CHANNEL ISLANDS YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)

REPORT ON AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

CHANNEL ISLANDS YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)
(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Channel Islands Young Men's Christian Association (YMCA)
(A California Non-Profit Corporation)
Carpinteria, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Channel Islands Young Men's Christian Association (YMCA) (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Channel Islands Young Men's Christian Association 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 Channel Islands Young Men's Christian Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT - Continued

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 Channel Islands Young Men's Christian Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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, including omissions, 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, 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 Channel Islands Young Men's Christian 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 Channel Islands Young Men's Christian 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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of Channel Islands Young Men's Christian 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 solely 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 Channel Islands Young Men's Christian Association's 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 Channel Islands Young Men's Christian Association's internal control over financial reporting and compliance.

Vasin, Heyn + Co.

Calabasas, California
December 4, 2024

CHANNEL ISLANDS YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
ASSETS			
Current assets:			
Cash and cash equivalents	$ 8,985,409	$ 1,099,475	$ 10,084,884
Grants and contracts receivable	543,236	-	543,236
Accounts receivable, net of allowance	558,015	-	558,015
Promises to give, net of allowance	-	189,187	189,187
Prepaid expenses and other assets	417,244	-	417,244
Total current assets	10,503,904	1,288,662	11,792,566
Endowment assets:			
Cash and cash equivalents	1,522,405	-	1,522,405
Bequests receivable, net of allowance	-	352,593	352,593
Investments	8,000,479	6,238,366	14,238,845
Total endowment assets	9,522,884	6,590,959	16,113,843
Right-of-use assets, net of accumulated amortization	639,506	-	639,506
Property and equipment, net	19,406,958	-	19,406,958
Total assets	$ 40,073,252	$ 7,879,621	$ 47,952,873
LIABILITIES			
Current liabilities:			
Accounts payable	$ 622,197	$ -	$ 622,197
Accrued expenses	1,371,280	-	1,371,280
Deferred revenue	1,033,442	-	1,033,442
Right-of-use lease liabilities, current	132,592	-	132,592
Note payable, current	126,523	-	126,523
Total current liabilities	3,286,034	-	3,286,034
Noncurrent liabilities:			
Right-of-use lease liabilities, net of current portion	697,496	-	697,496
Note payable, net of current portion	1,516,465	-	1,516,465
Total noncurrent assets	2,213,961	-	2,213,961
Total liabilities	5,499,995	-	5,499,995
COMMITMENTS AND CONTINGENCIES			
NET ASSETS			
Without donor restrictions:			
Board-designated	12,843,151	-	12,843,151
Other net assets without donor restrictions	21,730,106	-	21,730,106
Total without donor restrictions	34,573,257	-	34,573,257
With donor restrictions	-	7,879,621	7,879,621
Total net assets	34,573,257	7,879,621	42,452,878
Total liabilities and net assets	$ 40,073,252	$ 7,879,621	$ 47,952,873

See accompanying auditors' reports and notes to financial statements.

CHANNEL ISLANDS YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
REVENUE AND SUPPORT			
Public Support:			
Contributions - annual campaign	$ 1,425,624	$ -	$ 1,425,624
Contributions - other	-	1,221,083	1,221,083
In-kind contributions	5,002,939	-	5,002,939
Government funds	4,597,429	-	4,597,429
Special events, net of direct costs of $104,140	171,082	-	171,082
Total public support	11,197,074	1,221,083	12,418,157
Revenue:			
Membership dues	8,533,101	-	8,533,101
Joining fees	183,590	-	183,590
Program fees	2,217,928	-	2,217,928
Day camp	1,563,932	-	1,563,932
Sleep away camp	129,084	-	129,084
Childcare	3,468,275	-	3,468,275
Merchandise sales and rentals	37,481	-	37,481
Investment income	62,925	366,197	429,122
Realized gain on investments	433,250	-	433,250
Unrealized gain on investments	1,159,232	-	1,159,232
Miscellaneous revenue	130,278	-	130,278
Total revenue and support	29,116,150	1,587,280	30,703,430
Released from restrictions	978,010	(978,010)	-
Total revenue, support, and restrictions released	30,094,160	609,270	30,703,430
EXPENSES			
Program services:			
Youth development	10,412,504	-	10,412,504
Healthy living	8,026,736	-	8,026,736
Social responsibility	1,744,783	-	1,744,783
Total program services	20,184,023	-	20,184,023
Supporting services:			
Management and general	2,759,613	-	2,759,613
Fundraising	810,977	-	810,977
Total supporting services	3,570,590	-	3,570,590
Total expenses	23,754,613	-	23,754,613
CHANGE IN NET ASSETS	6,339,547	609,270	6,948,817
NET ASSETS - beginning of year	28,206,733	7,270,351	35,477,084
Restatement adjustment (Note 18)	26,977	-	26,977
NET ASSETS - beginning of year, as restated	28,233,710	7,270,351	35,504,061
NET ASSETS - end of year	$ 34,573,257	$ 7,879,621	$ 42,452,878

