



## **BOARD OF DIRECTORS MEETING AGENDA**

### **Details**

Date: May 28 @ 7:30am

Location: ZOOM:

<https://us02web.zoom.us/j/83561723106?pwd=TVRwbHV0cklvS0RtRWbNQW04dDdGUT09>

### **Presiding**

Rosanna Coveyou, Board Chair

**Call to order** –Rosanna Coveyou, Board Chair

**Invocation** – Mike Proud

**Approval of Minutes** – John Rochford, Secretary

- April 30, 2020

### **Consent Calendar**

- Final Audit Report (approved by Audit Committee on May 7, 2020)
  - 2019 Financial Statements
  - CUSD AUP Report
  - Management Letter

**GRO** – Rod Grozier & Pat Connolly

- Real Estate Development & Asset Optimization

### **Re-Open Plan**

- YMCA of OC Worksite Specific Plan (attached)

**Other Business/QA**

### **Attached for your information**

- Committee Reports: Audit, Finance, Board Governance

**Adjourn**



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## **Board of Directors Meeting Minutes**

**April 30, 2020**



## **BOARD OF DIRECTORS MEETING MINUTES**

### **Details**

Date: April 30, 2020

Location: ZOOM

### **Presiding**

Rosanna Coveyou, Board Chair

**Call to order** –Rosanna Coveyou, Board Chair @ 7:38am

**Present:** Rosanna Coveyou, David Lamb, Greg Custer, Jess Meyers, Michael Hahn, Mike Proud, Tony Spriggs, Rosanna Coveyou, Ryan Fessler, Lisa Alonso, John Rochford, Minh Hoang, Don Saulic, Brian Constable, Juliette Meunier, Jeff McBride, Dolores Daly, Joyce Kirchhofer, Anna Romiti, Christine Salas, Crystal Immerman

**Absent:** Sean Peasley

**Invocation** – Mike Proud, 5 minutes

- Shared Video of Andrew Cuomo RE: Reopening

**Approval of Minutes** – John Rochford, Secretary

- February 27, 2020
  - John asked if everyone had a chance to review the minutes and if there were questions and/or concerns (none noted)
    - Jay Scott motioned to approve minutes as presented
    - Brian Constable seconded the motion
    - Approved, no nays or abstentions

**COVID Updates** – Executive Leadership

- Cash Flow
  - Joyce: Projected out several months
    - End of June is when cash would run out; we have our investments \$10.5M
- LOC (approved by Finance Committee)
  - FMB and Wells provided term sheets for a LOC
  - Don Saulic suggested a “margin account loan”
    - There are no fees and the only thing we would pay is interest
    - Term is open and we could draw 60-70% of the value of in our investments
    - The fed funds rate plus 1%, with the 1% going to Fidelity

- Currently the rate would be about 1.25%
  - Bahnsen has waived their fees
- SBA/PPP
  - The loan was approved but our attorney looked it over and we were over the 500 headcount therefore we withdrew our application
- Reopening Plans – Dolores
  - CYD at UCI could go through June; 275 kids
    - Leadership Group from CYD did a SWAT analysis
      - Offer full day care and full day camps with more flexibility
    - Survey to parents “What do you need”
      - ½ day daycare, distance learning support, enrichment options
      - YMCA is already set up for distance learning
      - Summertime we could offer just a lab and not full time care; kids could come for a couple of hours
      - 41% completion on survey; 20% said their need was what we typically serve
  - Facilities
    - We will handle the exact same way as we did with CYD
      - Executive Directors will do a SWAT analysis
      - Surveys will be sent to all members
    - The reopening of facilities will be more focused on “when” and not different programs
- Secured Donations
  - \$140K for COVID for direct grants
    - 50K OC community foundation
    - 50K from a Hoag family
    - 10K (unsolicited) from Elevation Church in North Carolina
  - Dave: In regards to campaign? Has anyone been calling?
    - Juliette – thinks it’s a great time to do this
    - Michael: Can the BOD get talking points on what has been done?
      - Anna: This has been uploaded to the portal
      - Anna: We will also upload parent testimonials
- Maple Hill
  - Jeff: We are recommending to close (not reopen) this location; Finance and Executive committee have approved

- This location was transferred to us for free during the asset transfer from Pomona
- The hope is to eventually sell the land
  - It is valued at about \$3M
    - Ed Bonanni might have opportunity to purchase
    - Dave: Suggests getting a couple of brokerage opinions of value
- Program closing on Maple Hill property
  - Michael Hahn motioned to approve the closing/discontinuance of programs at the Maple Hill property
  - Brian Constable seconded the motion
  - Approved, no nays or abstentions
- Santa Ana was donated to the YMCA in 2003
  - We would lose about \$ .5M a year on that program without the (current) subsidy of \$250K
    - This year our contract expires
    - Donation closing agreement that is mentioned in the contract but cannot be located; Segerstrom is also searching for this document
  - Santa Ana is not as urgent because sports and swimming probably won't reopen right away

**Adjourn @ 8:45am**



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**Final Audit Report**  
2019 Financial Statements  
CUSD AUP Report  
Management Letter

YMCA OF ORANGE COUNTY



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# Audit Results

December 31, 2019

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Trustees and Audit Committee) and, if appropriate, management of the Organization and is not intended to be, and shall not be used by anyone other than these specified parties.



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To the Board of Directors and Management of  
YMCA of Orange County, Inc.  
13821 Newport Ave., #200  
Tustin, CA 92780

We have completed our audit of the consolidated financial statements of the Young Men's Christian Association of Orange County and subsidiary (collectively the "Organization") as of and for the year ended December 31, 2019. This report includes communications required under auditing standards generally accepted in the United States of America, as well as other matters.

Our audit plan represented an approach responsive to the assessment of risk of material misstatement in financial reporting for the Organization. Specifically, auditing standards require us to:

- Express an opinion on the December 31, 2019, consolidated financial statements of the Organization.
- Issue communications required under auditing standards generally accepted in the United States of America to assist the partners and management committee in overseeing management's financial reporting and disclosure process.

This communication is intended solely for the information and use of the board of directors, management, and others within the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to serve your Organization and look forward to a continued business relationship. If you have any questions, concerns, or accounting related matters we can assist with, please do not hesitate to contact us.

*White Nelson Diehl Evans LLP*

Irvine, California  
May 14, 2020

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# Summary of Our Audit Approach and Results

## Our Approach

White Nelson Diehl Evans LLP's audit approach focuses on areas of higher risk – the unique characteristics of the Organization's operating environment, the design effectiveness of your internal controls and your financial statement amounts and disclosures. The objective is to express an opinion on the conformity of your consolidated financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

## Areas of Audit Emphasis

The principal areas of audit emphasis and results were as follows:

Emphasis Area	Results
<i>Management override of controls</i> – The risk that management may override existing and functioning accounting controls is an inherent risk to the Organization.	No matters are reportable.
<i>Revenue recognition</i> – Risk of error in the recognition of revenue earned and application of industry-specific rules.	No matters are reportable.
<i>Functional expense allocation</i> – The risk that management will improperly allocate administrative expenses as program expenses.	No matters are reportable.
<i>Cash Handling at Multiple Locations</i> – Risk of misappropriation of cash due to the nature of risk related to accepting cash at multiple locations.	No matters are reportable.
<i>Net Assets</i> – Risk that restricted assets are not properly classified or prematurity released from restriction.	No matters are reportable.

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# Significant Estimates

The preparation of the consolidated financial statements requires considerable judgment because some assets, liabilities, revenues and expenses are “estimated” based on management’s assumptions about future outcomes. For example, the value of contributed assets is impacted by the condition of the assets. Other estimates may be dependent on assumptions related to economic or environmental conditions, regulatory reform or changes in industry trends.

Some estimates are inherently more difficult to evaluate and highly susceptible to variation because the assumptions relating to future outcomes have a higher degree of uncertainty. To the extent future outcomes are different than expected, management’s estimates are adjusted in future periods, sometimes having a significant effect on subsequent period financial statements.

The following are considered to be significant estimates for the Organization:

- **Allowance for Doubtful Accounts** – Year-end receivables are examined by management to evaluate aging of accounts, specific customer circumstances and likelihood of collectability in order to estimate a balance that is likely not be collected.
- **Value of Contributed Assets** – Management estimates the fair market value of in-kind contributions received based on price which the assets could be sold in a used goods marketplace or based on the value of services that could be obtained in the marketplace.
- **Useful Lives of Fixed Assets** – Management estimates the useful lives of fixed assets to determine the timeframe over which the assets will be depreciated.
- **Contingent Losses** – Management estimates the amount of liability to accrue for probable losses as a result of legal proceedings.

We evaluated the key factors and assumptions used to develop the estimates above in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

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# Accountant's Opinion

## **Unmodified or “Clean” Opinion Issued on Consolidated Financial statements**

We have audited the consolidated financial statements Young Men's Christian Association of Orange County and subsidiary for the year ended December 31, 2019, and have issued our report thereon dated May 14, 2020. We have issued an unmodified or “clean” opinion, that the consolidated financial statements of the Organization as of December 31, 2019 are fairly presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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# Required Communications

Generally accepted auditing standards require the auditor to ensure those charged with governance receive additional information regarding the scope and results of the audit that may assist you in overseeing management's financial reporting and disclosure process. Below, we summarize these required communications.

## **Auditor's Responsibilities under Auditing Standards Generally Accepted in the United States of America (GAAS)**

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the consolidated financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the consolidated financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the consolidated financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this communication, or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Professional standards also require that we communicate the following information relating to our audit.

Area	Comments
<i>Qualitative Aspects of Accounting Practices</i> <ul style="list-style-type: none"><li>• Significant accounting policies are described in Note 1 of the financial statements.</li><li>• We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus.</li><li>• All significant transactions have been recognized in the financial statements in the proper period.</li></ul>	No matters are reportable.

