

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**



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**CALIFORNIA YMCA YOUTH AND GOVERNMENT
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YEARS ENDED JUNE 30, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California YMCA Youth and Government
Sacramento, California

We have audited the accompanying financial statements of California YMCA Youth and Government (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
California YMCA Youth and Government

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California YMCA Youth and Government as of June 30, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
June 09, 2020

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 405,639	\$ 659,498
Unconditional Promises to Give, Net	28,535	10,036
Program Services and Other Receivables	107,620	67,102
Prepaid Expenses and Deposits	47,329	44,090
Total Current Assets	589,123	780,726
OTHER ASSETS		
Investments	2,294,403	2,232,430
Property and Equipment, Net	2,832	3,914
Total Other Assets	2,297,235	2,236,344
Total Assets	\$ 2,886,358	\$ 3,017,070
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 173,776	\$ 306,003
Accrued Expenses	78,574	17,623
Deferred Revenue	138,880	67,050
Total Liabilities	391,230	390,676
NET ASSETS		
Without Donor Restrictions	1,606,028	1,846,302
With Donor Restrictions	889,100	780,092
Total Net Assets	2,495,128	2,626,394
Total Liabilities and Net Assets	\$ 2,886,358	\$ 3,017,070

See accompanying Notes to Financial Statements.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 372,331	\$ -	\$ 372,331
Program Revenue	3,011,828	-	3,011,828
Investment Return, Net	28	109,008	109,036
Unrealized Net Gain on Securities Held	37,964	-	37,964
Total Revenues, Gains, and Other Support	3,422,151	109,008	3,531,159
EXPENSES			
Educational Programs	3,131,195	-	3,131,195
Management and General	245,525	-	245,525
Fundraising	285,705	-	285,705
Total Expenses	3,662,426	-	3,662,426
CHANGE IN NET ASSETS	(240,275)	109,008	(131,267)
Net Assets - Beginning of Year	1,846,302	780,092	2,626,394
NET ASSETS - END OF YEAR	\$ 1,606,027	\$ 889,100	\$ 2,495,127

See accompanying Notes to Financial Statements.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 335,802	\$ -	\$ 335,802
Program Revenue	2,810,608	-	2,810,608
Investment Return, Net	113	62,146	62,259
Unrealized Net Gain on Securities Held	108,127	-	108,127
Total Revenues, Gains, and Other Support	3,254,650	62,146	3,316,796
EXPENSES			
Educational Programs	2,987,818	-	2,987,818
Management and General	272,237	-	272,237
Fundraising	370,070	-	370,070
Total Expenses	3,630,125	-	3,630,125
CHANGE IN NET ASSETS	(375,475)	62,146	(313,329)
Net Assets - Beginning of Year	2,221,777	717,946	2,939,723
NET ASSETS - END OF YEAR	\$ 1,846,302	\$ 780,092	\$ 2,626,394

See accompanying Notes to Financial Statements.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	<u>Educational Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 674,694	\$ 60,417	\$ 86,056	\$ 821,167
Employee Benefits	118,872	10,645	15,162	144,678
Payroll Taxes/Insurance	75,978	6,804	9,691	92,473
Professional Fees/Outside SVC	-	53,264	-	53,264
Supplies/Miscellaneous	-	2,031	-	2,031
Communications	14,388	1,288	1,835	17,511
Shipping and Postage	-	235	3,248	3,483
Occupancy	-	78,620	-	78,620
Expensed Equipment Costs	36,433	-	-	36,433
Program Fees/Costs	1,913,309	-	-	1,913,309
Marketing/Advertising	-	-	81,499	81,499
Core Staff Travel Costs	55,241	4,947	7,046	67,233
Conference/Training/Publications	24,921	13,000	-	37,921
Volunteer Staff Travel Costs	197,536	-	-	197,536
Fund Development	-	-	29,267	29,267
National Support (Fair Share)	-	12,494	-	12,494
Campaign Fundraising	-	-	51,902	51,902
Interest Expense/Bank Charges	19,824	699	-	20,523
Bad Debts	-	-	-	0
Depreciation	-	1,082	-	1,082
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,131,195</u>	<u>\$ 245,525</u>	<u>\$ 285,705</u>	<u>\$ 3,662,426</u>