See accompanying auditors' reports and notes to financial statements.

CHANNEL ISLANDS YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services						
	Youth Devlopment	Healthy Living	Social Responsibility	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 5,339,630	$ 3,447,777	$ 799,101	$ 9,586,508	$ 1,345,801	$ 389,898	$ 11,322,207
Employee Benefits	711,127	421,420	127,347	1,259,894	320,905	95,499	1,676,298
Payroll Taxes	499,338	320,028	75,422	894,788	123,713	37,781	1,056,282
	6,550,095	4,189,225	1,001,870	11,741,190	1,790,419	523,178	14,054,787
Advertising	76,817	95,285	20,998	193,100	-	32,026	225,126
Awards	1,259	532	544	2,335	7,581	10,121	20,037
Communications	92,655	28,826	20,835	142,316	20,666	7,059	170,041
Conference	48,506	37,766	2,463	88,735	50,366	12,259	151,360
Equipment	312,868	490,693	35,167	838,728	155,400	32,671	1,026,799
Fair Share	108,448	130,083	9,704	248,235	1,555	20,197	269,987
Financing Costs	185,927	137,213	944	324,084	68,009	38,120	430,213
Miscellaneous	50,205	43,846	4,588	98,639	11,656	9,344	119,639
Occupancy	1,457,466	1,759,834	236,518	3,453,818	179,618	27,519	3,660,955
Other Employee	126,279	46,799	9,588	182,666	31,904	6,635	221,205
Other Insurance	110,065	174,988	8,873	293,926	8,979	1,060	303,965
Postage	5,541	4,265	67	9,873	2,381	2,384	14,638
Professional Fees	166,006	31,721	64,299	262,026	258,770	19,067	539,863
Program Costs	239,192	29,137	186,646	454,975	-	105	455,080
Supplies	399,019	77,122	37,775	513,916	12,036	53,820	579,772
Travel et al	106,374	35,158	17,381	158,913	35,556	6,882	201,351
Total before depreciation and amortization	10,036,722	7,312,493	1,658,260	19,007,475	2,634,896	802,447	22,444,818
Depreciation and amortization	375,782	714,243	86,523	1,176,548	124,717	8,530	1,309,795
Total expenses	$ 10,412,504	$ 8,026,736	$ 1,744,783	$ 20,184,023	$ 2,759,613	$ 810,977	$ 23,754,613

See accompanying auditors' reports and notes to financial statements.

CHANNEL ISLANDS YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 6,948,817
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	1,151,915
Restatement adjustment	26,977
Realized gain on investments	(433,250)
Unrealized gain on investments	(1,159,232)
Reduction in carrying amount of right-of-use assets - operating	(117,799)
Contributions for endowment	(5,000)
(Increase) decrease in:	
Grants and contracts receivable	(193,337)
Accounts receivable	(279,155)
Promises to give	(76,184)
Bequests receivable	21,862
Prepaid expenses and other assets	(9,809)
Increase (decrease) in:	
Accounts payable	205,143
Accrued expenses	230,252
Deferred revenue	133,026
Right-of-use lease liabilities	262,687
Total adjustments	(241,904)
Net Cash Provided by Operating Activities	6,706,913
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(3,691,389)
Proceeds from sale of investments	4,354,520
Purchase of investments, net of expenses	(3,243,149)
Net Cash Used by Investing Activities	(2,580,018)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments related to note payable	(121,948)
Contributions for endowment	5,000
Net Cash Used by Financing Activities	(116,948)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,009,947
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,597,342
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 11,607,289
SUPPLEMENTAL NON-CASH DISCLOSURE:	
Addition of right-of-use asset—operating	$ 77,543
SUPPLEMENTAL DISCLOSURE:	
Cash paid for interest	$ 61,643

See accompanying auditors' reports and notes to financial statements.