# Required Communications (Continued)

Area	Comments
<i>Qualitative Aspects of Accounting Practices (Continued)</i> <ul style="list-style-type: none"> <li>The Organization implemented ASU 2014-09.</li> </ul>	Please refer to page 8.
<i>Financial Statement Disclosures are neutral, consistent, and clear</i>	No matters are reportable.
<i>Difficulties Encountered in Performing the Audit</i>	No matters are reportable.
<i>Disagreements With Management</i>	No matters are reportable.
<i>Management Consultation With Other Accountants</i>	No matters are reportable.
<i>Audit Adjustments</i> <ul style="list-style-type: none"> <li>During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.</li> <li>Certain adjustments proposed were not recorded because their effects are not material.</li> </ul>	No matters are reportable.

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# Required Communications (Continued)

## *Other Material Written Communications*

We have requested certain representations from management that were included in the management representation letter dated May 14, 2020.

In addition, Appendix 1 attached to this letter lists our comments relating to internal control matters noted during the course of our audit.

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# Accounting Standards Update

During 2019, the Organization adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending December 31, 2019 and 2018 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

The following are other significant upcoming ASU's that we wish to bring to your attention:

## **ASU 2016-02, *Leases* (Topic 842)**

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, and ASU 2019-10. ASU 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020; however, early adoption is permitted.

## **ASU 2018-08, *Not for Profit Entities – Revenue Recognition* (Topic 958-605)**

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities - Revenue Recognition* (Topic 958-605). ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019, early adoption is permitted.

## **ASU 2016-13, *Financial Instruments- Credit Losses* (Topic 326)**

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, with subsequent improvements issued in ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, and ASU 2019-11, 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. Further, the ASU makes certain targeted amendments to the existing impairment model for available-for-sale debt securities. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2022.



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# Accounting Standards Update (Continued)

The following additional ASU's have also been issued in 2019 by the Financial Accounting Standards Board:

ASU 2019-01, "Leases (Topic 842)"

ASU 2019-02, "Entertainment-Films-Other Assets-Film Costs (Subtopic 926-20) and Entertainment-Broadcasters-Intangibles-Goodwill and Other (Subtopic 920-350)"

ASU 2019-03, "Not-for-Profit Entities (Topic 958)"

ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments"

ASU 2019-05, "Financial Instruments-Credit Losses (Topic 326)"

ASU 2019-06, "Intangibles-Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958)"

ASU 2019-07, "Codification Updates to SEC Sections"

ASU 2019-08, "Compensation-Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606)"

ASU 2019-09, "Financial Services—Insurance (Topic 944)"

ASU 2019-10, "Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)"

ASU 2019-11, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses"

ASU 2019-12, "Income Taxes (Topic 740)"

We have reviewed the provisions of the ASUs listed above and do not expect these provisions to have a material effect on the Organization's financial statements.

# Appendix 1

## INTERNAL CONTROL RELATED MATTERS

In planning and performing our audit of the consolidated financial statements of Young Men's Christian Association of Orange County and subsidiary (the "Organization") as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the Organization's internal control, as described below, to be a significant deficiency.

The Organization's written response to the significant deficiency, identified in our audit, has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **SIGNIFICANT DEFICIENCY**

#### *Cash Receipts: Segregation of Duties*

During our audit, we noted that all individuals in the accounting department have access to post cash receipts. We understand that the limited size of the accounting department makes it impracticable to achieve an optimum segregation of duties. However, the internal accounting controls could be strengthened if a report of all "CR" entries was generated and periodically reviewed to ensure improper entries are not being made.

#### **Management's Response**

While there is segregation of duties with respect to cash receipts and all "CR" entries are approved by a manager or senior accountant, to further strengthen controls "CR" entries are reviewed periodically to mitigate the risk.

**YOUNG MEN'S CHRISTIAN ASSOCIATION  
OF ORANGE COUNTY AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**WITH INDEPENDENT AUDITORS' REPORT**

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF ORANGE COUNTY  
AND SUBSIDIARY  
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DECEMBER 31, 2019 AND 2018**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors

Young Men's Christian Association of Orange County and Subsidiary

We have audited the accompanying consolidated financial statements of the Young Men's Christian Association of Orange County and subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Adoption of New Accounting Pronouncement**

As discussed in Note 1 to the consolidated financial statements, the Organization adopted new accounting guidance for revenue recognition under Financial Accounting Standards Board Accounting Standards Codification Topic 606. Our opinion is not modified with respect to that matter.

## **Report on Consolidating Information**

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information in Schedules I – IV is presented for purposes of additional analysis, and it is 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 consolidating 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 consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*White Nelson Dick Evans LLP*

Irvine, California  
May 14, 2020

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

**ASSETS**

	2019	2018
Current Assets:		
Cash and cash equivalents (Note 5)	\$ 4,983,378	\$ 3,659,771
Restricted cash	-	90,000
Investments (Notes 6 and 10)	11,937,055	10,079,397
Receivables:		
Accounts receivable, net (Note 7)	950,612	787,925
Pledges receivable, net	23,738	26,641
Prepaid expenses and other current assets	589,107	458,553
Total Current Assets	18,483,890	15,102,287
Property Held under Capital Leases, Net	32,956	91,880
Property and Equipment, Net (Note 8)	19,794,942	20,739,454
Other Assets:		
Deposits	84,654	18,700
Endowment investments	168,444	-
Total Other Assets	253,098	18,700
Total Assets	<u>\$ 38,564,886</u>	<u>\$ 35,952,321</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable	\$ 500,785	\$ 1,586,129
Accrued payroll and employee benefits	1,871,043	2,048,336
Program fees received in advance	664,751	728,300
Accrued expenses	132,295	271,498
Deferred Santa Ana project funding, current portion (Note 8)	250,000	250,000
Current maturities of obligations held under capital leases (Note 16a)	30,880	54,894
Notes payable, current portion (Note 11)	166,493	159,575
Total Current Liabilities	3,616,247	5,098,732
Long-Term Liabilities:		
Deposits payable	29,890	16,079
Deferred Santa Ana project funding, less current portion (Note 8)	-	250,000
Long-term portion of obligations held under capital leases (Note 16a)	-	33,949
Notes payable, less current portion (Note 11)	4,105,417	4,278,012
Total Long-Term Liabilities	4,135,307	4,578,040
Total Liabilities	7,751,554	9,676,772
Commitments and Contingencies (Note 16)	-	-
Net Assets (Note 14):		
Without donor restrictions	28,939,243	25,764,109
With donor restrictions	1,874,089	511,440
Total Net Assets	30,813,332	26,275,549
Total Liabilities and Net Assets	<u>\$ 38,564,886</u>	<u>\$ 35,952,321</u>

The accompanying notes are an integral part of these consolidated financial statements.



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Total	Without Donor Restrictions	With Donor Restrictions
<u>Operations</u>			
Support, Revenue, and Gains:			
Fundraising Support:			
Contributions	\$ 1,264,274	\$ 1,113,129	\$ 151,145
Special events, net of direct costs of \$137,755	135,651	135,651	-
Total Fundraising Support	1,399,925	1,248,780	151,145
Program Revenue:			
Childcare fees	23,033,517	23,033,517	-
Membership fees	7,616,968	7,616,968	-
Health and fitness fees	3,086,898	3,086,898	-
Adventure guides fees	1,866,607	1,866,607	-
Government assistance	2,248,585	2,248,585	-
Donated use of facilities/land	944,896	944,896	-
Camp	1,483,458	1,483,458	-
Community programs fees	1,087,752	1,087,752	-
Facility fees	322,018	322,018	-
Total Program Revenue	41,690,699	41,690,699	-
Contributions from other YMCA's	1,657,679	229,097	1,428,582
Other Income	381,480	381,480	-
Rental Income	216,434	216,434	-
Net Assets Released from Restrictions	-	217,078	(217,078)
Total Support, Revenue, and Gains	45,346,217	43,983,568	1,362,649
Operating Expenses:			
Program Services:			
Child and youth development	17,348,448	17,348,448	-
Health and fitness	11,625,538	11,625,538	-
Adventure guides activities	1,868,341	1,868,341	-
Camp	766,644	766,644	-
Other community services	3,804,277	3,804,277	-
Total Program Services	35,413,248	35,413,248	-
Supporting Services:			
Administrative and general	6,301,276	6,301,276	-
Fundraising	319,484	319,484	-
Total Supporting Services	6,620,760	6,620,760	-
Tipper, LLC	611,699	611,699	-
Total Operating Expenses	42,645,707	42,645,707	-
Operating Margin	2,700,510	1,337,861	1,362,649
<u>Nonoperating</u>			
Investment Income, Net (Note 6)	1,852,755	1,852,755	-
Loss on Disposal of Capital Assets	(15,482)	(15,482)	-
Total Nonoperating	1,837,273	1,837,273	-
Increase in Net Assets	4,537,783	3,175,134	1,362,649
Net Assets, Beginning of Year	26,275,549	25,764,109	511,440
Net Assets, End of Year	\$ 30,813,332	\$ 28,939,243	\$ 1,874,089

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2018**

	Total	Without Donor Restrictions	With Donor Restrictions
<u>Operations</u>			
Support, Revenue, and Gains:			
Fundraising Support:			
Contributions	\$ 2,424,978	\$ 2,264,925	\$ 160,053
Special events, net of direct costs of \$124,076	163,089	163,089	-
Total Fundraising Support	2,588,067	2,428,014	160,053
Program Revenue:			
Childcare fees	21,085,365	21,085,365	-
Membership fees	8,055,551	8,055,551	-
Health and fitness fees	2,980,806	2,980,806	-
Adventure guides fees	2,059,404	2,059,404	-
Government assistance	2,019,454	2,019,454	-
Donated use of facilities/land	944,898	944,898	-
Camp	1,313,716	1,313,716	-
Community programs fees	1,330,781	1,330,781	-
Facility fees	299,751	299,751	-
Total Program Revenue	40,089,726	40,089,726	-
Contributions from other YMCA's	4,265,234	4,265,234	-
Other Income	174,911	174,911	-
Rental Income	192,815	192,815	-
Net Assets Released from Restrictions	-	709,611	(709,611)
Total Support, Revenue, and Gains	47,310,753	47,860,311	(549,558)
Operating Expenses:			
Program Services:			
Child and youth development	16,864,381	16,864,381	-
Health and fitness	13,467,615	13,467,615	-
Adventure guides activities	2,079,085	2,079,085	-
Camp	732,208	732,208	-
Other community services	3,404,550	3,404,550	-
Total Program Services	36,547,839	36,547,839	-
Supporting Services:			
Administrative and general	6,665,012	6,665,012	-
Fundraising	371,261	371,261	-
Total Supporting Services	7,036,273	7,036,273	-
Tipper, LLC	625,750	625,750	-
Total Operating Expenses	44,209,862	44,209,862	-
Operating Margin	3,100,891	3,650,449	(549,558)
<u>Nonoperating</u>			
Investment Loss, Net (Note 6)	(426,106)	(426,106)	-
Loss on Disposal of Capital Assets	(510,249)	(510,249)	-
Total Nonoperating	(936,355)	(936,355)	-
Increase (Decrease) in Net Assets	2,164,536	2,714,094	(549,558)
Net Assets, Beginning of Year	24,111,013	23,050,015	1,060,998
Net Assets, End of Year	\$ 26,275,549	\$ 25,764,109	\$ 511,440