See accompanying Notes to Financial Statements.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

	<u>Educational Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 518,008	\$ 60,330	\$ 109,589	\$ 687,927
Employee Benefits	92,998	10,831	19,675	123,504
Payroll Taxes/Insurance	48,293	29,139	10,217	87,649
Professional Fees/Outside SVC	-	43,959	-	43,959
Supplies/Miscellaneous	-	2,055	-	2,055
Communications	13,419	1,563	2,839	17,821
Shipping and Postage	-	234	3,158	3,392
Occupancy	-	73,818	-	73,818
Expensed Equipment Costs	24,590	-	-	24,590
Program Fees/Costs	2,025,357	-	-	2,025,357
Marketing/Advertising	-	-	114,924	114,924
Core Staff Travel Costs	43,096	5,019	9,118	57,233
Conference/Training/Publications	11,862	13,153	-	25,015
Volunteer Staff Travel Costs	201,424	-	-	201,424
Fund Development	-	-	30,029	30,029
National Support (Fair Share)	-	30,110	-	30,110
Campaign Fundraising	-	-	58,587	58,587
Interest Expense/Bank Charges	8,771	699	-	9,470
Bad Debts	-	-	11,934	11,934
Depreciation	-	1,327	-	1,327
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 2,987,818</u>	<u>\$ 272,237</u>	<u>\$ 370,070</u>	<u>\$ 3,630,125</u>

See accompanying Notes to Financial Statements.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (131,267)	\$ (313,329)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	1,082	1,327
Reinvested Dividends and Interest, Net	(109,008)	(62,146)
Unrealized (Gain) Loss on Endowment Funds	(37,964)	(108,127)
Change in Operating Assets and Liabilities:		
Program Services and Other Receivables	(59,017)	63,052
Prepaid Expenses and Deposits	(3,239)	(21,341)
Trade Accounts Payable	(132,227)	61,958
Accrued Expenses	60,951	1,639
Deferred Revenue	71,830	14,365
Net Cash Used by Operating Activities	(338,859)	(362,602)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Withdrawals from Endowment Funds	85,000	85,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(253,859)	(277,602)
Cash and Cash Equivalents - Beginning of Year	659,498	937,100
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 405,639	\$ 659,498

See accompanying Notes to Financial Statements.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following items comprise the significant accounting policies of California YMCA Youth and Government (the Organization). The policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Organization's Activities

The Organization is a nonprofit organization, which provides services to member YMCAs in California by sponsoring educational programs through conferences for teens. These conferences provide teens with the foundation of the state government process and procedures.

Management and general activities include the functions necessary to provide support to the Organization's program activities. Management and general activities include those that provide governance (board of directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an adequate employment program.

Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting special fundraising events and other activities involved with soliciting contributions from corporations, individuals, and others.

The Organization raises revenue through charging a fee to participants attending the conferences, soliciting donations of money and labor throughout the year, and a special gala event. The Organization also generates revenue from investments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Classification

The Organization follows the recommendations of the Financial Accounting Standards Board (FASB). FASB establishes standards for financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally-imposed restrictions. Descriptions of the two net asset categories are as follows:

Net Assets Without Donor Restrictions – Net Assets available for use in general operations and not subject to donor restrictions.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Classification (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Unconditional Promises to Give

Unconditional promises to give (pledges) that are expected to be collected in less than one year are recognized as revenue in the period received and are reported at net realizable value. The Organization provides an allowance for uncollectible pledges using management's best estimate about the collectability of past due pledges. Actual changes in circumstances could affect the collectability of pledges. The amount of allowance for uncollectible promises to give was \$0 and \$25,000 for the years ended June 30, 2019 and 2018, respectively.

