Consolidated Financial Statements and Supplementary Information

Young Men's Christian Association of Orange County and Subsidiary

Years Ended December 31, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
Young Men's Christian Association of Orange County and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of the Young Men's Christian Association of Orange County and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Young Men's Christian Association of Orange County and Subsidiary as of December 31, 2023, and the changes in their net assets and their 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Men's Christian Association of Orange County and Subsidiary 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.

Emphasis of Matter – Prior Year Financial Information

The consolidated financial statements of Young Men's Christian Association of Orange County and Subsidiary as of and for the year ended December 31, 2022, were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on June 27, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Young Men's Christian Association of Orange County and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Men's Christian Association of Orange County and Subsidiary'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and consolidating schedules of activities and changes in member's equity as of and for the years ended December 31, 2023 and 2022, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Irvine, California
August 9, 2024

Consolidated Financial Statements

Young Men's Christian Association of Orange County and Subsidiary
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 9,926,470	$ 5,801,705
Investments	23,182,769	17,701,820
Receivables		
Accounts receivable, net	2,693,832	1,994,226
Non-cash contribution receivable, current	171,922	93,172
Employee retention tax credit receivable	-	4,652,226
Current pledges receivable, net	2,388,708	2,394,379
Prepaid expenses and other current assets	490,282	288,616
Total current assets	38,853,983	32,926,144
Deposits	4,994	2,200
Endowment investments	168,444	168,444
Non-cash contribution receivable, noncurrent	1,485,417	1,211,231
Pledges receivable, noncurrent	10,527,134	12,060,473
Property and equipment, net	11,629,716	11,236,843
Operating right-of-use (ROU) assets	1,640,911	2,053,814
Total assets	$ 64,310,599	$ 59,659,149
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 652,053	$ 476,382
Accrued payroll and employee benefits	3,440,236	3,014,269
Program fees received in advance	1,184,859	1,227,017
Accrued expenses	100,000	39,283
Operating lease liability, current	734,610	665,481
Total current liabilities	6,111,758	5,422,432
LONG-TERM LIABILITIES		
Deposits payable	29,391	37,798
Operating lease liability, noncurrent	906,301	1,388,333
Total long-term liabilities	935,692	1,426,131
Total liabilities	7,047,450	6,848,563
NET ASSETS		
Without donor restrictions	33,355,784	30,509,688
With donor restrictions	23,907,365	22,300,898
Total net assets	57,263,149	52,810,586
Total liabilities and net assets	$ 64,310,599	$ 59,659,149

See accompanying notes.

Young Men's Christian Association of Orange County and Subsidiary
Consolidated Statements of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Fundraising support			
Contributions	$ 1,018,941	$ 1,347,317	$ 2,366,258
Non-cash contributions	-	525,024	525,024
Special events, net of direct costs of $178,394	172,891	-	172,891
Total fundraising support	1,191,832	1,872,341	3,064,173
Program revenue			
Childcare fees	20,458,603	-	20,458,603
Membership fees	5,849,099	-	5,849,099
Health and fitness fees	2,514,000	-	2,514,000
Adventure guides fees	2,151,248	-	2,151,248
Government assistance	11,612,475	-	11,612,475
Camp fees	1,229,606	-	1,229,606
Community programs fees	668,308	-	668,308
Facility fees	131,414	-	131,414
Total program revenue	44,614,753	-	44,614,753
Other income	972,774	-	972,774
Rental income	237,457	-	237,457
Net assets released from restrictions	267,133	(267,133)	-
Total revenue, support, and gains	47,283,949	1,605,208	48,889,157
OPERATING EXPENSES			
Program services			
Child and youth development	20,991,943	-	20,991,943
Health and fitness	8,297,174	-	8,297,174
Adventure guides activities	2,105,708	-	2,105,708
Camp	827,550	-	827,550
Other community services	7,018,933	-	7,018,933
Total program services	39,241,308	-	39,241,308
Supporting services			
Administrative and general	6,694,188	-	6,694,188
Fundraising	162,478	-	162,478
Total supporting services	6,856,666	-	6,856,666
Tipper, LLC, operating expenses	518,005	-	518,005
Total operating expenses	46,615,979	-	46,615,979
OPERATING MARGIN	667,970	1,605,208	2,273,178
NONOPERATING REVENUES (EXPENSES)			
Investment gain, net	2,214,414	1,259	2,215,673
Loss on disposal of property and equipment, net	(36,288)	-	(36,288)
Total nonoperating revenues, net	2,178,126	1,259	2,179,385
CHANGE IN NET ASSETS	2,846,096	1,606,467	4,452,563
NET ASSETS, beginning of year	30,509,688	22,300,898	52,810,586
NET ASSETS, end of year	$ 33,355,784	$ 23,907,365	$ 57,263,149

See accompanying notes.

Young Men's Christian Association of Orange County and Subsidiary
Consolidated Statements of Activities (Continued)
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Fundraising support			
Contributions	$ 1,148,052	$ 16,856,596	$ 18,004,648
Special events, net of direct costs of $186,725	133,823	-	133,823
Total fundraising support	1,281,875	16,856,596	18,138,471
Program revenue			
Childcare fees	18,751,793	-	18,751,793
Membership fees	5,034,770	-	5,034,770
Health and fitness fees	2,042,958	-	2,042,958
Adventure guides fees	2,218,915	-	2,218,915
Government assistance	3,237,664	-	3,237,664
Camp fees	1,107,090	-	1,107,090
Community programs fees	508,260	-	508,260
Facility fees	160,801	-	160,801
Total program revenue	33,062,251	-	33,062,251
Other income	1,548,985	-	1,548,985
PPP loan forgiveness	4,748,475	-	4,748,475
Employee retention tax credit	2,995,327	-	2,995,327
Rental income	241,503	-	241,503
Net assets released from restrictions	306,651	(306,651)	-
Total revenue, support, and gains	44,185,067	16,549,945	60,735,012
OPERATING EXPENSES			
Program services			
Child and youth development	16,114,576	-	16,114,576
Health and fitness	7,360,388	-	7,360,388
Adventure guides activities	2,234,163	-	2,234,163
Camp	855,593	-	855,593
Other community services	4,452,657	-	4,452,657
Total program services	31,017,377	-	31,017,377
Supporting services			
Administrative and general	6,199,702	-	6,199,702
Fundraising	177,571	-	177,571
Total supporting services	6,377,273	-	6,377,273
Tipper, LLC, operating expenses	554,168	-	554,168
Total operating expenses	37,948,818	-	37,948,818
OPERATING MARGIN	6,236,249	16,549,945	22,786,194
NONOPERATING EXPENSES			
Investment (loss) / gain, net	(381,310)	34	(381,276)
Loss on disposal of property and equipment, net	(47,144)	-	(47,144)
Total nonoperating expenses	(428,454)	34	(428,420)
CHANGE IN NET ASSETS	5,807,795	16,549,979	22,357,774
NET ASSETS, beginning of year	24,701,893	5,750,919	30,452,812
NET ASSETS, end of year	$ 30,509,688	$ 22,300,898	$ 52,810,586

See accompanying notes.