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services					
	Child and Youth Development	Health and Fitness	Adventure Guides Activities	Camp	Other Community Services	Subtotal
Salaries and wages	\$ 10,321,624	\$ 5,389,764	\$ 209,067	\$ 303,977	\$ 2,379,224	\$ 18,603,656
Employee benefits	1,456,181	520,492	38,209	35,169	186,346	2,236,397
Payroll taxes	722,504	412,068	15,078	22,649	251,881	1,424,180
Activity admissions	467,789	-	1,173,008	50,378	174,916	1,866,091
Bad debt expense	58,538	34,914	516	142	510	94,620
Credit card and bank fees	349,041	243,799	37,725	12,328	11,078	653,971
Depreciation	281,054	942,726	189	92,924	9,936	1,326,829
Employee and travel expense	27,894	13,980	6,118	197	9,772	57,961
Equipment	243,112	61,542	3,950	7,142	34,354	350,100
Fair share	247,802	122,368	4,200	6,234	28,466	409,070
Fundraising campaign	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-
Insurance	71,034	38,236	5,689	1,981	13,461	130,401
Interest	-	6,015	-	-	-	6,015
Meetings, training, and conferences	175,746	103,473	19,704	3,912	36,270	339,105
Occupancy	994,082	2,970,515	35,351	85,781	50,659	4,136,388
Postage	3,050	7,639	746	371	340	12,146
Printing and promotion	317,852	118,546	17,597	3,696	24,990	482,681
Professional fees	127,208	37,564	5,911	2,122	14,362	187,167
Program materials	885,969	362,268	285,377	75,718	454,633	2,063,965
Recruitment and relocation	-	-	-	-	85	85
Supplies	116,383	175,374	1,249	7,435	18,220	318,661
Telephone	275,661	64,018	8,620	7,886	42,450	398,635
Vehicle expense	205,924	237	37	46,602	62,324	315,124
Total Functional Expenses	<u>\$ 17,348,448</u>	<u>\$ 11,625,538</u>	<u>\$ 1,868,341</u>	<u>\$ 766,644</u>	<u>\$ 3,804,277</u>	<u>\$ 35,413,248</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**

	Supporting Services				
	Administrative and General	Fundraising	Subtotal	Tipper, LLC	Total
Salaries and wages	\$ 2,871,711	\$ 122,381	\$ 2,994,092	\$ -	\$ 21,597,748
Employee benefits	324,172	15,423	339,595	-	2,575,992
Payroll taxes	173,220	9,352	182,572	-	1,606,752
Activity admissions	-	-	-	-	1,866,091
Bad debt expense	-	1,461	1,461	-	96,081
Credit card and bank fees	41,383	6,697	48,080	10	702,061
Depreciation	84,681	-	84,681	219,314	1,630,824
Employee and travel expense	5,614	513	6,127	-	64,088
Equipment	121,706	284	121,990	-	472,090
Fair share	3,208	8,719	11,927	-	420,997
Fundraising campaign	-	108,731	108,731	-	108,731
Income taxes	-	-	-	(800)	(800)
Insurance	414,641	-	414,641	-	545,042
Interest	66,625	-	66,625	120,206	192,846
Meetings, training, and conferences	191,010	5,227	196,237	20	535,362
Occupancy	10,265	186	10,451	229,687	4,376,526
Postage	15,770	2,510	18,280	224	30,650
Printing and promotion	3,233	19,232	22,465	5,688	510,834
Professional fees	1,661,389	16,010	1,677,399	28,728	1,893,294
Program materials	-	-	-	-	2,063,965
Recruitment and relocation	167,899	-	167,899	-	167,984
Supplies	62,107	1,214	63,321	5,977	387,959
Telephone	74,011	1,542	75,553	2,645	476,833
Vehicle expense	8,631	2	8,633	-	323,757
Total Functional Expenses	<u>\$ 6,301,276</u>	<u>\$ 319,484</u>	<u>\$ 6,620,760</u>	<u>\$ 611,699</u>	<u>\$ 42,645,707</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	Program Services					
	Child and Youth Development	Health and Fitness	Adventure Guides Activities	Camp	Other Community Services	Subtotal
Salaries and wages	\$ 10,041,420	\$ 5,814,227	\$ 230,491	\$ 305,454	\$ 1,935,683	\$ 18,327,275
Employee benefits	1,342,542	551,988	43,512	30,458	197,085	2,165,585
Payroll taxes	849,713	507,077	23,478	25,798	169,430	1,575,496
Activity admissions	401,622	-	1,231,131	-	12,737	1,645,490
Bad debt expense	21,019	18,468	2,147	532	2,151	44,317
Credit card and bank fees	315,721	228,210	26,686	1,629	44,138	616,384
Depreciation	269,502	1,116,677	356	83,901	10,335	1,480,771
Employee and travel expense	31,073	27,959	7,577	1,402	12,244	80,255
Equipment	314,095	159,827	8,576	2,327	18,310	503,135
Fair share	236,864	132,327	4,522	4,543	23,680	401,936
Fundraising campaign	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-
Insurance	90,473	51,285	7,074	3,890	15,275	167,997
Interest	-	8,487	-	-	-	8,487
Meetings, training, and conferences	153,419	90,149	24,375	5,312	104,323	377,578
Occupancy	897,895	3,859,426	53,369	65,231	65,064	4,940,985
Postage	5,822	3,331	1,105	509	759	11,526
Printing and promotion	306,608	134,088	21,239	5,139	38,987	506,061
Professional fees	136,236	47,618	7,828	2,254	37,295	231,231
Program materials	882,124	449,240	370,338	124,330	591,238	2,417,270
Recruitment and relocation	25	-	-	40	8	73
Supplies	115,454	180,986	3,131	9,044	12,531	321,146
Telephone	240,976	86,063	12,137	6,930	44,161	390,267
Vehicle expense	211,778	182	13	53,485	69,116	334,574
Total Functional Expenses	<u>\$ 16,864,381</u>	<u>\$ 13,467,615</u>	<u>\$ 2,079,085</u>	<u>\$ 732,208</u>	<u>\$ 3,404,550</u>	<u>\$ 36,547,839</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2018**

	Supporting Services				
	Administrative and General	Fundraising	Subtotal	Tipper, LLC	Total
Salaries and wages	\$ 2,985,801	\$ 128,236	\$ 3,114,037	\$ -	\$ 21,441,312
Employee benefits	427,348	25,982	453,330	-	2,618,915
Payroll taxes	199,444	10,812	210,256	-	1,785,752
Activity admissions	-	-	-	-	1,645,490
Bad debt expense	-	(3,477)	(3,477)	-	40,840
Credit card and bank fees	64,994	2,583	67,577	45	684,006
Depreciation	118,693	2	118,695	205,437	1,804,903
Employee and travel expense	5,536	764	6,300	-	86,555
Equipment	217,654	5,127	222,781	-	725,916
Fair share	2,302	9,206	11,508	-	413,444
Fundraising campaign	-	134,039	134,039	-	134,039
Income taxes	-	-	-	1,600	1,600
Insurance	856	620	1,476	-	169,473
Interest	76,624	-	76,624	123,189	208,300
Meetings, training, and conferences	238,872	10,487	249,359	-	626,937
Occupancy	29,586	245	29,831	260,539	5,231,355
Postage	21,815	3,198	25,013	69	36,608
Printing and promotion	6,131	29,270	35,401	1,581	543,043
Professional fees	1,940,013	11,272	1,951,285	23,902	2,206,418
Program materials	-	-	-	-	2,417,270
Recruitment and relocation	170,953	-	170,953	-	171,026
Supplies	73,901	554	74,455	4,987	400,588
Telephone	71,920	2,341	74,261	4,401	468,929
Vehicle expense	12,569	-	12,569	-	347,143
Total Functional Expenses	<u>\$ 6,665,012</u>	<u>\$ 371,261</u>	<u>\$ 7,036,273</u>	<u>\$ 625,750</u>	<u>\$ 44,209,862</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 4,537,783	\$ 2,164,536
Noncash Reconciling Items:		
Depreciation	1,630,824	1,804,903
Amortization of deferred financing costs	1,174	1,174
Realized and unrealized (gain) loss on investments	(1,474,626)	713,062
Loss on sale of property and equipment	15,482	510,249
Donation of asset from Pomona Valley YMCA	-	(4,059,000)
Deferred Santa Ana project funding	(250,000)	(250,000)
Allowance for doubtful accounts	7,347	(9,205)
Allowance for uncollectable pledges	1,461	-
Changes in:		
Accounts receivable	(170,034)	(43,164)
Pledges receivable	1,442	1,828
Prepaid expenses and other current assets	(130,554)	38,674
Deposits	(65,954)	41,500
Accounts payable	(1,085,344)	1,001,535
Accrued payroll and employee benefits	(177,293)	401,243
Program fees received in advance	(63,549)	206,272
Accrued expenses	(139,203)	(217,073)
Deposits payable	13,811	(24,081)
Net Cash, Cash Equivalents, and Restricted Cash Provided by Operating Activities	2,652,767	2,282,453
Cash Flows from Investing Activities:		
Purchases of property and equipment	(689,095)	(1,407,439)
Proceeds from sale of property and equipment	46,225	6,250
Sales of investments	5,425,973	13,221,240
Purchases of investments	(5,977,449)	(12,531,335)
Net Cash, Cash Equivalents, and Restricted Cash Used in Investing Activities	(1,194,346)	(711,284)
Cash Flows from Financing Activities:		
Principal payments on capital leases	(57,963)	(73,908)
Principal payments on notes payable	(166,851)	(148,412)
Net Cash, Cash Equivalents, and Restricted Cash Used in Financing Activities	(224,814)	(222,320)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,233,607	1,348,849
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	3,749,771	2,400,922
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 4,983,378</u>	<u>\$ 3,749,771</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Supplemental Disclosures:		
Interest paid	<u>\$ 192,846</u>	<u>\$ 208,300</u>
Income taxes	<u>\$ -</u>	<u>\$ 1,600</u>

The accompanying notes are an integral part of these consolidated financial statements.