CHANNEL ISLANDS YOUNG MEN'S CHRISTIAN ASSOCIATION (YMCA)
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. ORGANIZATION

Channel Islands Young Men's Christian Association (YMCA) is a charitable organization providing programs based upon Christian principles to people of all ages, races, religious beliefs and economic status to promote Youth Development, Healthy Living and Social Responsibility.

"Santa Barbara Young Men's Christian Association" was established in September 1899. Since its establishment it has started or absorbed operations of several YMCAs in neighboring cities and counties. In January 1981 it adopted the current name. The YMCA maintained its principal place of business at 1180 Eugenia Place, Suite #104, Carpinteria, California as of year-end.

As a voluntary health and welfare organization qualifying under Internal Revenue Code Section 501(c)(3), the YMCA is generally exempt from federal and state income taxes. The YMCA is not considered a private foundation for income tax purposes.

The YMCA is governed by an elected board of directors and officers responsible for the development of policies. Management and staff conduct YMCA activities in accordance with board-established policy.

The YMCA is committed to strengthening communities in San Luis Obispo, Santa Barbara and Ventura counties through programs focused on:

Youth Development - Nurturing the potential of every child and teen.

These programs include youth sports, before and after school care, preschool, summer day camps, leadership development, civic engagement, swimming, recreation and off-premise overnight or week-long camping activities.

Healthy Living - Improving our communities' health and well-being.

These programs promote family time, health, well-being, fitness, sports, recreation, spiritual development and group interests for adults and families.

Social Responsibility - Giving back and providing support to our neighbors.

These programs include a youth shelter and teen centers for at-risk youth.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classification of Current and Noncurrent Assets and Liabilities

The YMCA considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal organization business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

The YMCA prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The accompanying financial statements of the YMCA have been prepared on the accrual basis of accounting. The YMCA is comprised of facility branches located in San Luis Obispo, Santa Barbara, Montecito, Ventura, Camarillo, Lompoc and Santa Ynez. These branches also operate childcare programs and day camps at school sites. In addition to the facility branches, the Youth and Family Services branch operates programs in Santa Barbara and Isla Vista. This branch primarily serves youth and young adults at a youth shelter, a teen center, a navigation center and as part of a supportive transitional housing program. All significant balances and transactions among the branches have been eliminated. The significant accounting and reporting policies used by the YMCA are described below to enhance the usefulness and understandability of the financial statements.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions represent net assets that are not subject to donor-imposed time or use restrictions. Net assets without donor restrictions include board designated funds.

- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The YMCA's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the YMCA, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and cash equivalents

For purposes of the statement of cash flows, the YMCA considers all highly-liquid investments with an initial maturity of twelve months or less to be cash equivalents. The YMCA maintains several cash accounts to separately hold cash which may not be available for operating purposes as required by certain granting agencies and donors.

Grants, Contracts, Accounts, and Bequests Receivables

Receivables consist of grants, contracts, and other accounts receivables and are stated at the amount management expects to collect from outstanding balances. The YMCA uses the allowance method of accounting for receivables determined to be potentially uncollectable. An allowance for doubtful accounts was established for receivables at June 30, 2024 totaling $27,154.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The YMCA does not record conditional promises to give. The YMCA has been named as a charitable beneficiary in the wills of various donors. However, the donors have retained the right to change charitable beneficiaries; therefore, these intentions have not been recorded as an asset of the YMCA.

Deposits and Prepaid Expenses

Prepaid insurance, deposits, and other costs are expensed ratably over their respective terms of agreement.

Investments

Investments are recorded at fair market value. Changes in unrealized gains or losses are recorded as a change in the appropriate class of net assets.

Property and Equipment, Net

Acquisition of property and equipment in excess of $5,000 is capitalized at cost or, if donated, at the approximate fair value at the date of donation. Repairs and maintenance are charged to operations as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the respective assets ranging from three to fifty years on the straight-line method. Leasehold improvements are being amortized over the shorter of the lease term or useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the YMCA during the year ended June 30, 2024.

Accrued Vacation

Accrued vacation benefits are accrued as earned. Regular full-time employees accrue vacation time at the rate of 5 hours per pay period for a maximum of 15 days for your first year of service; an additional day is accrued per year of service and caps at ten years of service for a maximum of 25 days.

Unused accrued vacation is paid at the time of termination. Total accrued vacation at June 30, 2024 was $351,401.

