
Total	\$ 3,454,882	\$ 3,206,660	\$ 7,036,222	\$ 13,697,764

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements June 30, 2024

Note 19 - Endowment (continued):

The endowment is recorded by the different classifications of net assets in the financial statements for the year ended June 30, 2023 as follows:

	Without	<u>With donor restrictions</u>		
	donor	Program	Perpetual in	Total
	<u>restrictions</u>	<u>service and</u>	<u>nature</u>	
		<u>general use</u>		
Donor restricted endowment funds	\$ -	\$ 2,318,100	\$ 5,877,372	\$ 8,195,472
Board designated endowment funds	2,926,385	-	-	2,926,385
Funds with deficiencies				
endowment investment loss	-	(7,129)	-	(7,129)
Total	<u>\$ 2,926,385</u>	<u>\$ 2,310,971</u>	<u>\$ 5,877,372</u>	<u>\$ 11,114,728</u>

For the year ended June 30, 2024, the Association had the following endowment-related activities:

	Without	<u>With donor restrictions</u>		
	donor	Program	Perpetual in	Total
	<u>restrictions</u>	<u>service and</u>	<u>nature</u>	
		<u>general use</u>		
Endowment net assets July 1, 2023	<u>\$ 2,926,385</u>	<u>\$ 2,310,971</u>	<u>\$ 5,877,372</u>	<u>\$ 11,114,728</u>
Investment return:				
Interest and dividend income, net	153,893	456,046	-	609,939
Realized and unrealized gains	253,619	753,878	-	1,007,497
Total investment return	407,512	1,209,924	-	1,617,436
Contributions	242,865	-	1,158,850	1,401,715
Appropriation of endowment net				
assets for expenditure	(121,880)	(314,235)	-	(436,115)
Endowment net assets June 30, 2024	<u>\$ 3,454,882</u>	<u>\$ 3,206,660</u>	<u>\$ 7,036,222</u>	<u>\$ 13,697,764</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements June 30, 2024

Note 19 - Endowment (continued):

For the year ended June 30, 2023, the Association had the following endowment-related activities:

	Without donor restrictions	With donor restrictions		Total
		Program service and general use	Perpetual in nature	
Endowment net assets July 1, 2022	\$ 2,816,439	\$ 2,007,964	\$ 5,226,469	\$ 10,050,872
Investment return:				
Interest and dividend income, net	86,399	229,701	-	316,100
Realized and unrealized gains	136,328	362,815	-	499,143
Total investment return	<u>222,727</u>	<u>592,516</u>	<u>-</u>	<u>815,243</u>
Contributions	<u>-</u>	<u>-</u>	<u>650,903</u>	<u>650,903</u>
Appropriation of endowment net assets for expenditure	<u>(112,781)</u>	<u>(289,509)</u>	<u>-</u>	<u>(402,290)</u>
Endowment net assets June 30, 2023	<u>\$ 2,926,385</u>	<u>\$ 2,310,971</u>	<u>\$ 5,877,372</u>	<u>\$ 11,114,728</u>

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, 2024, deficiencies of this nature exist in two donor-restricted endowment funds, which together have an original gift value of approximately \$49,000, a current fair value of approximately \$47,000, and a deficiency of approximately \$3,000. As of June 30, 2023, deficiencies of this nature existed in 4 donor-restricted endowment funds, which together had an original gift value of approximately \$78,000, a current fair value of approximately \$71,000, and a deficiency of approximately \$7,000. 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 19 - Endowment (continued):

Underwater endowments (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, 2024 and 2023, the governing board appropriated approximately \$2,000 and \$3,000, respectively, for expenditure from underwater endowment funds during the year, which represents .40% and .65%, 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, 2024 and 2023, approximately \$436,000 and \$402,000, 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.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 20 - 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 \$1,924,000 and \$1,607,000 for the years ended June 30, 2024 and 2023, respectively.