**YOUNG MEN’S CHRISTIAN ASSOCIATION OF ORANGE COUNTY  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 1: Organization and Nature of Services**

**Organization**

At the Young Men’s Christian Association of Orange County (the “YMCA” or “Y”), strengthening community is our 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 six Health & Wellness locations, two program centers, an aquatics and soccer complex, numerous community services and youth programs, and over 80 Before & 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 our 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 of Orange County 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 shall be limited to acquiring and holding title to property, collecting income therefrom, and remitting the entire amount of net income from such property to the member within the meaning of Section 23701b of the California Revenue and Taxation Code and in furtherance of the charitable purposes of the member.

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. Our 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 80 locations throughout Orange County, Riverside County, and Pomona 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.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 1: Organization and Nature of Services (Continued)**

**Nature of Services (Continued)**

- 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's 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.

**YOUNG MEN’S CHRISTIAN ASSOCIATION OF ORANGE COUNTY  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 1: Organization and Nature of Services (Continued)**

**Nature of Services (Continued)**

- Other Community Services (Continued)

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 for students. This program supports low-income families by providing a safe and educational after-school environment through state grants. The Y currently operates 17 ASES sites, 9 in West Covina Unified School District, 4 in Capistrano Unified School District, 1 for the Orange County Department of Education, and 3 in Orange Unified School District. ASES students receive homework assistance and snacks and participate in activities that support Science, Technology, Engineering, Arts, Math (known as S.T.E.A.M.), leadership, sports, and other enrichment opportunities.

The Youth & Government program is a six-month program in which high-school aged delegates (9th-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.

**Note 2: Summary of Significant Accounting Policies**

**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 (“US 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 US 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).

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Cash, Cash Equivalents, and Restricted Cash**

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. Restricted cash consists of cash with certain donor-imposed restrictions that are restricted for long-term purposes.

**Investments**

Investments consist of debt and equity securities plus time certificates of deposits held by the Organization. Debt securities are carried at fair value with changes in fair value recognized in changes in net assets. Equity securities consisting of common stocks, mutual funds, exchange-traded products and real estate investment trusts with readily determinable fair values are measured at fair value, with changes in fair value recognized in earnings. For equity 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.

**Accounts Receivable**

The Organization's accounts receivable are primarily fees for services provided and rent that is due. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. The allowance for doubtful accounts is determined on the basis of loss experience, economic conditions in the industry, and the financial stability of customers.

**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 the FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires impairment losses to 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, 2019 and 2018, there was no impairment of the value of such assets.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Donated Materials, Services, and Facilities**

Donated materials and other noncash contributions are reflected in the accompanying consolidated financial statements at their estimated fair market 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.

Donated use of facilities/land during each of the years ended December 31, 2019 and 2018, included 3.57 acres of land from the US Army, a 20,455 square-foot building, and 23,655 square feet of land from the City of Laguna Niguel. In addition, the Organization occupied 4 acres of land, as well as a 27,327 square-foot building donated by the City of Mission Viejo. Donated use of facilities/land is considered an exchange transaction and recorded as revenue and occupancy expense in the accompanying consolidated financial statements at their estimated fair market value. The Organization recognized fair value of \$944,898 for donated use of these facilities for each of the years ended December 31, 2019 and 2018. The methodology to estimate the fair value of the donated use of facilities is the market approach. The market approach uses comparable available buildings and actual completed transactions to determine values. Thus, the market approach provides a good estimate of what the property would sell or lease for if it were vacant and available for a buyer/tenant to occupy.

**Accrued Vacation**

As of December 31, 2019 and 2018, the accrued vacation liability was \$554,156 and \$569,760, 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.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

Contributions (Continued)

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 statements of activities as net assets released from restrictions.

Exchange Transactions

The Organization recognizes revenue from contracts with customers in accordance with FASB ASC 606, which applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records exchange transaction revenue in its consolidated statements of activities for the years ended December 31, 2019 and 2018, 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.

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**Note 2: Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

Exchange Transactions (Continued)

- 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.
- Government Assistance: For government assistance, the performance obligation is the delivery of services or incurring qualified expenses on programs. The transaction price is established by contract with the government agency. Government assistance revenue is recognized over the period of the government contact. Government grants are limited in scope with each individual grant including its own single performance obligation.
- 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.

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**Note 2: Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

Exchange Transactions (Continued)

- 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 statement of activities and changes in net assets. The performance obligation is holding the event, which is usually accompanied by a presentation. The event fees are set by the Y. FASB ASC 606 requires allocation of the transaction price to the performance obligation. Accordingly, the Y separately presents in its notes to 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 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.
- Other Revenue: Other revenue consists primarily of various contracted services other and miscellaneous revenues that are recognized over time when earned.

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. A rental contract terms can range from daily to multi-year. Because the term of the 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.



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**Note 2: Summary of Significant Accounting Policies (Continued)**

**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 pooled. The pooled advertising costs are then allocated to programs by natural classification of the pooled costs, based on a pro rata share of each program's total revenue. Also allocated are salaries and other employee expenses for program leadership, which are allocated on a pro rata share of each program's total direct expenses. Additionally, the costs of the subsidiary, Tipper, have been summarized on a functional basis in the consolidated statements of functional expenses.

**Use of Estimates**

The process of preparing consolidated financial statements in accordance with US 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 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, 2019 and 2018. 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, 2019 and 2018. The YMCA's tax years from 2016 to 2019 are open to review for federal tax purposes, and tax years from 2015 to 2019 are open to review for state income tax purposes.

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.

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**Note 2: Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements - Not Yet Adopted**

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, and ASU 2019-10. ASU 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020; however, early adoption is permitted. The Organization is currently evaluating the impact of the provisions of this pronouncement on the presentation of its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, with subsequent improvements issued in ASU 2018-19, ASU 2019-10, and ASU 2019-11, 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. Further, the ASU makes certain targeted amendments to the existing impairment model for available-for-sale debt securities. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of the provisions of this pronouncement on the presentation of its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities - Revenue Recognition (Topic 958-605)*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. The Organization does not expect provisions of ASU 2018-08 to have a material impact on the presentation of its consolidated financial statements.

**Recent Accounting Pronouncement - Adopted**

As of January 1, 2019, the Organization adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for the years ended December 31, 2019 and 2018, are presented under FASB ASC Topic 606. ASU 2014-09 has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

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**Note 3: 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Performance obligations satisfied over time:		
Special events - exchange component	\$ 137,755	\$ 124,076
Childcare fees	23,033,517	21,085,365
Membership fees	7,616,968	8,055,551
Health and fitness fees	3,086,898	2,980,806
Adventure guide fees	1,866,607	2,059,404
Government assistance	2,248,585	2,019,454
Camp	1,483,458	1,313,716
Community programs fees	1,087,752	1,330,781
Other income	<u>381,480</u>	<u>174,911</u>
Total Revenue from Contracts with Customers	<u>\$ 40,943,020</u>	<u>\$ 39,144,064</u>

**Note 4: 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 4,983,378	\$ 3,659,771
Investments	11,937,055	10,079,397
Accounts receivable	950,612	787,925
Pledges receivable	<u>23,738</u>	<u>26,641</u>
Total Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 17,894,783</u>	<u>\$ 14,553,734</u>

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 6 for which the Organization would not incur penalties if sold.

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**Note 5: Cash and Cash Equivalents**

Cash and cash equivalents consist of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Petty cash	\$ 2,076	\$ 2,505
Demand deposits	3,598,329	3,088,179
Money market accounts	1,335,750	553,514
Trust account	<u>47,223</u>	<u>15,573</u>
 Total Cash and Cash Equivalents	 <u>\$ 4,983,378</u>	 <u>\$ 3,659,771</u>

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 has deposits with banks in excess of federally insured limits of \$4,150,783 and \$3,066,141 at December 31, 2019 and 2018, respectively.

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 to which Tipper is the beneficiary.

**Note 6: Investments**

The fair value of investments at December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Equity securities	\$ 4,787,559	\$ 3,472,172
Corporate bonds	2,137,545	2,059,890
Mutual funds	3,037,415	2,835,145
Exchange traded products	623,059	1,040,330
Real estate income trust	1,332,972	671,860
Certificates of deposit	<u>186,949</u>	<u>-</u>
 Total Investments	 <u>\$ 12,105,499</u>	 <u>\$ 10,079,397</u>

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**Note 6: Investments (Continued)**

Investment income (loss), net consists of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 421,827	\$ 336,498
Net realized losses	(79,062)	(16,402)
Net unrealized gains (losses)	1,553,688	(696,660)
Management fees	<u>(43,698)</u>	<u>(49,542)</u>
Investment Income (Loss), Net	<u>\$ 1,852,755</u>	<u>\$ (426,106)</u>

**Note 7: Accounts Receivable**

Accounts receivable are composed of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Grants (governmental/foundation)	\$ 258,887	\$ 343,307
Program	695,637	445,749
Other	7,230	2,664
Less: Allowance for doubtful accounts	<u>(11,142)</u>	<u>(3,795)</u>
Total Accounts Receivable, Net	<u>\$ 950,612</u>	<u>\$ 787,925</u>

**Note 8: Property and Equipment**

Property and equipment consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 7,123,743	\$ 7,123,743
Buildings and improvements	23,916,881	23,724,908
Furniture and equipment	4,213,729	4,474,489
Vehicles	411,976	426,230
Construction in process	<u>54,157</u>	<u>-</u>
	35,720,486	35,749,370
Less: Accumulated depreciation	<u>(15,925,544)</u>	<u>(15,009,916)</u>
Property and Equipment, Net	<u>\$ 19,794,942</u>	<u>\$ 20,739,454</u>

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**Note 8: Property and Equipment (Continued)**

Depreciation expense for the years ended December 31, 2019 and 2018, was \$1,572,751 and \$1,715,640, respectively, not inclusive of depreciation expense on capital leases.