Young Men's Christian Association of Orange County and Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2023

	Program Services						Supporting Services				
	Child and Youth Development	Health and Fitness	Adventure Guides Activities	Camp	Other Community Services	Subtotal	Administrative and General	Fundraising	Subtotal	Tipper, LLC	Total
Salaries and wages	$ 13,517,112	$ 4,283,422	$ 215,565	$ 331,800	$ 4,360,878	$ 22,708,777	$ 3,755,390	$ 68,287	$ 3,823,677	$ -	$ 26,532,454
Employee benefits	1,245,428	305,251	33,603	29,924	377,760	1,991,966	429,674	8,166	437,840	-	2,429,806
Payroll taxes	1,056,599	330,104	16,183	25,673	360,451	1,789,010	198,076	5,432	203,508	-	1,992,518
Activity admissions	496,393	21,643	1,176,089	96,296	202,832	1,993,253	-	-	-	-	1,993,253
Credit losses	132,444	38,607	3,064	775	18,107	192,997	-	3,249	3,249	-	196,246
Credit card and bank fees	221,609	177,910	42,657	7,880	9,740	459,796	190,344	22,683	213,027	-	672,823
Depreciation	343,789	506,761	-	91,569	4,152	946,271	116,032	-	116,032	227,837	1,290,140
Employee and travel expense	10,363	7,972	2,228	310	7,251	28,124	5,369	246	5,615	-	33,739
Fair share	255,612	85,882	22,718	2,882	33,145	400,239	14,668	10,792	25,460	-	425,699
Fundraising campaign	-	-	-	-	-	-	-	29,286	29,286	-	29,286
Insurance	350,107	127,561	39,496	7,944	73,027	598,135	-	-	-	-	598,135
Meetings, training, and conferences	125,416	58,194	14,597	4,962	85,915	289,084	174,274	5,299	179,573	-	468,657
Occupancy	855,017	1,694,805	9,376	80,794	73,685	2,713,677	261,053	35	261,088	258,891	3,233,656
Postage	1,815	466	153	193	837	3,464	8,944	4	8,948	83	12,495
Printing and promotion	300,921	84,303	20,644	6,579	98,577	511,024	4,896	3,606	8,502	2,270	521,796
Professional fees	70,414	14,981	3,711	1,559	138,914	229,579	1,122,919	1,799	1,124,718	15,512	1,369,809
Program materials	1,256,049	371,153	495,668	76,931	933,012	3,132,813	69,117	1	69,118	-	3,201,931
Recruitment and relocation	4,355	1,168	-	-	3,941	9,464	216,605	-	216,605	-	226,069
Small equipment	54,800	46,043	2,967	3,458	26,254	133,522	17,256	52	17,308	-	150,830
Supplies	112,017	89,963	447	10,087	17,535	230,049	30,484	2,711	33,195	6,150	269,394
Telephone	357,395	36,555	6,542	10,114	85,702	496,308	64,188	830	65,018	7,262	568,588
Vehicle expense	224,288	14,430	-	37,820	107,218	383,756	14,899	-	14,899	-	398,655
Total expenses by function	$ 20,991,943	$ 8,297,174	$ 2,105,708	$ 827,550	$ 7,018,933	$ 39,241,308	$ 6,694,188	$ 162,478	$ 6,856,666	$ 518,005	$ 46,615,979

See accompanying notes.

Young Men's Christian Association of Orange County and Subsidiary
Consolidated Statements of Functional Expenses
Year Ended December 31, 2022

	Program Services						Supporting Services				
	Child and Youth Development	Health and Fitness	Adventure Guides Activities	Camp	Other Community Services	Subtotal	Administrative and General	Fundraising	Subtotal	Tipper, LLC	Total
Salaries and wages	$ 9,664,237	$ 3,780,043	$ 215,389	$ 306,336	$ 2,748,300	$ 16,714,305	$ 4,062,278	$ 62,824	$ 4,125,102	$ -	$ 20,839,407
Employee benefits	1,187,031	345,080	37,993	31,284	327,552	1,928,940	368,242	9,466	377,708	-	2,306,648
Payroll taxes	769,667	293,939	16,163	23,077	232,943	1,335,789	209,109	5,322	214,431	-	1,550,220
Activity admissions	365,775	-	1,424,902	106,754	85,065	1,982,496	-	-	-	-	1,982,496
Bad debt expense	143,052	36,138	1,337	-	17,978	198,505	21	2,468	2,489	-	200,994
Credit card and bank fees	306,173	145,682	45,740	4,233	16,796	518,624	30,654	19,213	49,867	-	568,491
Depreciation	222,817	529,032	576	89,327	27,575	869,327	61,464	21	61,485	222,741	1,153,553
Employee and travel expense	11,331	4,968	2,338	275	10,447	29,359	6,372	855	7,227	-	36,586
Fair share	182,343	62,092	20,521	2,030	24,299	291,285	5,274	6,895	12,169	-	303,454
Fundraising campaign	-	-	-	-	-	-	-	64,145	64,145	-	64,145
Insurance	333,946	131,825	26,173	53,457	75,485	620,886	1,162	7	1,169	-	622,055
Interest	-	-	-	-	-	-	2,885	-	2,885	31,018	33,903
Meetings, training, and conferences	84,974	55,809	12,360	6,484	31,697	191,324	106,337	1,848	108,185	-	299,509
Occupancy	725,491	1,450,109	7,816	80,637	113,976	2,378,029	14,429	-	14,429	283,416	2,675,874
Postage	1,602	472	144	204	613	3,035	12,597	49	12,646	218	15,899
Printing and promotion	264,484	95,697	27,723	7,010	58,719	453,633	4,106	293	4,399	1,798	459,830
Professional fees	178,794	9,870	2,905	1,280	13,681	206,530	960,211	2,822	963,033	5,278	1,174,841
Program materials	738,962	249,263	372,303	80,784	448,153	1,889,465	42,925	6	42,931	20	1,932,416
Recruitment and relocation	-	-	-	-	-	-	165,515	-	165,515	-	165,515
Small equipment	66,102	40,863	5,186	2,179	21,362	135,692	16,403	94	16,497	-	152,189
Supplies	82,074	74,496	447	16,892	11,901	185,810	14,016	372	14,388	6,358	206,556
Telephone	305,912	40,843	8,974	7,560	68,403	431,692	63,054	761	63,815	3,321	498,828
Vehicle expense	479,809	14,167	5,173	35,790	117,712	652,651	52,648	110	52,758	-	705,409
Total expenses by function	$ 16,114,576	$ 7,360,388	$ 2,234,163	$ 855,593	$ 4,452,657	$ 31,017,377	$ 6,199,702	$ 177,571	$ 6,377,273	$ 554,168	$ 37,948,818

See accompanying notes.