Note 21 - 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 years ended June 30, 2024 and 2023.

Note 22 - 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 managers, or from companies with which the Board of Directors or boards of managers are affiliated, were approximately \$507,000 and \$1,162,000 for the years ended June 30, 2024 and 2023 respectively.

YOUNG MEN’S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 22 - 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 \$610,000 and \$404,000 for association dues and other contributions for the years ended June 30, 2024 and 2023, respectively.

Note 23 - 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, 2024 and 2023 was approximately \$642,000 and \$556,000, 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:

	<u>2024</u>	<u>2023</u>
Grant support received	\$ 641,567	\$ 556,110
Personnel cost	530,752	415,157
Program expenses	358,075	319,832
Total contract expenses	\$ 888,827	\$ 734,989

Note 24 - Commitments and contingencies:

Lease commitments - The Association leases its property and a related office facility to unrelated third parties under non-cancellable leases, which expire at various dates through August 2025.

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

<u>Year Ending June 30,</u>	<u>Minimum Lease Income</u>
2025	\$ 102,225
2026	17,174
Total	\$ 119,399

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Notes to Financial Statements

June 30, 2024

Note 24 - Commitments and contingencies (continued):

Other commitments: 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, entered into in December of 1998. 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.

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: employee retention credit receivable - As described in Note 2, the Association elected to claim the ERC and determined the amount to be refunded back based on qualified wages. The Association may be subject to audit by the Internal Revenue Service for a period of five years after the receipt of the funds.

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, 2024, 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 12, 2024.

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)

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 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.



San Jose, California
December 12, 2024



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 requirements identified as subject to audit 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, 2024. 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.

In our opinion, the Association complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Association's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Association's internal control over compliance. Accordingly, no such opinion is expressed.

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

Auditor's Responsibilities for the Audit of Compliance (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 12, 2024

YOUNG MEN’S CHRISTIAN ASSOCIATION OF SILICON VALLEY

**Single Audit Reports
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal assistance number (ALN)	Pass-through entity identifying number	Federal Program Expenditures
<u>EXPENDITURES OF FEDERAL AWARDS:</u>			
U.S. Department of Education:			
Passed-through Programs from California Department of Education:			
21st Century After School Grant	84.287	43-14349-Z493-4A	\$ 219,401
21st Century After School Grant	84.287	43-25632-Z493-1A	43,603
Passed-through Programs from Gilroy Unified School District:			
21st Century After School Grant	84.287	A2122-19	422,795
Congressionally Funded Community Projects			
After School and Early Learning Readiness Program	84.215	S215K220131	<u>488,522</u>
Total U.S. Department of Education			<u>1,174,321</u>
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	1,328,702
Summer Food Service Program	10.559	04116-SFSP-43	<u>165,338</u>
Total U.S. Department of Agriculture			<u>1,494,040</u>
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	179,804
Senior Nutrition Program: NSIP	93.053	PO 4300015216	<u>29,796</u>
Total Aging Cluster			209,600
Passed-through Programs from the YMCA of USA:			
Centers for Disease Control and Prevention			
Equitable Vaccine Education and Access Project	93.421	6NU39OT000299-03-02	<u>13,117</u>
Total U.S. Department of Health & Human Services			<u>222,717</u>
Total Expenditures of Federal Awards			\$ <u>2,891,078</u>

* 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, 2024

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, 2024. 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, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified 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 unmodified 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:

<u>Major Programs</u>	<u>ALN #</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Child and Adult Care Food Program	10.558	\$ <u>1,328,702</u>
Total Major Program Expenditures		\$ <u>1,328,702</u>
Total Federal Award Expenditures		\$ <u>2,891,078</u>
Percent of Total Federal Award Expenditures		<u>46%</u>

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Association was determined to be a low risk auditee.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF SILICON VALLEY

Single Audit Reports

Schedule of Findings and Questioned Costs (continued)

June 30, 2024

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*.