The Organization completed a project in Santa Ana in November 2010, which was the site of a new YMCA facility. The project included two recreational pools, a soccer arena, sports field, a health and nutrition modular facility, and an office modular, along with an Olympic-size pool with lockers and shower facilities on the Segerstrom High School campus that is adjacent to the YMCA site. The majority of the project was funded by the Children and Families Commission of Orange County (the “Commission”). The grant is considered to be an exchange transaction pursuant to the YMCA contract with the Commission to provide certain community services at the site over a specified 10-year period. Accordingly, the Commission funding is not recognized as revenue upon incurrence of the related construction costs. Funding from the Commission is recorded as deferred revenue to be recognized ratably over the 10-year service period stipulated in the contract with the Commission. Revenue recognition commenced January 2012 and continues through December 2020 at a rate of \$250,000 per year. Deferred Santa Ana project funding as of December 31, 2019 and 2018, was \$250,000 and \$500,000, respectively.

**Note 9: Lease Rental Income**

Tipper leases office space to various tenants under rental lease agreements expiring in years through 2024. Rental income during the years ended December 31, 2019 and 2018, totaled \$216,434 and \$192,815, respectively.

Minimum future lease payments to be received as of December 31, 2019, are as follows:

2020	\$ 213,360
2021	162,304
2022	95,638
2023	29,512
2024	<u>22,572</u>
Total	<u>\$ 523,386</u>

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**Note 10: 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 is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

*Equity Securities and Exchange-Traded Products:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Municipal and Corporate Bonds:* Valued at prices obtained from independent pricing services, without adjustment.

*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 net asset value and to transact at that price. The mutual funds held by a retirement plan are deemed to be actively traded.

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**Note 10: Fair Value Measurements (Continued)**

*Real Estate Investment Trust:* Valued at prices obtained from independent appraisal services of underlying assets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities:				
Consumer discretionary	\$ 314,740	\$ 314,740	\$ -	\$ -
Consumer goods	564,944	564,944	-	-
Energy	386,040	386,040	-	-
Financials	1,224,637	1,224,637	-	-
Health care	432,988	432,988	-	-
Industrials	616,892	616,892	-	-
Information technology	790,140	790,140	-	-
Utilities	457,178	457,178	-	-
Corporate bonds	2,137,545	-	2,137,545	-
Mutual funds	3,037,415	3,037,415	-	-
Exchange-traded products	623,059	623,059	-	-
Real estate investment trusts	<u>1,332,972</u>	<u>-</u>	<u>1,332,972</u>	<u>-</u>
	11,918,550	<u>\$ 8,448,033</u>	<u>\$ 3,470,517</u>	<u>\$ -</u>
Certificates of deposit <sup>(1)</sup>	<u>186,949</u>			
Total Investments	<u>\$ 12,105,499</u>			

<sup>(1)</sup> Not subject to fair value hierarchy measurements.



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**Note 10: Fair Value Measurements (Continued)**

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities:				
Consumer discretionary	\$ 153,974	\$ 153,974	\$ -	\$ -
Consumer goods	573,769	573,769	-	-
Energy	176,614	176,614	-	-
Financials	760,868	760,868	-	-
Health care	428,039	428,039	-	-
Industrials	441,986	441,986	-	-
Information technology	623,608	623,608	-	-
Real estate	89,203	89,203	-	-
Utilities	313,315	313,315	-	-
Corporate bonds	2,059,890	-	2,059,890	-
Mutual funds	2,835,145	2,835,145	-	-
Exchange-traded products	1,040,330	1,040,330	-	-
Real estate investment trusts	<u>582,656</u>	<u>-</u>	<u>582,656</u>	<u>-</u>
Total	<u>\$ 10,079,397</u>	<u>\$ 7,436,851</u>	<u>\$ 2,642,546</u>	<u>\$ -</u>

**Note 11: Notes Payable**

YMCA has a note payable of \$2,300,000 with Bank of America, N.A. The note payable bears a fixed interest rate of 4.43%, with monthly payments of \$12,856 due through maturity, with an estimated \$1,261,914 balloon payment due at maturity on January 1, 2022. This note is secured by the Fullerton Family YMCA facility. The outstanding balance as of December 31, 2019 and 2018, is \$1,443,229 and \$1,530,539, respectively.

Tipper has a note payable of \$3,000,000 with HomeStreet Bank. The note payable bears a fixed interest rate of 4.08%, with monthly payments of \$16,063 due through maturity, with an estimated \$2,167,201 balloon payment due at maturity on October 1, 2027. The note is guaranteed by the assets of the YMCA and is secured by the Tustin building. The outstanding balance as of December 31, 2019 and 2018, is \$2,837,878 and \$2,917,419, respectively.

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**Note 11: Notes Payable (Continued)**

The loan agreements for YMCA and Tipper, noted above, contain certain financial and nonfinancial covenants. At December 31, 2019, the Organization was in compliance with these financial covenants.

The following table represents the maturities of the notes payable for succeeding years ending December 31:

	Principal Payments	Deferred Finance Costs	Total
2020	\$ 167,668	\$ (1,175)	\$ 166,493
2021	175,255	(1,175)	174,080
2022	1,339,822	(1,175)	1,338,647
2023	86,657	(1,175)	85,482
2024	90,309	(1,175)	89,134
Thereafter	<u>2,421,396</u>	<u>(3,322)</u>	<u>2,418,074</u>
Total	<u>\$ 4,281,107</u>	<u>\$ (9,197)</u>	<u>\$ 4,271,910</u>

**Note 12: Endowment Funds**

The Organization's Endowment Funds include a donor-restricted endowment. As required by US 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.

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**Note 12: Endowment Funds (Continued)**

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) 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 Association 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 as of December 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds, perpetual in duration - original gift amount	\$ -	\$ 168,444	\$ 168,444

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**Note 12: Endowment Funds (Continued)**

The following is the endowment net asset composition by type of fund as of December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds, perpetual in duration - original gift amount	\$ <u>-</u>	\$ <u>90,000</u>	\$ <u>90,000</u>

Changes in the endowment fund net assets for the years ended December 31, 2019 and 2018, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment fund net assets, December 31, 2017	\$ -	\$ 90,000	\$ 90,000
Investment return	-	27	27
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(27)</u>	<u>(27)</u>
Endowment fund net assets, December 31, 2018	-	90,000	90,000
Contributions	-	78,444	78,444
Investment return	-	24	24
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(24)</u>	<u>(24)</u>
Endowment Fund Net Assets, December 31, 2019	\$ <u>-</u>	\$ <u>168,444</u>	\$ <u>168,444</u>

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 US GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2019 and 2018. 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.

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**Note 13: Net Assets Released from Restrictions**

Net assets released from restrictions for the years ended December 31, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Satisfaction of time restriction	\$ 57,912	\$ 80,094
Satisfaction of purpose restriction	<u>159,166</u>	<u>629,517</u>
Total Net Assets Released from Restrictions	<u>\$ 217,078</u>	<u>\$ 709,611</u>

**Note 14: Net Assets**

Net assets consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Net Assets without Donor Restrictions:		
Investment in property and equipment, net of related debt	\$ 15,525,108	\$ 16,304,904
Available for operations	<u>13,414,135</u>	<u>9,459,205</u>
Total net assets without donor restrictions	<u>28,939,243</u>	<u>25,764,109</u>
Net Assets with Donor Restrictions:		
Subject to expenditures for specific purposes:		
Childcare program activities	15,000	26,165
Health and wellness program activities	49,431	11,921
Camping	335	-
Program activities - Orange service area	1,428,582	-
Program activities - Pomona service area	-	12,674
All program activities	251	696
Building and maintenance:		
Camp Elk	110,897	229,528
Capital projects:		
Yorba Linda/Placentia	<u>7,573</u>	<u>7,567</u>
Total purpose restrictions	<u>1,612,069</u>	<u>288,551</u>

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**Note 14: Net Assets (Continued)**

	<u>2019</u>	<u>2018</u>
Subject to passage of time:		
Charitable remainder unitrust	\$ -	\$ 74,976
Campaign donations	<u>93,576</u>	<u>57,913</u>
Total time restrictions	<u>93,576</u>	<u>132,889</u>
Endowment:		
Subject to endowment spending policy and appropriation:		
Program activities	<u>168,444</u>	<u>90,000</u>
Total net assets with donor restrictions	<u>1,874,089</u>	<u>511,440</u>
Total Net Assets	<u>\$ 30,813,332</u>	<u>\$ 26,275,549</u>

**Note 15: Deferred Income**

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

	<u>Santa Ana Project Funding</u>	<u>Adventure Guides</u>	<u>Other</u>	<u>Total</u>
Balance - December 31, 2017	\$ 750,000	\$ 418,601	\$ 103,427	\$ 1,272,028
Revenue recognized	(250,000)	(1,763,730)	(3,675,481)	(5,689,211)
Payments received for future performance obligations	<u>-</u>	<u>1,711,491</u>	<u>3,933,992</u>	<u>5,645,483</u>
Balance - December 31, 2018	500,000	366,362	361,938	1,228,300
Revenue recognized	(250,000)	(1,615,966)	(4,460,449)	(6,326,415)
Payments received for future performance obligations	<u>-</u>	<u>1,538,884</u>	<u>4,473,982</u>	<u>6,012,866</u>
Balance - December 31, 2019	<u>\$ 250,000</u>	<u>\$ 289,280</u>	<u>\$ 375,471</u>	<u>\$ 914,751</u>

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**Note 16: Commitments and Contingencies**

**a) Obligations Held under Capital Leases**

The Organization is the lessee of various equipment under capital leases expiring in years through 2020. The assets and liabilities held under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of the related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for the years ended December 31, 2019 and 2018.