Young Men's Christian Association of Orange County and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,452,563	$ 22,357,774
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,290,140	1,153,553
Non-cash occupancy expenses for donated property and buildings	172,088	93,172
Non-cash contributions for use of donated property and buildings	(525,024)	-
Realized and unrealized (gain) loss on investments	(863,596)	964,426
Loss on disposal of property and equipment	36,288	47,144
Forgiveness of Paycheck Protection Program Loan	-	(4,748,475)
Increase in pledges receivable restricted for long-term capital projects	-	(22,476,710)
Change in discount for pledges receivable	(1,414,426)	5,640,797
Provision for credit losses, net of collections	34,433	18,970
Allowance for uncollectable pledges receivable	6,447	823
Donated securities	66,975	68,658
Changes in operating assets and liabilities		
Accounts receivable	(734,039)	(154,108)
Employee Retention Tax Credit receivable	4,652,226	(2,995,327)
Pledges receivable	45,331	(24,136)
Prepaid expenses and other current assets	(201,666)	(20,816)
Deposits	(2,794)	-
Accounts payable	175,671	(132,510)
Accrued payroll and employee benefits	425,967	1,113,265
Accrued expenses	60,717	(195,254)
Program fees received in advance	(42,158)	184,934
Deposits payable	(8,407)	8,274
Net cash provided by operating activities	7,626,736	904,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,721,526)	(1,401,312)
Proceeds from sale of property and equipment	2,225	16,145
Sales of investments	5,480,951	7,655,171
Purchases of investments	(10,165,279)	(10,528,931)
Net cash used in investing activities	(6,403,629)	(4,258,927)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from pledges receivable restricted for long-term capital projects	2,901,658	2,460,625
Payments made on line of credit	-	(2,753,974)
Net cash provided by (used in) financing activities	2,901,658	(293,349)
CHANGE IN CASH AND CASH EQUIVALENTS	4,124,765	(3,647,822)
CASH AND CASH EQUIVALENTS, beginning of year	5,801,705	9,449,527
CASH AND CASH EQUIVALENTS, end of year	$ 9,926,470	$ 5,801,705
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ -	$ 47,611

See accompanying notes.

Note 1 – Principal Activity and Significant Accounting Policies

Organization – At the Young Men's Christian Association of Orange County and Subsidiary (the YMCA or Y), strengthening community is its cause. With a focus on youth development, healthy living, and social responsibility, the Y serves Orange County, Riverside County, Pomona Valley, and East San Gabriel Valley through five Health & Wellness locations, two program centers, a campground, numerous community services and youth programs, and 121 before and after school program centers. YMCA programs celebrate and honor common values of respect, responsibility, honesty, and caring by infusing character development into the foundation and practice of all programs; from youth sports and group exercise classes to parent/child programs and community services – Y programs build healthy spirit, mind, and body for all. The YMCA is a nonprofit, charitable organization that serves the entire community.

Tipper, LLC (Tipper), is a wholly owned subsidiary of the YMCA, operated exclusively to further the charitable purposes of the Y. The activities of the limited liability company are limited to acquiring and holding title to property, collecting income therefrom, and remitting the entire amount of net income from such property to the Y within the meaning of Section 23701b of the California Revenue and Taxation Code and in furtherance of the charitable purposes of the Y.

The consolidated financial statements include the accounts of the YMCA and its wholly owned subsidiary, Tipper, which are collectively referred to as the "Organization." Interorganizational transactions and balances have been eliminated in consolidation.

Nature of services – The Y provides services for the following program areas:

- *Child and youth development* – The Y provides a safe and inclusive before and after school care program, which supports the needs and priorities of the child, the family, and the school. YMCA programs facilitate the development of the whole child through meaningful experiences, programs, and collaborations that build relationships and a sense of community. Currently, the Y delivers curriculum-based programming at 59 locations throughout Orange County, Riverside County, Pomona Valley, and San Gabriel Valley. In addition, the Y provides year-round experiences through day camps and enrichment clubs. Youth experience curriculum through a variety of content areas, hands-on activities, clubs, service learning projects, and enrichment centers.

- *Health and fitness* – The Y provides comprehensive health and wellness programming to youth and adults. Through quality programs and partnerships that span across six locations and six cities, the community receives opportunities to engage in healthier habits, community involvement, giving back, and being connected. The Y is a place where everyone can work toward their own goals by challenging themselves to learn a new skill or hobby, fostering connections with friends, and bringing loved ones closer together through family-centered healthy activities. At the Y, it is not the activity as much as it is about the benefits of living healthier together as a community.

- *Adventure Guides activities* – The Adventure Guides program was developed by the Y to help strengthen family relationships. The program fosters companionship and understanding and sets a foundation for positive, lifelong relationships between parent and child, ages 3–12. The program is designed to build a sense of self-esteem and personal worth through experiences in nature, at events, in play, and more. The program provides the framework to meet a mutual need of spending enjoyable, constructive, and quality time together.

- *Camp* – Y camp has been a tradition dating back to as early as 1885. The Y offers a variety of camps created to meet the needs of families. The Y camps include residential, summer day camps, winter day camps, and specialty camps. Each camp is designed with the Y's core values of caring, honesty, respect, and responsibility at the center of all activities. Y camp programs are educational and experiential; they foster cognitive development, physical well-being, social growth, character development, leadership skills, and a respect for the environment. Through a variety of engaging activities and the use of natural surroundings, Y camp programs encourage participants to explore and develop their interests and abilities in a safe and nurturing environment.

- *Other community services* – The Y's mission does not stop at traditional school or fitness settings but extends beyond to meet the needs of those in the community. Through key programs, the Y offers all community members the ability to participate in programs, make new friends, build memories, and live life to their best.

  New Horizons is a program for adults living with developmental disabilities and special needs ages 18 and up. The New Horizons program provides safe and supervised recreational outings in the community that offer social interaction, skill building, and lifelong friendships. While participants are having fun, their full-time caregivers are provided with the "time-off" they need to better care for their loved ones.

  The Y Inclusion Program assists children with special needs or disabilities in becoming independent, engaged, and successful in their childcare setting. The Y's positive and supportive approach focuses on behavior management and play and social and self-care skills development.

  The Y is a proud supporter of the After School Education & Safety (ASES) program and the Expanded Learning Opportunities Program (ELOP) for students. ASES supports low-income families by providing a safe and educational after-school environment through state grants. The Y currently operates 24 ASES sites, 10 in Los Angeles County and 14 in Orange County. ASES students receive homework assistance and snacks and participate in activities that support Science, Technology, Engineering, Arts, Math (known as STEAM), leadership, sports, and other enrichment opportunities. ELOP supports afterschool and summer school enrichment through learning programs that focus on developing the academic, social, emotional, and physical needs and interests of students. The YMCA currently operates 81 ELOP sites, 14 in Los Angeles County and 67 in Orange County.

  The Youth & Government program is a six-month program in which high-school aged delegates (9^{th}–12th grades) learn about California's government and the changes they can make in their communities. Students will role-play various positions of the California State Legislature and the state court systems. Students participate by joining their high school delegation and attending weekly meetings where they discuss issues facing California and the ways the legislative and judicial branches can effect change.

Basis of presentation – The accompanying consolidated financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to the ASC hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net assets without donor restrictions – Net assets of the Organization that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets with donor restrictions – Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Operating measure – The Organization divides its consolidated statements of activities into operating and nonoperating activities. The operating activities include all income and expenses related to carrying out its programs and mission.

Nonoperating activities include current year realized and unrealized gains (losses) on investments and gains (losses) from the disposition of property and equipment.

Recent adopted accounting pronouncements – In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments*, with subsequently issued improvements, which requires that credit losses on most financial assets measured at amortized cost and certain other instruments be measured using an expected credit loss model. The ASU also replaces the current accounting model for purchased credit-impaired loans and debt securities. The Organization adopted the new standards on January 1, 2023, using the modified retrospective approach, which did not have a significant effect on the consolidated financial statements as of and for the year ended December 31, 2023. Therefore, there was no cumulative effect to beginning net assets.