Investments

Investments are recorded at fair market value, which is based on quoted prices at year-end. The difference between the fair market value and the cost of securities as of the beginning and the end of the year is reflected in the statements of activities and changes in net assets as unrealized gain (loss) on securities held.

Property and Equipment

Property and equipment, carried at cost at the date of acquisition or at fair market value at the date of a gift), is depreciated over the estimated useful life of the related asset. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Costs of repairs and maintenance are charged to expense. Upon retirement or disposal of property and equipment, the costs and related depreciation are removed from the accounts, and gains or losses, if any, are reflected in the earnings for financial reporting purposes. Depreciation is provided for under the straight-line method for financial and tax reporting. The estimated useful lives used for calculating depreciation for property and equipment are as follows:

Furniture and Fixtures	3 – 7 Years
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**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses recognized for long-lived assets as of June 30, 2019 and 2018.

Contributions

Contributions are recognized as revenue when received or unconditionally promised. Revenues from conferences and program services are recognized in the period in which the conference and program occurred.

Donated Services

Volunteers have donated significant amounts of time to assist in the programs of the Organization without compensation. The value of these contributions has not been reflected in these financial statements because, although clearly significant, they did not enhance nonfinancial assets, nor did they possess specialized skills as required under accounting principles generally accepted in the United States of America. If the Organization was to monetize the value of the volunteers, it would approximate totals of \$454,000 and \$506,700, for the years ended June 30, 2019 and 2018, respectively.

Advertising

The Organization expenses advertising costs as incurred, which amounted to \$81,499 and \$114,924 for the years ended June 30, 2019 and 2018, respectively, and are included in general and administrative expenses.

Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and, therefore, is subject to federal and state income taxes only on nonexempt monies earned. There are no significant differences between financial and tax reporting.

Uncertain Tax Positions

Accounting guidance issued by the Financial Accounting Standards Board (FASB) prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Organization did not have unrecognized tax benefits as of June 30, 2019 and 2018, and does not expect this to change significantly over the next twelve months.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations:

Receivables from one customer represented approximately 29% of total program services and other receivables as of June 30, 2019. No customer approximated more than 10% of total program services and other receivables as of June 30, 2018.

Functional Allocation of Expenses

The costs of the educational program, management and general and fundraising activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the educational program, management and general and fundraising activities benefited. Certain costs have been allocated based on percentages provided by management.

Change in Accounting Principles

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The organization has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, Accounting Guidance for Contributions Received and Made. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2018. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Entity's financial statements.

Subsequent Events

The Organization has evaluated all subsequent events through June 09, 2020, the date the financial statements were available to be issued, see note 13.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Organization's financial assets as of June 30, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year may also include net assets with donor restrictions. There were net assets with donor restrictions in the amount of \$899,916 and \$780,092 at June 30, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 405,639	\$ 659,498
Unconditional Promises to Give, Net	28,535	10,036
Program Services and Other Receivables, Net	107,620	67,102
Investments	<u>2,294,403</u>	<u>2,232,430</u>
Total Financial Assets	<u>2,836,197</u>	<u>2,969,066</u>
Less: Amounts not Available to be used Within One Year		
Financial Assets Not Available to be Used in One Year	<u>2,294,403</u>	<u>2,232,430</u>
Financial Assets Available To Meet Cash Need For General Expenditures within One Year	<u>\$ 541,794</u>	<u>\$ 736,636</u>

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 FAIR VALUE MEASUREMENT OF INVESTMENTS

The fair value measurements topic of the FASB Codification establishes a framework for measuring fair value under generally accepted accounting principles. The 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 the Fair Value Measurements Topic are described below:

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
- 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 of measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Money market funds: Valued at cost, which approximates fair value.