The following is a summary of property held under capital leases at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Machinery and equipment	\$ 739,748	\$ 946,690
Less: Accumulated depreciation	<u>(706,792)</u>	<u>(854,810)</u>
Property Held under Capital Leases, Net	<u>\$ 32,956</u>	<u>\$ 91,880</u>

Depreciation of assets held under capital leases charged to expense for the years ended December 31, 2019 and 2018, totaled \$58,073 and \$89,263, respectively.

Minimum future lease payments under capital leases as of December 31, 2019, are as follows:

Total minimum lease payments	\$ 34,920
Less: Amount representing interest	<u>(4,040)</u>
Current Maturities of Obligation Held under Capital Leases	<u>\$ 30,880</u>

The interest rate on the capitalized lease is 6.01% and is based on the lessor's implicit rate of return.

**b) Operating Leases**

The Organization leases various facilities and equipment pursuant to lease agreements that expire through 2023. The Organization's facility leases provide for annual escalations, common area maintenance charges, and renewal options. The Organization is liable for insurance for both the facilities and equipment leases.

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**Note 16: Commitments and Contingencies (Continued)**

**b) Operating Leases (Continued)**

Future minimum payments under noncancelable operating leases with an initial term of one year or more are as follows for years ending December 31:

	<u>Facility</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 773,621	\$ 139,695	\$ 913,316
2021	536,107	133,090	669,197
2022	1,915	93,076	94,991
2023	<u>-</u>	<u>18,831</u>	<u>18,831</u>
Total	<u>\$ 1,311,643</u>	<u>\$ 384,692</u>	<u>\$ 1,696,335</u>

Total rental expense for the operating leases described above was \$1,018,312 and \$1,334,508 for the years ended December 31, 2019 and 2018, respectively.

**c) 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 which is subject to merit increase as approved by the compensation committee of the Organization's Board of Directors. This individual will also receive an annual retention bonus equal to 10% of the executive's minimum base salary. The agreement's initial term expires on December 31, 2022. The initial term shall automatically extend up to three additional years, in one-year increments, at the will of the executive.

**d) 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 17: 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 totaled \$420,997 and \$413,444, respectively, for the years ended December 31, 2019 and 2018.



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**Note 17: Related-Party Transactions (Continued)**

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, 2019 and 2018, aggregated \$1,271,323 and \$1,190,444, respectively. Unpaid contributions were \$112,711 and \$164,241, respectively, at December 31, 2019 and 2018, 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 bank account and note payable with HomeStreet Bank at December 31, 2019 and 2018. There is an Organization board member who is a former employee of HomeStreet Bank. This board member abstains from decisions made concerning matters that would be a conflict of interest.

The Organization has a money market account Farmers & Merchants Bank at December 31, 2019. 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.

In June 2015, the Organization paid \$5,500 to become 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. In June 2015, the Organization guaranteed a line of credit for YPG. As of December 31, 2019, there is no outstanding balance; the total amount of credit available is \$350,000.

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**Note 18: 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 year ended December 31, 2019, were as follows:

	<u>Gross Revenue</u>	<u>Direct Expenses</u>	<u>Net Revenue</u>
Dinners/breakfast	\$ 56,179	\$ (25,221)	\$ 30,958
Golf tournaments	162,435	(66,413)	96,022
5/10k runs	<u>54,792</u>	<u>(46,121)</u>	<u>8,671</u>
Total	<u>\$ 273,406</u>	<u>\$ (137,755)</u>	<u>\$ 135,651</u>

Special events held by the various branches for the year ended December 31, 2018, were as follows:

	<u>Gross Revenue</u>	<u>Direct Expenses</u>	<u>Net Revenue</u>
Dinners/breakfast	\$ 75,947	\$ (21,731)	\$ 54,216
Golf tournaments	144,915	(53,404)	91,511
5/10k runs	52,871	(42,673)	10,198
Sports tournament	<u>13,432</u>	<u>(6,268)</u>	<u>7,164</u>
Total	<u>\$ 287,165</u>	<u>\$ (124,076)</u>	<u>\$ 163,089</u>

**Note 19: Concentration of Risk**

For the years ended December 31, 2019 and 2018, the Organization received approximately 37% and 35%, respectively, of its total support and revenues (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.

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**Note 20: Beneficial Interest in Trust**

In 2013, the Organization received documentation of being named in a trust. The trust has two components: one that is revocable and one that is irrevocable. The irrevocable trust component includes the value of an estate, including real and personal property, insurance contracts, retirement investments, and other investments. The revocable trust must first be liquidated prior to the funds being available for the irrevocable trust component. The irrevocable trust requires certain payments to four beneficiaries. The remaining trust assets will then be distributed, of which 15% will be distributed to the Organization. At this time, no trust assets have been distributed to the Organization; the beneficiary interest in the trust is not recorded in the accompanying consolidated financial statements because fair value cannot be estimated.

**Note 21: Contribution from Other YMCA’s**

On March 9, 2017, the Organization entered into an asset transfer agreement with the Young Men’s Christian Association of Pomona Valley (“Pomona Valley YMCA”). Under the terms of the agreement, Pomona Valley YMCA agreed to transfer rights of certain assets, and proceeds from future sales of other assets, to the Organization and granted the Organization rights to operate in Pomona Valley YMCA’s service area.

In 2018, Pomona Valley YMCA transferred ownership of property and equity consisting of land, buildings, and a vehicle as a part of the assets transfer agreement, which amounted to \$4,059,000. In addition, cash and investments totaling \$206,234 were transferred as a part of the asset transfer agreement.

On October 19, 2018, the Organization entered into an asset transfer agreement with Young Men’s Christian Association of Orange (“YMCA of Orange”). Under the terms of the agreement, effective December 1, 2018, the Organization was granted rights to operate in YMCA of Orange’s service area, which includes the cities of Orange, Anaheim Hills, and Villa Park. Also, effective January 1, 2019, YMCA of Orange agreed to transfer rights of certain assets, and proceeds from future sales of other assets, to the Organization.

In 2019, YMCA of Orange transferred cash and investments totaling \$1,580,826 and a vehicle valued at \$5,500 as a part of the asset transfer agreement. Additionally, cash proceeds from the sale of property totaling \$71,353 was transferred from the YMCA of San Gabriel Valley. In accordance with a 2015 assets transfer agreement, the proceeds were to be transferred upon the sale of the property.

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**Note 22: Subsequent Events**

Adverse Effect of COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"), and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. Also, in March 2020, California's governor issued shelter-in-place and social distancing directives along with the Centers for Disease Control and Prevention ("CDC") and the Orange County Health Care Agency ("OCHCA") providing health and safety protocols to be followed. The potential impact to the Organization includes a significant reduction in programs provided to the community, temporary closure of gyms, reduction of customers' ability to pay the Organization as payments are due, and increased costs due to changes in staff to child ratios, diminished room capacity, and increased cleaning/sanitizing.

Management has taken several measures to mitigate the impact of COVID-19. Safety and health protocols issued by the Centers for Disease Control and Prevention and the Orange County Health Care Agency are followed for both staff and children in our programs. Due to temporary closure of gyms and programs, as of the date of this report, 80% of staff were furloughed. Many of the remaining staff were moved to a reduced four-day work week or received salary reductions. The Organization also temporarily reduced its contributions to the Retirement Fund by 90%. Many vendors were contacted to work with the Organization to reduce costs, provide credits, or defer payments to help with cash flow. The Organization did not qualify for a Small Business Administration Payroll Protection Plan loan as it has more than 500 employees; therefore, as noted below, a credit line was obtained to provide short-term liquidity, if needed. The Organization has been able to continue operating some of its childcare sites and also looked for new ways to provide needed childcare to essential workers. Two new "pop-up childcare" sites were opened to care for essential workers' children.

Any of the foregoing events could be harmful to the Organization's business, and the Organization cannot anticipate all the ways in which a health epidemic such as COVID-19 could adversely impact it. Likewise, the Organization is dependent on its workforce to deliver its services. To the extent program locations have remained open, the Organization has been able to deploy the necessary staff, yet developments such as social distancing and shelter-in-place directives may impact the Organization's ability to deploy its workforce effectively. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic on the Organization, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

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**Note 22: Subsequent Events (Continued)**

Adverse Effect of COVID-19 (Continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the Organization's results of future operations, financial position, and liquidity.

Credit Line on Margin Account

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 50% of the Organization's eligible investment balance with the financial institution. Monthly interest payments are made at 0.75% above the federal funds rate. The line of credit is collateralized by the Organization's investments with the financial institution and has an open maturity date. As of that date of this report, the Organization had not yet drawn on the credit line.

Decline in Value of Investments

Subsequent to December 31, 2019, the stock market experienced a significant decline in value. As of the date of this report, the Dow Jones Industrial Average declined 18.5% since December 31, 2019. During the same period, it is estimated that the Organization's investments declined by 12.7% or approximately \$1,540,000. The Organization will continue to monitor its investments as it has successfully done in the past, but it has no immediate plans to change its investment portfolio.

Events occurring after December 31, 2019, have been evaluated for possible adjustment to the consolidated financial statements or disclosure as of May 14, 2020, which is the date the consolidated financial statements were available to be issued.