Cash and cash equivalents – For purposes of reporting cash flows, cash and cash equivalents include petty cash funds, bank checking accounts used for operating purposes, and investments with maturities of three months or less from the original purchase dates.

Investments – Investments consist of debt and equity securities and certificates of deposits held by the Organization with a maturity over 90 days. Debt securities are carried at fair value with changes in fair value recognized in changes in net assets. Equity securities consisting of common stock, mutual funds, exchange-traded products with readily determinable fair values are measured at fair value, with changes in fair value recognized in earnings. The fair value of alternative investments is measured using net asset value (NAV).

Realized and unrealized gains or losses on investments are recorded in the consolidated statements of activities. Investment purchases and sales are recorded on a trade-date basis. Dividend income is recorded based upon the ex-dividend date, and interest income is recorded as earned on an accrual basis.

Accounts receivable – The Organization's accounts receivable are unsecured and primarily fees for services provided and rent that is due. Accounts receivable are typically due net 30 days and non-interest bearing. Management determines an allowance for credit losses based on historical experience and management's evaluation of current and reasonably supportable expected future economic conditions and the customer's willingness or ability to pay. Receivables are written off in the period deemed uncollectible.

Property and equipment – Property and equipment are stated at cost less accumulated depreciation if purchased or at the estimated fair value if donated. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 10 to 40 years for buildings and improvements, 3 to 10 years for furniture and equipment, and 3 to 7 years for vehicles.

Long-lived assets and asset impairment – The Organization accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires that impairment losses be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. For the years ended December 31, 2023 and 2022, there was no impairment of the value of such assets.

Donated materials, services, and facilities – Donated materials and other noncash contributions are reflected in the accompanying consolidated financial statements at their estimated fair value at the date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services that do not meet these criteria are not recognized in the consolidated financial statements, as there is no objective basis of deriving their value.

The Organization occupies four acres of land, as well as a 27,327 square-foot building donated by the City of Mission Viejo and 4,224 square-foot building donated by the City of Fullerton. The uses of these locations are considered non-reciprocal and the value of the use of these properties has been determined using the comparable square footage rates for similar spaces in those geographical areas. As these cities have contractually committed the use of these facilities, the entire contribution was recognized at the time of receipt as with donor restriction and are being systematically released from restriction consistent with the use of space. The outstanding contribution receivable at December 31, 2023 and 2022, was $1,657,339 and $1,304,403, respectively.

The Organization also makes use of 3.57 acres of land operated by the U.S. Army, and a 20,455 square-foot building, and 23,655 square feet of land owned by the City of Laguna Niguel. The use of these facilities/land are considered exchange transactions and therefore have not been recognized as contributions.

Accrued vacation – As of December 31, 2023 and 2022, the accrued vacation liability was $839,757 and $687,661, respectively, and is included as a component of accrued payroll and employee benefits in the accompanying consolidated statements of financial position.

Revenue recognition

Contributions – In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received, including donated use of facilities and land, are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Organization does not have any cost-reimbursable grants that have been recognized at December 31, 2023 and 2022, because qualifying expenditures have not been incurred.

Exchange transactions – The Organization recognizes revenue from contracts with customers in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers (ASC 606)*. The Organization records exchange transaction revenue in its consolidated statements of activities for the years ended December 31, 2023 and 2022, as stated below.

- Childcare – For childcare, the performance obligation is the delivery of childcare services to the customer. Most childcare contracts are month-to-month with revenue recognized over the length of the contract. The transaction price is established by the Organization. Fees include program supplies, meals, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation.

- Membership – For membership, the performance obligation is providing access to health and fitness facilities and classes to members. Most memberships are month-to-month with revenue recognized over the monthly membership contract. The transaction price is established by the Organization. Fees include program supplies, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation.

- Health and fitness – For health and fitness, the performance obligation is providing health and fitness services to members. Revenue is recognized over the period of time when the purchased services are provided. The transaction price is established by the Organization based on individual services provided. As each item is individually priced, no allocation of the transaction price is necessary.

- Adventure Guides – For Adventure Guides, the performance obligation is the delivery of Adventure Guide programs to the customer. Adventure Guide programs are for one calendar-year period with revenue recognized evenly throughout the period. The transaction price is established by the Organization. Fees include program supplies, meals, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. In addition, the Adventure Guide program includes events with transaction prices established by the Organization. Adventure Guide event revenue is recognized over the period of time an event occurs. As each event is individually priced, no allocation of the transaction price is necessary.

- Camp – For camp, the performance obligation is holding the camp. Revenue is recognized over the period of time a camp is held. The transaction price is established by the Organization. Fees include program supplies, meals, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation.

- Community-based programs – For community-based programs, the performance obligation is the delivery of community programs to program participants. Revenue is recognized over time as programs are held. The transaction price is established by the Organization. Fees include program supplies, meals, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation.

- Special fundraising event revenue – The Y 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 Y. 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 Y. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Y, are recorded as costs of direct donor benefits in the consolidated statements of activities.

  The performance obligation is holding the event, which is usually accompanied by a presentation. The event fees are set by the Y. ASC 606 requires allocation of the transaction price to the performance obligation. Accordingly, the Y separately presents in its notes to the consolidated financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Y in advance of the events are initially recognized as liabilities (deferred income) and are recognized as special event revenue after the event. For special event fees received before year-end, for an event to occur after year end, the Y follows American Institute of Public Accounting (AICPA) guidance (if this is the case) where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

- Facility fees and rental income – The Organization generates revenues from facility rental fees and office space rental income in accordance with FASB ASC 840, *Leases*, on a straight-line basis over the period of the rental contract. Rental contract terms can range from daily to multiyear. Because the term of a contract can extend across more than one financial reporting period, the Organization records unearned and unbilled rental revenue at the end of each reporting period to ensure that the rental revenue earned is appropriately stated in the period presented.

Functional allocation of expenses – The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Expenses to advertise programs, which include salaries and wages of marketing employees and other expenses, such as printing and promotion, are based on actual expenses incurred for each program. Additionally, the costs of the subsidiary, Tipper, have been summarized on a functional basis in the consolidated statements of functional expenses.

Reclassifications – Certain reclassifications have been made to the prior year consolidated financial statements in order to conform with current-year presentation. These reclassifications had no effect on the change in net assets or total net assets.

Use of estimates – The process of preparing consolidated financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Income taxes – The YMCA is recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) and the corresponding state code as a charitable organization whereby only unrelated business income is subject to income tax. The YMCA had no unrelated business income during the years ended December 31, 2023 and 2022. Accordingly, there is no provision for income taxes in the accompanying consolidated financial statements.

In accordance with FASB ASC 740-10-25, *Income Taxes*, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not that the position will be sustained. The YMCA does not believe that there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties at December 31, 2023 and 2022.

Tipper is a limited liability company that was granted tax-exempt status under the Franchise Tax Board Revenue and Taxation Code Section 23701h. Accordingly, there is no provision for income taxes in the accompanying consolidated financial statements. For federal tax purposes, Tipper is considered a disregarded entity and files on a consolidated basis with the YMCA.

Leases – The Organization leases its facilities and equipment under noncancelable lease arrangements. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the accompanying consolidated statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, the Organization has elected to use a risk-free discount rate of a period comparable with that of the lease term for computing the present value of lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

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

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the accompanying consolidated statements of financial position.

The Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Additionally, the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use the risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are issued.

The Organization has evaluated subsequent events through August 9, 2024, the date the consolidated financial statements were available to be issued.

Note 2 – Revenue from Contracts with Customers

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2023 and 2022:

	2023	2022
Childcare fees	$ 20,458,603	$ 18,751,793
Membership fees	5,849,099	5,034,770
Health and fitness fees	2,514,000	2,042,958
Adventure guide fees	2,151,248	2,218,915
Government assistance	11,612,475	3,237,664
Camp	1,229,606	1,107,090
Community programs fees	668,308	508,260
Other revenue – contracted services revenue	446,418	576,895
Total revenue from contracts with customers	$ 44,929,757	$ 33,478,345

Note 3 – Liquidity

The Organization's financial assets available for general expenditure (that is, without donor or other restrictions limiting their use), within one year of the consolidated statement of financial position date, are as follows as of December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 9,926,470	$ 5,801,705
Investments	23,182,769	12,470,462
Accounts receivable	2,693,832	1,994,226
Employee retention credit tax receivable	-	4,652,226
Pledges receivable	2,388,708	2,394,379
Total financial assets available to meet general expenditures within one year	$ 38,191,779	$ 27,312,998

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in various investments and money market funds as more fully described in Note 5 for which the Organization would not incur penalties if sold. The cash and cash equivalents and the investment balances noted above differ from the consolidated statements of financial position totals as a portion of the balances represent assets with donor restrictions and are not available for general expenditures.

Note 4 – Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of December 31, 2023 and 2022:

	2023	2022
Petty cash	$ 1,793	$ 1,914
Checking accounts	967,311	1,047,841
Money market accounts	8,957,366	4,751,950
Total cash and cash equivalents	$ 9,926,470	$ 5,801,705

The Organization maintains cash and cash equivalent balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to $250,000. The Organization regularly has deposits with banks in excess of federally insured limits.

Tipper engaged a property management company to manage rental lease contracts and building maintenance. As part of the agreement, the property management company established a trust account for which Tipper is the beneficiary.

Note 5 – Investments

The fair value of investments and endowment investments at December 31 is as follows:

	2023	2022
Common stock	$ 9,298,168	$ 7,278,857
Corporate bonds	621,495	535,374
Treasury bonds	1,228,907	1,174,321
Mutual funds	6,511,656	4,817,574
Exchange-traded products	2,146,605	1,378,535
Alternative investments	3,353,499	2,495,818
Certificates of deposit	190,883	189,785
Total investments	$ 23,351,213	$ 17,870,264

Investment income (loss), net, consists of the following for the years ended December 31:

	2023	2022
Interest and dividend income	$ 1,387,686	$ 627,800
Net realized losses	(132,377)	(69,160)
Net unrealized gains (losses)	995,973	(895,266)
Management fees	(35,609)	(44,650)
Investment income (loss), net	$ 2,215,673	$ (381,276)

Note 6 – Accounts Receivable

Accounts receivable are composed of the following at December 31, 2023 and 2022:

	2023	2022
Grants (governmental/foundation)	$ 1,627,051	$ 1,080,796
Program	1,133,813	946,205
Other	326	150
Less: allowance for credit losses	(67,358)	(32,925)
Total accounts receivable, net	$ 2,693,832	$ 1,994,226

Program receivables outstanding as of January 1, 2022, was $1,079,702.

Note 7 – Pledges and Contributions Receivable

In March 2022, the Organization received a pledge of $ 22,500,000 consisting of approximately $2,500,000 annually through the year ending December 31, 2030. The balance of the pledge has been discounted using the weighted-average cost of capital model with a rate of 8.00%. The present value of the pledge receivable for the year ended December 31, 2023, is $12,790,947. The purpose of the pledge is to benefit the needs for development and long-term viability of the Newport Facility to be built in addition to other designated uses specified by the donor.

	Future Value	Net Present Value
Year Ending December 31,		
2024	$ 2,444,918	$ 2,263,813
2025	2,444,918	2,096,123
2026	2,444,918	1,940,855
2027	2,444,918	1,797,088
2028	2,444,918	1,663,970
2029	2,444,918	1,540,713
2030	2,444,918	1,488,385
Total	$ 17,114,426	12,790,947
Other current pledges receivable, net		124,895
Total current and noncurrent pledges receivable, net		$ 12,915,842

In addition, the Organization has certain non-cash contributions receivable from the City of Mission Viejo, California, and City of Fullerton, California, related to the use of donated land and building that are available through April 2037 and April 2028, respectively. The valuation and restrictions associated with these land and buildings is further described in Note 1.

Note 8 – Property and Equipment

Property and equipment consist of the following at December 31, 2023 and 2022:

	2023	2022
Land	$ 2,280,743	$ 2,280,743
Buildings and improvements	20,827,377	19,880,765
Furniture and equipment	5,768,513	5,521,396
Vehicles	392,579	361,753
Construction in process	480,771	296,197
Total	29,749,983	28,340,854
Less: accumulated depreciation	(18,120,267)	(17,104,011)
Property and equipment, net	$ 11,629,716	$ 11,236,843

Depreciation expense for the years ended December 31, 2023 and 2022, was $1,290,140 and $1,153,553, respectively.

Note 9 – Lease Rental Income

Tipper leases office space to various tenants under rental lease agreements expiring in years through 2025. Rental income during the years ended December 31, 2023 and 2022, totaled $237,457 and $241,503, respectively.

Minimum future lease payments to be received as of December 31, 2023, are as follows:

	Amount
Year Ending December 31,	
2024	$ 98,041
2025	64,091
Total	$ 162,132

Note 10 – Leases

The Organization leases office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026. In the normal course of operations, it is expected that these leases will be renewed or replaced by similar leases. The agreements generally require the Organization to pay insurance and repairs.

The following table provides quantitative information concerning the Organization's leases for the years ended December 31, 2023 and 2022:

	2023	2022
Lease costs		
Operating lease costs	$ 764,556	$ 523,811
Short-term lease costs	154,953	593,305
Total lease costs	$ 919,509	$ 1,117,116
Other information		
Operating cash flows from operating leases	$ 764,556	$ 523,811
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 420,786	$ 789,074
Weighted-average remaining lease term – operating leases	2.34 Years	3.11 Years
Weighted-average discount rate – operating leases	2.91%	2.54%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

	Leases
Year Ending December 31,	
2024	$ 788,378
2025	681,133
2026	229,679
2027	33,439
2028	2,240
Total	1,734,869
Less: imputed interest	(93,958)
Present value of lease liabilities	$ 1,640,911
Short-term operating lease liabilities	$ 734,610
Long-term operating lease liabilities	906,301
Present value of operating lease liabilities	$ 1,640,911

Note 11 – Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Equity securities and exchange-traded products – Valued at the closing price reported on the active market on which the individual securities are traded and are, therefore, classified within Level 1.

Certificates of deposit – The investments in certificates of deposit are valued based on quoted market prices of comparable assets and are, therefore, classified within Level 2.

Treasury and corporate bonds – Valued at prices obtained from independent pricing services without adjustment and are, therefore, classified within Level 2.

Mutual funds – Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by a retirement plan are deemed to be actively traded and are, therefore, classified within Level 1.