Mutual funds: Valued at the net asset value of shares held by the Organization at year-end.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 FAIR VALUE MEASUREMENT OF INVESTMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at June 30 were as follows:

	2019			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 123,642	\$ -	\$ -	\$ 123,642
Mutual Funds:				
Fixed Income Funds	210,978	-	-	210,978
Fixed Income ETFs	355,340	-	-	355,340
Equity Funds	1,604,443	-	-	1,604,443
Total	\$ 2,294,403	\$ -	\$ -	\$ 2,294,403
	2018			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 115,300	\$ -	\$ -	\$ 115,300
Mutual Funds:				
Fixed Income Funds	199,658	-	-	199,658
Fixed Income ETFs	336,309	-	-	336,309
Equity Funds	1,581,163	-	-	1,581,163
Total	\$ 2,232,430	\$ -	\$ -	\$ 2,232,430

There were no significant transfers between the levels during the year. The Organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year, interim changes in the availability of fair value inputs are not recognized. At June 30, 2019 and 2018, the Organization does not have any investments measured using Level 2 or Level 3 inputs.

NOTE 4 INVESTMENTS

Investments consist of mutual funds invested in money market funds and fixed income funds, held in brokerage accounts as of June 30, 2019 and 2018.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 INVESTMENTS (CONTINUED)

Investments reported at fair market value of June 30 include the following:

	2019			Estimated Fair Value
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	
Money Market Funds	\$ 123,642	\$ -	\$ -	\$ 123,642
Mutual Funds:				
Fixed Income Funds	209,478	1,500	-	210,978
Fixed Income ETFs	346,627	8,713	-	355,340
Equity Funds	984,135	620,308	-	1,604,443
Total	\$ 1,663,882	\$ 630,521	\$ -	\$ 2,294,403
	2018			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
Money Market Funds	\$ 115,300	\$ -	\$ -	\$ 115,300
Mutual Funds:				
Fixed Income Funds	205,207	-	(5,549)	199,658
Fixed Income ETFs	346,627	-	(10,318)	336,309
Equity Funds	976,130	605,033	-	1,581,163
Total	\$ 1,643,264	\$ 605,033	\$ (15,867)	\$ 2,232,430

NOTE 5 UNCONDITIONAL PROMISES TO GIVE, NET

The unconditional promises to give, net are as follows at June 30:

	2019	2018
Unconditional Promises to Give	\$ 28,535	\$ 35,036
Less: Allowance for Uncollectible Promises to Give	-	25,000
Unconditional Promises to Give, Net	\$ 28,535	\$ 10,036

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2019	2018
Furniture and Fixtures	\$ 6,634	\$ 6,634
Less: Accumulated Depreciation	3,802	2,720
Property and Equipment, Net	\$ 2,832	\$ 3,914

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 LEASED PROPERTY

The Organization leases office space under a long term operating lease which expires on September 30, 2023. The Organization also leases a storage unit on a month-to-month basis. Total rent expense for the years ended June 30, 2019 and 2018 was \$78,620 and \$73,818, respectively.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 79,479
2021	81,771
2022	84,054
2023	86,341
2024	<u>21,729</u>
Total	<u><u>\$ 353,374</u></u>

NOTE 8 RELATED PARTY TRANSACTIONS

The Organization was contracted with HsuBu Consulting Group to provide consulting services to the Organization. Two of the Organization's former board members are materially involved with HsuBu Consulting Group. Fees paid for consulting were \$34,542 for the year ended June 30, 2018. During the year ended June 30, 2018 the Organization reached a settlement with Hsubu regarding consulting fees and thus ended their relationship. The Organization elected to accrue a liability as a reserve of \$48,718 in case Hsubu sought further payment. There were no further related payables for these services at June 30, 2019 and 2018.

NOTE 9 ACCOUNTING FOR ENDOWMENTS

The Organization's endowment consists of a fund set aside by the board of directors. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The state of California enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 30, 2008. UPMIFA establishes law for the management and investment of donor-restricted endowment funds.