Deferred Revenue

Revenues from membership dues are recognized over the terms of the memberships. Revenues from childcare fees are recognized over periods of childcare service provided. Revenues from program fees are recognized over the terms of the program. Amounts collected but unearned are reflected in the statement of financial position as unearned revenue.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributed Goods and Services (Continued)

A substantial number of volunteers have donated significant amounts of their time performing services to the YMCA during fiscal year ended June 30, 2024. For the year ended, the YMCA estimates that approximately 14,000 hours were contributed by policy, advisory, fundraising and program volunteers. Valued at the most recent Independent Sector volunteer rate for California, the YMCA received benefits estimated at $469,000 for 2024. These estimated benefits are not recorded in the financial statements.

Allocation of Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with program and supporting services have been allocated between the program and supporting services benefited based on management's estimate of time spent on the program and services.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Income Tax Status

The YMCA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

The YMCA has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2024, the YMCA had no material unrecognized tax benefits, tax penalties or interest.

The YMCA's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2023, 2022, and 2021, are subject to examination by the IRS, generally for 3 years after they were filed.

The YMCA's Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30, 2023, 2022, 2021, and 2020 are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

The YMCA reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the YMCA has access on the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and receivables approximate fair value because of the terms and relatively short maturity of these financial instruments. The certificates of deposit, equities, international and mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the YMCA at year end.

The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments.

When available, the YMCA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

3. PROMISES TO GIVE

Unconditional promises to give at June 30, 2024, are as follows:

	Amount
Receivable in less than one year	$ 202,617
Less allowance for uncollectible promises	(13,430)
Total current receivables	189,187
Receivable in more than one year	400,001
Less allowance for uncollectible promises	(47,408)
Total non-current receivables	352,593
Total promises to give, net of allowance	$ 541,780

4. INVESTMENTS

The YMCA measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes 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, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the YMCA to develop its own assumptions. The YMCA uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the YMCA 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. All assets reported at fair value at June 30, 2024, are Level 1 inputs.

Investments consist of the following at June 30, 2024:

	Level 1	Fair Value
Certificates of deposit	$ 317,939	$ 317,939
Domestic equities	10,267,759	10,267,759
International	3,241,160	3,241,160
Mutual funds	411,987	411,987
Total investments	$ 14,238,845	$ 14,238,845

The composition of the investment return reported in the statement of activities is follows:

Interest and dividends	$ 429,122
Realized gain on investments	433,250
Unrealized gain investments	1,159,232
	$ 2,021,604

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at June 30, 2024:

	Amount
Buildings and improvements	$ 29,730,724
Constructions in progress	808,797
Equipment and fixtures	2,338,231
Land	5,687,608
Land improvements	3,995,992
Vehicles	148,425
	42,709,777
Less accumulated depreciation	(23,302,819)
Property and equipment, net	$ 19,406,958

Depreciation and amortization expense for the year ended June 30, 2024 was $1,151,915.

6. LONG-TERM DEBT

Note Payable

The YMCA has a commercial loan with a fixed interest rate of 3.50%. The loan is secured by real property, and is payable over a 25-year period with a maturity date of December 25, 2045. The balance at June 30, 2024, for the loan, which is secured by the Santa Barbara Branch real property, was $1,642,988. Aggregate maturities of long-term debt over the next five years and thereafter are as follows:

For the Year Ending June 30,	Amount
2025	$ 126,523
2026	131,084
2027	135,811
2028	140,596
2029	145,783
Thereafter	963,191
Total	$ 1,642,988

Line of Credit

The YMCA also obtained a $2,500,000 revolving line of credit with a bank. The line of credit is secured by the Santa Barbara branch real property and expires December 25, 2030. The loan terms require monthly interest payments at a variable annual rate of the Wall Street Journal Prime rate plus .25%. As of June 30, 2024, there was no outstanding balance.

Total interest expense for loans payable for the year ended June 30, 2024, was $61,643. The YMCA was in compliance with all applicable debt covenants as of June 30, 2024.