Alternative investments – For investments that do not have readily determinable fair values, the securities will be carried at cost and remeasured at fair value either upon the occurrence of an observable input of an observable price change or upon identification of an impairment. Investments without readily determinable fair values are generally illiquid investments and their current values may be different from the purchase price. Unless otherwise indicated, the values of these investments represent an estimate of the value of the Organization's participation. The alternative investments have redemption restrictions ranging from semi-annually through one year. There are no unfunded commitments associated with the alternative investments. Some of these investments are valued using the NAV as reported by the investment manager. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets valued using the NAV practical expedient are not required to be reported within the hierarchy.

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2023:

		Investments Measured	Fair Value Measurements		
	Total	at NAV	Level 1	Level 2	Level 3
Equity securities					
Consumer discretionary	$ 361,123	$ -	$ 361,123	$ -	$ -
Consumer goods	1,187,799	-	1,187,799	-	-
Energy	1,128,515	-	1,128,515	-	-
Financials	2,460,346	-	2,460,346	-	-
Health care	1,346,728	-	1,346,728	-	-
Industrials	568,158	-	568,158	-	-
Information technology	1,451,800	-	1,451,800	-	-
Utilities	793,699	-	793,699	-	-
Corporate bonds	621,495	-	-	621,495	-
Treasury bonds	1,228,907	-	-	1,228,907	-
Certificates of deposit	190,883	-	-	190,883	-
Mutual funds	6,511,656	-	6,511,656	-	-
Exchange-traded products	2,146,605	-	2,146,605	-	-
Alternative investments	3,353,499	3,353,499	-	-	-
Total	$ 23,351,213	$ 3,353,499	$ 17,956,429	$ 2,041,285	$ -

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2022:

	Total	Investments Measured at NAV	Fair Value Measurements Level 1	Level 2	Level 3
Equity securities					
Consumer discretionary	$ 298,691	$ -	$ 298,691	$ -	$ -
Consumer goods	845,030	-	845,030	-	-
Energy	729,328	-	729,328	-	-
Financials	1,615,794	-	1,615,794	-	-
Health care	1,289,370	-	1,289,370	-	-
Industrials	864,309	-	864,309	-	-
Information technology	1,122,307	-	1,122,307	-	-
Utilities	514,109	-	514,109	-	-
Corporate bonds	535,374	-	-	535,374	-
Treasury bonds	1,174,321	-	-	1,174,321	-
Certificates of deposit	189,704	-	-	189,704	-
Mutual funds	4,817,574	-	4,817,574	-	-
Exchange-traded products	1,378,535	-	1,378,535	-	-
Alternative investments	2,495,818	1,913,349	582,469	-	-
Total	$ 17,870,264	$ 1,913,349	$ 14,057,516	$ 1,899,399	$ -

Note 12 – Credit Line

In April 2020, the Organization entered into an agreement providing a credit line on a margin account with a financial institution. The credit line provides for borrowings up to approximately 50% of the Organization's eligible investment balance with the financial institution which approximated $14.9 million for the year ended December 31, 2023. Monthly interest payments are made at 0.75% above the federal funds rate which was 5.33% at December 31, 2023. The credit line is collateralized by the Organization's investments with the financial institution and has an open maturity date. At December 31, 2023 and 2022, the Organization had no borrowings outstanding.

Note 13 – Paycheck Protection Program Loan

On February 27, 2021, the Organization received a loan from Farmers & Merchants Bank of Long Beach in the amount of $4,748,475 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP) loan. The PPP loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest was deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, payment of principal and interest shall begin on that date.

The Organization followed ASC 470, *Debt*, to account for the initial receipt related to the PPP loan. On May 19, 2022, the Organization received notification from the SBA that the Organization has been granted forgiveness of the full amount of the loan and all corresponding interest totaling $4,802,465. The SBA has the right to and may review/audit funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any subsequent review/audit will not have a material adverse impact on the Organization's financial position.

Note 14 – Endowment Funds

The Organization's endowment funds include a donor-restricted endowment. As required by U.S. GAAP, 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 Organization has interpreted the State of California Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted endowment funds (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 accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

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

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The Organization's investments are governed by a written investment policy, the principal objectives of which are to preserve the long-term, real purchasing power of the Organization's assets and generate a predictable and growing stream of annual distributions that will support the Organization's needs. Oversight of the investment portfolio is the responsibility of the investment committee whose members are composed of two or more directors of the board of directors and other such persons as the board of directors shall determine. The chairman of the board of directors and the president of the Organization shall be ex officio members of the investment committee. The investment committee shall administer the investment portfolio in compliance with all written policies approved by the board of directors.

The investment committee has contracted with an independent trust company for the purpose of managing the investment and reinvestment of fund assets in a manner consistent with the overall investment policy as approved by the board of directors.

The following are the investment objectives of the Organization:

- Preserve the investment portfolio's corpus over the long term

- Ensure the investment portfolio's long-term ability to distribute income

The following is the endowment net asset composition by type of fund:

December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, Perpetual in duration – original gift amount	$ -	$ 168,444	$ 168,444

December 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds, Perpetual in duration – original gift amount	$ -	$ 168,444	$ 168,444

Changes in the endowment fund net assets for the years ended December 31, 2023 and 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets – December 31, 2021	$ -	$ 168,444	$ 168,444
Contributions	-	-	-
Investment return	-	34	34
Appropriation of endowment assets for expenditure	-	(34)	(34)
Endowment fund net assets – December 31, 2022	-	168,444	168,444
Contributions	-	-	-
Investment return	-	1,259	1,259
Appropriation of endowment assets for expenditure	-	(1,259)	(1,259)
Endowment fund net assets – December 31, 2023	$ -	$ 168,444	$ 168,444

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 applicable state law requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2023 and 2022. The Organization has interpreted the SPMIFA and applicable state trust law to permit spending from underwater endowments in accordance with prudent measures required under law.

Note 15 – Net Assets Released from Restrictions

Net assets released from restrictions for the years ended December 31, 2023 and 2022, consist of the following:

	2023	2022
Satisfaction of time restrictions	$ 93,786	$ 290,772
Satisfaction of purpose restrictions	173,347	15,879
Total net assets released from restrictions	$ 267,133	$ 306,651

Note 16 – Net Assets

Net assets consist of the following at December 31, 2023 and 2022:

	2023	2022
Net assets without donor restrictions		
Investment in property and equipment	$ 11,629,716	$ 11,236,843
Available for operations	21,726,068	19,272,845
Total net assets without donor restrictions	33,355,784	30,509,688
Net assets with donor restrictions		
Subject to expenditures for specific purposes		
Health and wellness program activities	3,000	4,440
Camping	2,492	2,492
Development of Newport facility	20,676,520	19,438,203
Child and youth development	25,000	8,346
Perinatal services	-	5,000
Teen extreme	5,000	-
Program activities – Orange service area	1,369,570	1,369,570
Total purpose restrictions	22,081,582	20,828,051
Subject to passage of time		
Use of donated land and facilities	1,657,339	1,304,403
Total time restrictions	1,657,339	1,304,403
Endowment		
Perpetually restricted	168,444	168,444
Total net assets with donor restrictions	23,907,365	22,300,898
Total net assets	$ 57,263,149	$ 52,810,586

Note 17 – Advances from Contracts with Customers

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

	Child Care	Other	Total
Balance at December 31, 2021	$ 794,891	$ 247,192	$ 1,042,083
Revenue recognized	(2,209,360)	(2,920,087)	(5,129,447)
Payments received for future performance obligations	1,839,164	3,475,217	5,314,381
Balance at December 31, 2022	424,695	802,322	1,227,017
Revenue recognized	(461,760)	(597,208)	(1,058,968)
Payments received for future performance obligations	484,760	532,050	1,016,810
Balance at December 31, 2023	$ 447,695	$ 737,164	$ 1,184,859

Note 18 – Commitments and Contingencies

Employment agreement – The Organization is engaged in an employment agreement with an individual to provide executive management and leadership services. The agreement provides for a minimum base salary that is subject to merit increase as approved by the compensation committee of the Organization's board of directors. This individual also receives an annual retention bonus equal to 20% of the executive's salary actually paid during the most recently completed year of employment. The agreement is effective through December 31, 2025, and shall automatically extend an additional year, or any additional years thereafter, in one-year increments, at the will of the executive.