**CALIFORNIA YMCA YOUTH AND GOVERNMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 9 ACCOUNTING FOR ENDOWMENTS (CONTINUED)

UPMIFA permits the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment 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 policy of the Organization

The net asset composition of the endowments as of June 30 are as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund	\$ 1,405,303	\$ -	\$ 1,405,303
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	607,213	607,213
Accumulated Investments Gains	-	281,887	281,887
Total	\$ 1,405,303	\$ 889,100	\$ 2,294,403
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund	\$ 1,452,338	\$ -	\$ 1,452,338
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	607,213	607,213
Accumulated Investments Gains	-	172,879	172,879
Total	\$ 1,452,338	\$ 780,092	\$ 2,232,430

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NOTE 9 ACCOUNTING FOR ENDOWMENTS (CONTINUED)

Investment and Spending Policies

The Organization has an investment policy specific to its endowment fund, which is monitored by the investment committee of the governing board. The investment policy describes the objective for the fund and sets ranges for asset allocation. The objective of the endowment fund is to achieve moderate growth of both principal value and earnings over time that is sufficient to preserve or increase the purchasing power of the assets against inflation. The governing board understands that risk is present in all types of securities and investment styles, and recognizes that some risk is necessary to produce long-term investment results sufficient to meet the endowment fund's purpose.

The general policy shall be to diversify investments within both equity and fixed income securities to provide a balance that will enhance total return while avoiding under risk from concentration in any single asset class or investment style. Given the time horizon of the endowment fund, the following asset class ranges are designed to achieve the endowment fund's objectives:

Asset Class:	<u>Minimum</u>	<u>Maximum</u>
U.S. Equities - Large Cap	30 %	50 %
U.S. Equities - Small Cap	0 %	20 %
International Equities	0 %	20 %
Fixed Income Securities	20 %	60 %
Cash and Cash Equivalents	5 %	20 %

The changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - July 1, 2017	\$ 1,429,210	\$ 717,946	\$ 2,147,156
Investment Return:			
Investment Income	-	62,146	62,146
Net Gain (Realized and Unrealized)	108,128	-	108,128
Total Investment Return	108,128	62,146	170,274
Appropriation for Expenditure	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
Total Reductions in Endowment Fund	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
Endowment Net Assets - June 30, 2018	1,452,338	780,092	2,232,430
Investment Return:			
Investment Income	-	109,008	109,008
Net Gain (Realized and Unrealized)	37,964	-	37,964
Total Investment Return	37,964	109,008	146,972
Appropriation for Expenditure	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
Total Reductions in Endowment Fund	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
Endowment Net Assets - June 30, 2019	<u>\$ 1,405,303</u>	<u>\$ 889,100</u>	<u>\$ 2,294,403</u>

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NOTE 10 DONATED PROFESSIONAL SERVICES AND EQUIPMENT/FACILITY COSTS

In-kind revenues and expenses are recorded for donations of professional services, and equipment/facility costs. The value of the equipment/facility costs are recorded based on the value that it would be purchased in the market. The estimated value of professional services has been recorded based on the actual time and standard billing rates for the services performed.

Donated goods and services were recorded as revenue and expenses as follows for the years ended June 30:

	2019	2018
Equipment and Facility	\$ -	\$ 10,000
Professional Services	3,321	13,676
Total in-kind donated services	\$ 3,321	\$ 23,676

NOTE 11 RETIREMENT PLAN

The Organization sponsors a retirement fund through the National Council of the YMCA. Employees are eligible for participation as described in the Plan documents. The contribution rate is fixed at 12% of eligible employee salaries. Contributions to the Plan for the years ended June 30, 2019 and 2018 were \$47,141 and \$43,128, respectively.

NOTE 12 COMMITMENTS

The Organization is a member of the National Council of the YMCA. Under the membership agreement, the Organization is required to contribute an established percentage of its program revenue each year to the national organization as a fee for membership. For the years ended June 30, 2019 and 2018, the membership fees were \$12,494 and \$26,537, respectively.

NOTE 13 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results, including investment fair value and contributions. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.