7. SPECIAL EVENTS REVENUE, NET

Income and expenses from special events for the year ended June 30, 2024 are as follows:

Event	Revenue	Expenses	Net Revenue
Dancing Through the Decades	$ 98,743	$ (27,770)	$ 70,973
Golf Tournaments	25,036	(9,318)	15,718
Good Friday Breakfast	27,153	(30,129)	(2,976)
Reaching for Stars Dinner	118,610	(32,613)	85,997
Miscellaneous	5,680	(4,310)	1,370
Total special events revenue, net	$ 275,222	$ (104,140)	$ 171,082

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are part of the net assets of the YMCA resulting from contributions and other inflows of assets whose use by the YMCA is limited by donor imposed stipulations that are either permanent in nature or expire by passage of time or can be fulfilled and removed by actions of the YMCA pursuant to those stipulations. Net assets with donor restrictions at June 30, 2024, consist of amounts restricted by donor-imposed stipulations; the activity for the year ended is as follows:

	2024
Facility improvements	$ 231,601
Subsequent years' activities	1,409,653
Permanently Restricted Endowment	3,555,857
Unappropriated endowment earnings	2,682,510
Total	$ 7,879,621

9. BOARD DESIGNATED NET ASSETS

The YMCA's Board of Directors has designated a portion of net assets without donor restrictions to function as an endowment and to purchase a building. Board designated net assets at June 30, 2024 was $12,843,151 and consist of $9,522,885 for an Endowment Fund, and $3,320,266 for the purchase of a building.

10. ENDOWMENT

The YMCA's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds, and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor- imposed restrictions.

10. ENDOWMENT - Continued

Interpretation of relevant law

The YMCA's Board has interpreted the California enacted 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 YMCA classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds not retained in perpetuity are subject to appropriation for expenditure by the YMCA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the YMCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the YMCA and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the YMCA

(7) The investment policies of the YMCA

Return objectives and risk parameters

The YMCA 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 YMCA must hold in perpetuity for donor-specified periods as well as board-designated funds. The endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. The investment policy calls for a diverse portfolio utilizing various asset classes with a goal of reducing volatility and risk. The YMCA expects its endowment funds, over time, to provide an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount.

10. ENDOWMENT - Continued

Spending policy

The YMCA has a policy of appropriating for expenditure each year an amount not to exceed 5% of the average past twelve quarterly asset market value balances as of December 31. In establishing this policy, the YMCA considered the long-term expected return on its endowment. Accordingly, over the long-term, the YMCA expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the YMCA's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specified term as well as to provide additional real growth through new gifts and investment return. During 2024, $156,941 of appropriations for expenditures were made.

Endowment Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted funds may fall below the level that current law requires the YMCA to retain for a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, these deficiencies are reported as a reduction in net assets with donor restrictions. Such deficiencies may result from unfavorable market fluctuations. As of June 30, 2024, the endowment fund had no deficiencies.

Endowment composition

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 6,703,641	$ 5,963,013	$ 12,666,654
Contributions	1,419,374	-	1,419,374
Investment income	1,448,746	383,419	1,832,165
Appropriation of endowment assets for expenditure or transfer	(48,876)	(108,065)	(156,941)
Balance, June 30, 2024	$ 9,522,885	$ 6,238,367	$ 15,761,252

11. RETIREMENT PLAN

The YMCA has a 401(a) defined contribution retirement plan provided through the YMCA Retirement Fund. To be eligible, an employee must be age twenty-one or older and work 1,000 hours in each of two years. Once eligible, the employee is immediately vested and remains in the plan. Employees who transfer from another YMCA, where they participated in the Retirement Fund, will continue to participate without interruption. The YMCA contributed 8% of eligible employee wages to the Retirement Fund through October 15, 2023, and then 9% thereafter. Retirement contribution expense was $467,064 for the year ended June 30, 2024.

The YMCA also offers a 403(b) retirement savings plan to all employees, regardless of age or hours worked, which allows employees to invest on a pre-tax basis through payroll deductions.

12. RIGHT-OF-USE OPERATING LEASES

The YMCA leases office space on Eugenia Place in Carpinteria under an operating lease which is payable in monthly installments of $10,125, terminating October 31, 2028. The implementation Topic842, *Leases* resulted in recording a non-cash transitional adjustment to operating lease ROU assets and operating lease liabilities of $666,797 and $666,797, respectively, as of October 1, 2022. The YMCA has elected to use their incremental borrowing rate of 5.50% to discount the lease payments.

The YMCA leases land in Ventura under an operating lease which is payable in monthly installments of $3,396, terminating June 30, 2031. The implementation of Topic 842, *Leases* resulted in recording a non-cash transitional adjustment to operating lease ROU assets and operating lease liabilities of $351,389 and $351,389, respectively, as of July 1, 2022. The YMCA has elected to use their incremental borrowing rate of 5.50% to discount the lease payments.