Litigation – The Organization experiences litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its consolidated financial statements.

Note 19 – Related-Party Transactions

The Organization is a member of the National Council of Young Men's Christian Association of the United States of America (National Council). The Organization must meet annual certification requirements to remain a member. Support related to the National Council approximated $414,000 and $308,000, respectively, for the years ended December 31, 2023 and 2022.

The Organization participates in a defined contribution, individual account, and money purchase retirement plan, which is administered by the Young Men's Christian Association Retirement Fund (Retirement Fund), a separate corporation. The Retirement Fund is for the benefit of all eligible employees of the Organization who qualify under participation requirements.

In accordance with the Retirement Fund agreement, a percentage of the participating employee's qualified compensation is paid for by the Organization and is to be remitted to the Retirement Fund monthly. Total contributions made by the Organization that are charged to retirement costs for the years ended December 31, 2023 and 2022, aggregated $1,349,495 and $1,193,843, respectively. Unpaid contributions were $118,765 and $106,398, respectively, at December 31, 2023 and 2022, which represent December contributions.

The Retirement Fund is operated as a church pension plan and is a nonprofit tax-exempt New York State corporation, which was established in 1922. Participation is available to all duly organized and reorganized YMCAs in the United States. As a defined contribution plan, the Retirement Fund has no unfunded benefit obligation.

The Organization has a money market account with Farmers & Merchants Bank at December 31, 2023 and 2022. There is an Organization board member who is an employee of Farmers & Merchants Bank. This board member abstains from decisions made concerning matters that would be a conflict of interest.

HighTower Advisors, LLC, provides investment advisory services to the Organization for most of the Organization's investments. There is an Organization board member who is a partner at HighTower Advisors, LLC. This board member abstains from decisions made concerning matters that would be a conflict of interest.

The Organization is a member of Y Purchasing Group, LLC (YPG). Membership in YPG requires the Organization to make certain purchases of supplies and equipment through YPG. The Organization's chief executive officer is a board member of YPG. The Organization guarantees a line of credit for YPG. As of December 31, 2023, there is no outstanding balance; the total amount of credit available is $350,000.

Note 20 – Special Events

The YMCA has various operating branches, each of which organizes its own special event activities. Special events held by the various branches for the years ended December 31, 2023 and 2022, were as follows:

	Gross Revenue	Direct Expenses	Net Gain / (Loss)
December 31, 2023			
Dinners/breakfast	$ 98,752	$ 52,602	$ 46,150
Golf tournaments	241,859	108,480	133,379
5/10k runs	10,674	17,312	(6,638)
Total	$ 351,285	$ 178,394	$ 172,891
December 31, 2022			
Dinners/breakfast	$ 69,891	$ 44,814	$ 25,077
Golf tournaments	234,230	119,550	114,680
5/10k runs	16,427	22,333	(5,906)
Sport tournament	-	28	(28)
	$ 320,548	$ 186,725	$ 133,823

Note 21 – Concentration of Risks

For the years ended December 31, 2023 and 2022, the Organization received approximately 27% and 25%, respectively, of its total fundraising and program revenue support (excluding capital campaign, endowment, and other) from childcare fees associated with childcare services performed on the premises of facilities owned by the Capistrano Unified School District (CUSD). The Organization relies heavily upon these childcare fees to continue the related child and youth development programs. If the Organization's relationship with CUSD were to be terminated, it would likely cause a significant reduction in the Organization's operations. The Organization's current contract with CUSD expires in June 2025, at which time it is subject to renewal.

As discussed in Note 1, the Organization receives funding from the State of California for ELOP program services. This funding amounted to approximately 18% of total program funding for the year ended December 31, 2023. There was not a concentration of revenue under this program in 2022.

Note 22 – Federal Grants and Credits

Eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors are subject to review. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

Supplementary Information

Young Men's Christian Association of Orange County and Subsidiary
Consolidating Schedule of Financial Position
December 31, 2023

	YMCA	Tipper, LLC	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 9,738,856	$ 187,614	$ -	$ 9,926,470
Investments	23,182,769	-	-	23,182,769
Receivables				
Accounts receivable, net	2,693,832	-	-	2,693,832
Non-cash contribution receivable, current	171,922	-	-	171,922
Current pledges receivable, net	2,388,708	-	-	2,388,708
Prepaid expense and other current assets	464,962	25,320	-	490,282
Total current assets	38,641,049	212,934	-	38,853,983
Deposits	4,994	-	-	4,994
Deficit in subsidiary	(608,620)	-	608,620	-
Endowment investments	168,444	-	-	168,444
Non-cash contribution receivable, noncurrent	1,485,417	-	-	1,485,417
Due from (to) affiliate	5,142,706	(5,142,706)	-	-
Pledges receivable, noncurrent	10,527,134	-	-	10,527,134
Property and equipment, net	7,256,185	4,373,531	-	11,629,716
Operating right-of-use (ROU) assets	1,640,911	-	-	1,640,911
Total assets	$ 64,258,220	$ (556,241)	$ 608,620	$ 64,310,599
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	$ 629,065	$ 22,988	$ -	$ 652,053
Accrued payroll and employee benefits	3,440,236	-	-	3,440,236
Program fees received in advance	1,184,859	-	-	1,184,859
Accrued expenses	100,000	-	-	100,000
Operating lease liability, current portion	734,610	-	-	734,610
Total current liabilities	6,088,770	22,988	-	6,111,758
LONG-TERM LIABILITIES				
Deposits payable	-	29,391	-	29,391
Operating lease liability, less current portion	906,301	-	-	906,301
Total long-term liabilities	906,301	29,391	-	935,692
Total liabilities	6,995,071	52,379	-	7,047,450
NET ASSETS (DEFICIT)				
Without donor restrictions	33,355,784	(608,620)	608,620	33,355,784
With donor restrictions	23,907,365	-	-	23,907,365
Total net assets (deficit)	57,263,149	(608,620)	608,620	57,263,149
Total liabilities and net assets	$ 64,258,220	$ (556,241)	$ 608,620	$ 64,310,599

Young Men's Christian Association of Orange County and Subsidiary
Consolidating Schedule of Activities and Changes in Member's Equity
Year Ended December 31, 2023