## **CONSOLIDATING INFORMATION**

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

**ASSETS**

	<u>YMCA</u>	<u>Tipper, LLC</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash and cash equivalents (Note 5)	\$ 4,920,422	\$ 62,956	\$ -	\$ 4,983,378
Investments (Notes 6 and 10)	11,937,055	-	-	11,937,055
Receivables:				
Accounts receivable, net (Note 7)	950,612	-	-	950,612
Pledges receivable, net	23,738	-	-	23,738
Prepaid expense and other current assets	585,716	3,391	-	589,107
 Total Current Assets	 18,417,543	 66,347	 -	 18,483,890
Property Held under Capital Leases, Net	32,956	-	-	32,956
Property and Equipment, Net (Note 8)	14,675,135	5,119,807	-	19,794,942
Other Assets:				
Deposits	84,654	-	-	84,654
Deficit in subsidiary	(288,305)	-	288,305	-
Endowment investments	168,444	-	-	168,444
Due to YMCA	2,615,888	(2,615,888)	-	-
 Total Other Assets	 2,580,681	 (2,615,888)	 288,305	 253,098
 Total Assets	 <u>\$ 35,706,315</u>	 <u>\$ 2,570,266</u>	 <u>\$ 288,305</u>	 <u>\$ 38,564,886</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:				
Accounts payable	\$ 500,785	\$ -	\$ -	\$ 500,785
Accrued payroll and employee benefits	1,871,043	-	-	1,871,043
Program fees received in advance	664,751	-	-	664,751
Accrued expenses	132,295	-	-	132,295
Deferred Santa Ana project funding, current portion (Note 8)	250,000	-	-	250,000
Current maturities of obligations held under capital leases (Note 16a)	30,880	-	-	30,880
Notes payable, current portion (Note 11)	91,109	75,384	-	166,493
 Total Current Liabilities	 3,540,863	 75,384	 -	 3,616,247
Long-Term Liabilities:				
Deposits payable	-	29,890	-	29,890
Notes payable, less current portion (Note 11)	1,352,120	2,753,297	-	4,105,417
 Total Long-Term Liabilities	 1,352,120	 2,783,187	 -	 4,135,307
 Total Liabilities	 4,892,983	 2,858,571	 -	 7,751,554
Net Assets (Note 14):				
Without donor restrictions	28,939,243	(288,305)	288,305	28,939,243
With donor restrictions	1,874,089	-	-	1,874,089
 Total Net Assets	 30,813,332	 (288,305)	 288,305	 30,813,332
 Total Liabilities and Net Assets	 <u>\$ 35,706,315</u>	 <u>\$ 2,570,266</u>	 <u>\$ 288,305</u>	 <u>\$ 38,564,886</u>

See accompanying independent auditors' report.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN MEMBER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2019**

	YMCA	Tipper, LLC	Eliminations	Total
<u>Operations</u>				
Support, Revenue, and Gains:				
Fundraising Support:				
Contributions	\$ 1,264,274	\$ -	\$ -	\$ 1,264,274
Special events, net of direct costs of \$137,755	135,651	-	-	135,651
Total Fundraising Support	1,399,925	-	-	1,399,925
Program Revenue:				
Childcare fees	23,033,517	-	-	23,033,517
Membership fees	7,616,968	-	-	7,616,968
Health and fitness fees	3,086,898	-	-	3,086,898
Adventure guides fees	1,866,607	-	-	1,866,607
Government assistance	2,248,585	-	-	2,248,585
Donated use of facilities/land	944,896	-	-	944,896
Camp	1,483,458	-	-	1,483,458
Community programs fees	1,087,752	-	-	1,087,752
Facility fees	322,018	-	-	322,018
Total Program Revenue	41,690,699	-	-	41,690,699
Contributions from other YMCA's	1,657,679	-	-	1,657,679
Other Income	391,080		(9,600)	381,480
Rental Income	-	491,677	(275,243)	216,434
Total Support, Revenue, and Gains	45,139,383	491,677	(284,843)	45,346,217
Operating Expenses:				
Program Services:				
Child and youth development	17,348,448	-	-	17,348,448
Health and fitness	11,625,538	-	-	11,625,538
Adventure guides activities	1,868,341	-	-	1,868,341
Camp	766,644	-	-	766,644
Other community services	3,804,277	-	-	3,804,277
Total Program Services	35,413,248	-	-	35,413,248
Supporting Services:				
Administrative and general	6,576,519	-	(275,243)	6,301,276
Fundraising	319,484	-	-	319,484
Total Supporting Services	6,896,003	-	(275,243)	6,620,760
Tipper, LLC	-	621,299	(9,600)	611,699
Total Operating Expenses	42,309,251	621,299	(284,843)	42,645,707
Operating Margin	2,830,132	(129,622)	-	2,700,510
<u>Nonoperating</u>				
Investment Income, Net (Note 6)	1,723,133	-	129,622	1,852,755
Loss on Disposal of Capital Assets	(15,482)	-	-	(15,482)
Total Nonoperating	1,707,651	-	129,622	1,837,273
Increase (Decrease) in Net Assets	4,537,783	(129,622)	129,622	4,537,783
Net Assets, Beginning of Year	26,275,549	(158,683)	158,683	26,275,549
Net Assets, End of Year	\$ 30,813,332	\$ (288,305)	\$ 288,305	\$ 30,813,332

See accompanying independent auditors' report.



**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**SCHEDULE III - CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

**ASSETS**

	YMCA	Tipper, LLC	Eliminations	Total
Current Assets:				
Cash and cash equivalents (Note 5)	\$ 3,628,445	\$ 31,326	\$ -	\$ 3,659,771
Restricted cash	90,000	-	-	90,000
Investments (Notes 6 and 10)	10,079,397	-	-	10,079,397
Receivables:				
Accounts receivable, net (Note 7)	787,925	-	-	787,925
Pledges receivable, net	26,641	-	-	26,641
Prepaid expense and other current assets	424,998	33,555	-	458,553
Total Current Assets	15,037,406	64,881	-	15,102,287
Property Held under Capital Leases, Net	91,880	-	-	91,880
Property and Equipment, Net (Note 8)	15,417,227	5,322,227	-	20,739,454
Other Assets:				
Deposits	18,700	-	-	18,700
Investment in subsidiary	(158,683)	-	158,683	-
Due to YMCA	2,584,226	(2,584,226)	-	-
Total Other Assets	2,444,243	(2,584,226)	158,683	18,700
Total Assets	<u>\$ 32,990,756</u>	<u>\$ 2,802,882</u>	<u>\$ 158,683</u>	<u>\$ 35,952,321</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:				
Accounts payable	\$ 1,547,691	\$ 38,438	\$ -	\$ 1,586,129
Accrued payroll and employee benefits	2,048,336	-	-	2,048,336
Program fees received in advance	728,300	-	-	728,300
Accrued expenses	271,498	-	-	271,498
Deferred Santa Ana project funding, current portion (Note 8)	250,000	-	-	250,000
Current maturities of obligations held under capital leases (Note 16a)	54,894	-	-	54,894
Notes payable, current portion (Note 11)	87,289	72,286	-	159,575
Total Current Liabilities	4,988,008	110,724	-	5,098,732
Long-Term Liabilities:				
Deposits payable	-	16,079	-	16,079
Deferred Santa Ana project funding, less current portion (Note 8)	250,000	-	-	250,000
Long-term portion of obligations held under capital leases (Note 16a)	33,949	-	-	33,949
Notes payable, less current portion (Note 11)	1,443,250	2,834,762	-	4,278,012
Total Long-Term Liabilities	1,727,199	2,850,841	-	4,578,040
Total Liabilities	6,715,207	2,961,565	-	9,676,772
Commitments and Contingencies (Note 16)	-	-	-	-
Net Assets (Note 15):				
Without donor restrictions	25,764,109	(158,683)	158,683	25,764,109
With donor restrictions	511,440	-	-	511,440
Total Net Assets	26,275,549	(158,683)	158,683	26,275,549
Total Liabilities and Net Assets	<u>\$ 32,990,756</u>	<u>\$ 2,802,882</u>	<u>\$ 158,683</u>	<u>\$ 35,952,321</u>

See accompanying independent auditors' report.

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY AND SUBSIDIARY**  
**SCHEDULE IV - CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN MEMBER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2018**

	YMCA	Tipper, LLC	Eliminations	Total
<u>Operations</u>				
Support, Revenue, and Gains:				
Fundraising Support:				
Contributions	\$ 2,424,978	\$ -	\$ -	\$ 2,424,978
Special events, net of direct costs of \$124,076	163,089	-	-	163,089
Total Fundraising Support	2,588,067	-	-	2,588,067
Program Revenue:				
Childcare fees	21,085,365	-	-	21,085,365
Membership fees	8,055,551	-	-	8,055,551
Health and fitness fees	2,980,806	-	-	2,980,806
Adventure guides fees	2,059,404	-	-	2,059,404
Government assistance	2,019,454	-	-	2,019,454
Donated use of facilities/land	944,898	-	-	944,898
Camp	1,313,716	-	-	1,313,716
Community programs fees	1,330,781	-	-	1,330,781
Facility fees	299,751	-	-	299,751
Total Program Revenue	40,089,726	-	-	40,089,726
Contributions from other YMCA's	4,265,234	-	-	4,265,234
Other Income	184,511	-	(9,600)	174,911
Rental Income	-	468,058	(275,243)	192,815
Total Support, Revenue, and Gains	47,127,538	468,058	(284,843)	47,310,753
Operating Expenses:				
Program Services:				
Child and youth development	16,864,381	-	-	16,864,381
Health and fitness	13,467,615	-	-	13,467,615
Adventure guides activities	2,079,085	-	-	2,079,085
Camp	732,208	-	-	732,208
Other community services	3,437,310	-	(32,760)	3,404,550
Total Program Services	36,580,599	-	(32,760)	36,547,839
Supporting Services:				
Administrative and general	6,907,496	-	(242,483)	6,665,013
Fundraising	371,260	-	-	371,260
Total Supporting Services	7,278,756	-	(242,483)	7,036,273
Tipper, LLC	-	635,350	(9,600)	625,750
Total Operating Expenses	43,859,355	635,350	(284,843)	44,209,862
Operating Margin	3,268,183	(167,292)	-	3,100,891
<u>Nonoperating</u>				
Investment Loss, Net (Note 6) Loss	(593,398)	-	167,292	(426,106)
on Disposal of Capital Assets	(510,249)	-	-	(510,249)
Total Nonoperating	(1,103,647)	-	167,292	(936,355)
Increase (Decrease) in Net Assets	2,164,536	(167,292)	167,292	2,164,536
Net Assets, Beginning of Year	24,111,013	8,609	(8,609)	24,111,013
Net Assets, End of Year	\$ 26,275,549	\$ (158,683)	\$ 158,683	\$ 26,275,549

See accompanying independent auditors' report.