The components of lease cost for the year ended June 30, 2024 were as follows:

Operating lease cost	$ 352,649
Right-of-use assets, operating lease	$ 639,506
Lease liability	$ 830,088

Other information related to leases at June 30, 2024 was as follows:

Supplemental cash flow information –

Cash paid for amount included in the measurement of lease liabilities:	
Operating cash flow from operating leases	$ 166,900
ROU assets obtained in exchange for lease obligations:	
Operating leases	$ 1,018,186
Reductions to ROU assets resulting from reductions to lease obligations:	
Operating leases	$ (188,098)
Weighted average remaining lease term:	6 years
Weighted average discount rate:	3.50%

12. RIGHT-OF-USE OPERATING LEASES - Continued

Maturities of lease liabilities under noncancellable operating leases as of June 30, 2024, are as follows:

For the Year Ending June 30,	Amount
2025	$ 174,963
2026	179,291
2027	188,493
2028	198,168
2029	104,963
Thereafter	119,794
Total undiscounted lease payments	965,672
Less present value discount	(135,584)
Lease liability	$ 830,088

13. IN-KIND CONTRIBUTIONS

On August 10, 2023, the YMCA signed an Asset Transfer Agreement with San Luis Obispo County YMCA (SLO YMCA). In accordance with this agreement, all assets and certain liabilities will transfer from SLO YMCA to the YMCA effective January 1, 2024. On that date, the SLO YMCA became a branch of the YMCA. A net total of $5,002,939 of SLO YMCA's assets and liabilities have been transferred to the YMCA and recorded in the Statement of Activities as in-kind contributions.

14. RELATED PARTY TRANSACTIONS

During 2024, several bank accounts, the commercial loan, and line of credit were held and/or provided by a bank whose president is a board member of the YMCA.

During 2024, the YMCA was charged legal expenses of $18,973 by a local law firm for various matters. A partner of this local law firm is also a member of the YMCA's board of directors.

15. LIQUIDITY AND FUNDS AVAILABLE

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position dated June 30, 2024 comprise the following:

	Amount
Financial assets:	
Cash and cash equivalents	$ 10,084,884
Grants and contracts receivable	543,236
Accounts receivable, net of allowance	558,015
Promises to give, net of allowance	189,187
	11,375,322
Less cash unavailable for general expenditures within one year:	
Board-designated for building purchase	(3,320,266)
Investments with donor restrictions	(6,238,366)
	9,558,632
Financial assets available to meet cash needs for general expenditures within one year	$ 1,816,690

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

16. CONCENTRATION RISK

Credit Risk

The YMCA maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000 for each insured financial institution. At June 30, 2023, the YMCA had uninsured cash balances of approximately $3,684,585.

Concentrations

One source of the YMCA's revenue is from membership income for its physical education programs. Revenue generated from this source is approximately 28% of its operating revenue and derived largely from the local region.

17. CONTINGENCIES

Governmental Funding

The YMCA received a number of grants from various governmental agencies. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds and as to the share of costs contributed by the YMCA. For 2024, the YMCA could be liable for as much as the full amount of federal governmental funds expended up to approximately $676,541 if, under audit, the oversight agency were to determine that all costs charged to the project were disallowed. Management believes it is unlikely that the various agencies would disallow a significant portion of the costs.

18. RESTATEMENT ADJUSTMENT

During the year ended June 30, 2024, the YMCA made an adjustment for membership dues effective as of June 30, 2023. The effect of this adjustment was to increase net assets without donor restrictions by $26,977 as of June 30, 2023, and decrease membership dues as of June 30, 2024.

19. SUBSEQUENT EVENTS

The YMCA has evaluated events subsequent to June 30, 2024, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 4, 2024, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

VASIN, HEYN & COMPANY
ABOVE THE BRIGHT LINE
AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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
Channel Islands Youth Men's Christian Association (the YMCA)
(A California Non-Profit Corporation)
Carpinteria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Channel Islands Young Men's Christian Association (A California Non- Profit Corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Channel Islands Young Men's Christian Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for effectiveness of Channel Islands Young Men's Christian Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Channel Islands Young Men's Christian 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Channel Islands Young Men's Christian 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*.

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 Channel Islands Young Men's Christian Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Channel Islands Young Men's Christian Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasin, Heyn + Co.

Calabasas, California
December 4, 2024