	YMCA	Tipper, LLC	Eliminations	Total
REVENUE, SUPPORT, AND GAINS				
Fundraising support				
Contributions	$ 2,366,258	$ -	$ -	$ 2,366,258
Non-cash contributions	525,024	-	-	525,024
Special events, net of direct costs of $178,394	172,891	-	-	172,891
Total fundraising support	3,064,173	-	-	3,064,173
Program revenue				
Childcare fees	20,458,603	-	-	20,458,603
Membership fees	5,849,099	-	-	5,849,099
Health and fitness fees	2,514,000	-	-	2,514,000
Adventure guides fees	2,151,248	-	-	2,151,248
Government assistance	11,612,475	-	-	11,612,475
Camp fees	1,229,606	-	-	1,229,606
Community programs fees	668,308	-	-	668,308
Facility fees	131,414	-	-	131,414
Total program revenue	44,614,753	-	-	44,614,753
Other income	983,774	-	(11,000)	972,774
Rental income	-	446,274	(208,817)	237,457
Total revenue, support, and gains	48,662,700	446,274	(219,817)	48,889,157
OPERATING EXPENSES				
Program services				
Child and youth development	20,991,943	-	-	20,991,943
Health and fitness	8,297,174	-	-	8,297,174
Adventure guides activities	2,105,708	-	-	2,105,708
Camp	827,550	-	-	827,550
Other community services	7,018,933	-	-	7,018,933
Total program services	39,241,308	-	-	39,241,308
Supporting services				
Administrative and general	6,903,005	-	(208,817)	6,694,188
Fundraising	162,478	-	-	162,478
Total supporting services	7,065,483	-	(208,817)	6,856,666
Tipper, LLC, operating expenses	-	529,005	(11,000)	518,005
Total operating expenses	46,306,791	529,005	(219,817)	46,615,979
OPERATING MARGIN	2,355,909	(82,731)	-	2,273,178
NONOPERATING EXPENSES				
Investment gain, net	2,132,942	-	82,731	2,215,673
Loss on disposal of property and equipment, net	(36,288)	-	-	(36,288)
Total nonoperating expenses	2,096,654	-	82,731	2,179,385
CHANGE IN NET ASSETS	4,452,563	(82,731)	82,731	4,452,563
NET ASSETS, beginning of year	52,810,586	(525,889)	525,889	52,810,586
NET ASSETS, end of year	$ 57,263,149	$ (608,620)	$ 608,620	$ 57,263,149

Young Men's Christian Association of Orange County and Subsidiary
Consolidating Schedule of Financial Position
December 31, 2022

	YMCA	Tipper, LLC	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 5,671,040	$ 130,665	$ -	$ 5,801,705
Investments	17,701,820	-	-	17,701,820
Receivables				
Accounts receivable, net	1,994,226	-	-	1,994,226
Non-cash contribution receivable, current	93,172	-	-	93,172
Employee retention tax credit receivable	4,652,226	-	-	4,652,226
Current pledges receivable, net	2,394,379	-	-	2,394,379
Prepaid expense and other current assets	264,810	23,806	-	288,616
Total current assets	32,771,673	154,471	-	32,926,144
Deposits	2,200	-	-	2,200
Deficit in subsidiary	(525,889)	-	525,889	-
Endowment investments	168,444	-	-	168,444
Non-cash contribution receivable, noncurrent	1,211,231	-	-	1,211,231
Due from (to) affiliate	5,153,239	(5,153,239)	-	-
Pledges receivable, noncurrent	12,060,473	-	-	12,060,473
Property and equipment, net	6,703,179	4,533,664	-	11,236,843
Operating right-of-use (ROU) assets	2,053,814	-	-	2,053,814
Total assets	$ 59,598,364	$ (465,104)	$ 525,889	$ 59,659,149
CURRENT LIABILITIES				
Accounts payable	$ 453,395	$ 22,987	$ -	$ 476,382
Accrued payroll and employee benefits	3,014,269	-	-	3,014,269
Program fees received in advance	1,227,017	-	-	1,227,017
Accrued expenses	39,283	-	-	39,283
Operating lease liability, current portion	665,481	-	-	665,481
Total current liabilities	5,399,445	22,987	-	5,422,432
LONG-TERM LIABILITIES				
Deposits payable	-	37,798	-	37,798
Operating lease liability, less current portion	1,388,333	-	-	1,388,333
Total long-term liabilities	1,388,333	37,798	-	1,426,131
Total liabilities	6,787,778	60,785	-	6,848,563
NET ASSETS (DEFICIT)				
Without donor restrictions	30,509,688	(525,889)	525,889	30,509,688
With donor restrictions	22,300,898	-	-	22,300,898
Total net assets (deficit)	52,810,586	(525,889)	525,889	52,810,586
Total liabilities and net assets	$ 59,598,364	$ (465,104)	$ 525,889	$ 59,659,149

Young Men's Christian Association of Orange County and Subsidiary
Consolidating Schedule of Activities and Changes in Member's Equity
Year Ended December 31, 2022

	YMCA	Tipper, LLC	Eliminations	Total
REVENUE, SUPPORT, AND GAINS				
Fundraising support				
Contributions	$ 18,004,648	$ -	$ -	$ 18,004,648
Special events, net of direct costs of $186,725	133,823	-	-	133,823
Total fundraising support	18,138,471	-	-	18,138,471
Program revenue				
Childcare fees	18,751,793	-	-	18,751,793
Membership fees	5,034,770	-	-	5,034,770
Health and fitness fees	2,042,958	-	-	2,042,958
Adventure guides fees	2,218,915	-	-	2,218,915
Government assistance	3,237,664	-	-	3,237,664
Camp fees	1,107,090	-	-	1,107,090
Community programs fees	508,260	-	-	508,260
Facility fees	160,801	-	-	160,801
Total program revenue	33,062,251	-	-	33,062,251
Other income	1,560,985	-	(12,000)	1,548,985
PPP loan forgiveness	4,748,475	-	-	4,748,475
Employee retention tax credit	2,995,327	-	-	2,995,327
Rental income	-	519,055	(277,552)	241,503
Total revenue, support, and gains	60,505,509	519,055	(289,552)	60,735,012
OPERATING EXPENSES				
Program services				
Child and youth development	16,114,576	-	-	16,114,576
Health and fitness	7,360,388	-	-	7,360,388
Adventure guides activities	2,234,163	-	-	2,234,163
Camp	855,593	-	-	855,593
Other community services	4,452,657	-	-	4,452,657
Total program services	31,017,377	-	-	31,017,377
Supporting services				
Administrative and general	6,477,254	-	(277,552)	6,199,702
Fundraising	177,571	-	-	177,571
Total supporting services	6,654,825	-	(277,552)	6,377,273
Tipper, LLC, operating expenses	-	566,168	(12,000)	554,168
Total operating expenses	37,672,202	566,168	(289,552)	37,948,818
OPERATING MARGIN	22,833,307	(47,113)	-	22,786,194
NONOPERATING EXPENSES				
Investment loss, net	(431,739)	-	50,463	(381,276)
Loss on disposal of property and equipment	(43,794)	(3,350)	-	(47,144)
Total nonoperating expenses	(475,533)	(3,350)	50,463	(428,420)
CHANGE IN NET ASSETS	22,357,774	(50,463)	50,463	22,357,774
NET ASSETS, beginning of year	30,452,812	(475,426)	475,426	30,452,812
NET ASSETS, end of year	$ 52,810,586	$ (525,889)	$ 525,889	$ 52,810,586

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