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors  
Young Men's Christian Association of Orange County  
Tustin, California

We have performed the procedures enumerated below, which were agreed to by the Young Men's Christian Association of Orange County ("YMCA"), solely to assist the YMCA with respect to the extended-day childcare revenue earned by the YMCA and reported to the Capistrano Unified School District ("CUSD") during the year ended December 31, 2019. YMCA's management is responsible for the extended-day childcare revenue reported to CUSD. The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We obtained a copy of the extended-day childcare revenue contract between the YMCA and CUSD. We familiarized ourselves with specific conditions identified in this contract.

**Results:** We noted the following requirements applicable to the annual CUSD fee calculation:

- The vendor (YMCA) shall pay CUSD 1% of annual gross receipts for any and all extended-day childcare programs and additional programs operated in vendor-provided classrooms on CUSD property or CUSD classrooms or buildings.
  - The CUSD fee of 1% will be based upon a minimum annual gross receipt of not less than \$4,000,000.
2. We documented and analyzed the procedures used by the YMCA to properly track and report gross receipts generated from programs operated from classrooms or buildings located on CUSD property.

**Results:** Each program run by the YMCA is assigned a unique program code. All critical information related to a program, such as site, location, dates, time session information, fees, and account number, is entered into a system-defined table file in the Day Care Works ("DCW") system, which is linked to this program code.

The general ledger number entered into the table file contains a field for branch number, as well as the program code that allocates the revenue to the specific program and the appropriate branch and department at which the program was offered. The table file does not accept an invalid general ledger account number.

Each participant is enrolled by selecting the unique program code assigned to the specific program for which the participant is registering. On a monthly or daily basis, DCW will calculate the total revenue due for each enrolled and active participant.

DCW generates a daily posting report that is reviewed by YMCA staff at the administrative office, which is posted to the general ledger. At the end of the year, the finance staff compiles a summary of all revenues posted to the general ledger, making adjustments for revenue generated from programs not operated from classrooms or buildings located on CUSD property, and calculates the fee due to CUSD per agreement provisions.

3. We obtained a summary schedule compiled by YMCA staff that documented the gross annual revenue for the year ended December 31, 2019, for each of the branches (Laguna Niguel area, Mission Viejo area, Beach Cities, and YMCA Community Services) that operates programs on CUSD property. We traced the gross revenues reflected on this summary schedule to the general ledger accounting records to determine if the revenue on the schedule agrees with the accounting records.

**Results:** We found that the gross annual revenue on the summary schedule for the Laguna Niguel area, Mission Viejo area, Beach Cities, and YMCA Community Services branches agreed to the general ledger accounting records of the YMCA for the year ended December 31, 2019.

4. The summary schedule obtained for procedure 3. documented above reflected total gross annual revenue obtained from the general ledger accounting records, non-CUSD revenue eliminating adjustments, and adjusted gross annual revenue applicable to the CUSD fee base for the year ended December 31, 2019. The non-CUSD revenue eliminating adjustments reduced gross annual revenue by those revenues not generated by programs operating in classrooms or buildings located on CUSD property. After these adjustments were made, the adjusted gross annual revenue reflects only those revenues generated by programs operating in classrooms or buildings located on CUSD property. We tested the eliminating adjustments as follows:

- For all revenue classifications (i.e., contributions, membership fees, program fees, etc.), which are eliminated 100% from the CUSD fee base, we analyzed the nature and source of the revenue to determine if revenue was appropriately excluded.
- For revenue classifications where none or part of the revenue was eliminated (seven accounts in the year ended December 31, 2019), we analyzed the details supporting gross revenue for the accounts and reviewed for reasonableness to determine if the portion of the revenue eliminated from the CUSD fee base was correct.

**Results:** We found that the YMCA included all revenues generated by programs operating in classrooms or buildings located on CUSD property.

5. For those revenues determined to be applicable to the CUSD fee base in procedure 4. above, we tested the general ledger accounting records supporting the amount of gross revenue for the year ended December 31, 2019, to determine if gross revenues were correctly stated. We selected all three revenue accounts: Child Development Fees, Child Care Administration Registration Fees, and Community Programs. For these revenue accounts, we judgmentally chose three months for each account and traced the monthly revenue reported in the general ledger to the member management report, which provides a detail of revenue posted to the general ledger by member.

**Results:** We found that for each monthly revenue amount tested for the year ended December 31, 2019, the amounts recorded in the general ledger system agreed with the detail accounting records of the member management system.

6. We traced the Child Development Fees reported in the general ledger for CUSD sites to the general ledger used to prepare the financial statements for the year ended December 31, 2019, to determine if the accounting records provided to perform the preceding procedures agreed with the audited financial statements.

**Results:** We found that the accounting records provided by the YMCA to perform the procedures outlined above agreed with the audited general ledger used to prepare the financial statements for the year ended December 31, 2019.

7. We recalculated the total fee owed to CUSD from extended-day childcare revenues generated by programs operating in classrooms or buildings located on CUSD property and compared the fees owed with the fees paid by the YMCA to CUSD as of the date of this report (see Attachment A).

**Results:** The fees due to CUSD for the year ended December 31, 2019, were calculated to be \$158,740.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, perform an audit or review, the objective of which would be the expression of an opinion or conclusion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the YMCA and CUSD and is not intended to be, and should not be, used by anyone other than those specified parties.

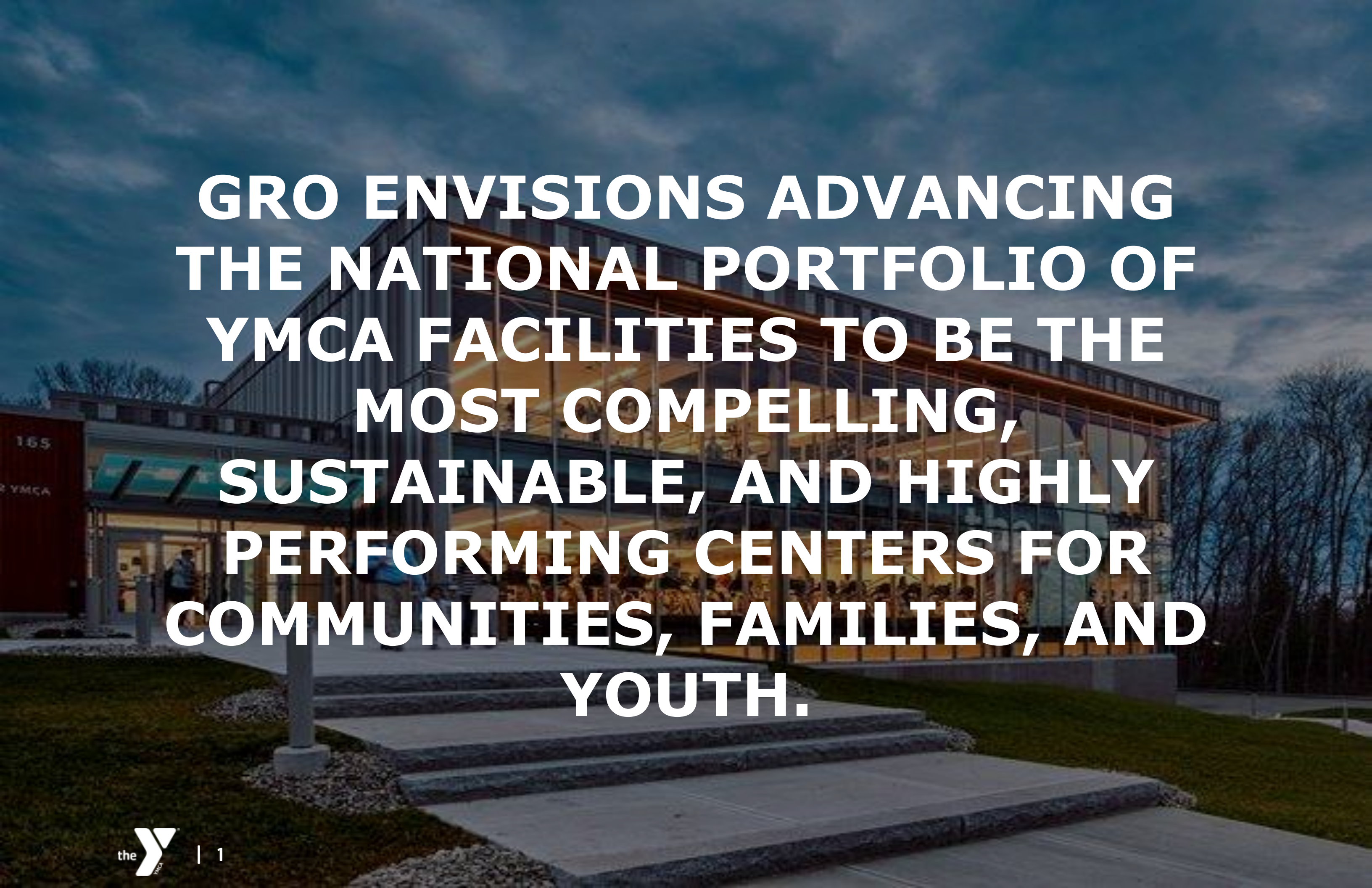
*White Nelson Dickel Evans LLP*

Irvine, California  
May 14, 2020

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY**  
**ATTACHMENT A**  
**CAPISTRANO UNIFIED SCHOOL DISTRICT FEE CALCULATION**  
**YEAR ENDED DECEMBER 31, 2019**

	Fee for Base Year Ended <u>December 31, 2019</u>
Revenue Source:	
Child Development Feed	\$ 16,011,784
Child Care Administration Fees	470,695
Promotions	(4,520)
Multichild Discounts	(305,590)
Employee Discounts	(63,104)
Scholarships Awarded	(431,068)
Community Programs	<u>195,848</u>
Total Revenue	15,874,045
CUSD % Fee Rate	<u>1.0%</u>
Fee Due to CUSD	<u><u>\$ 158,740</u></u>





**GRO ENVISIONS ADVANCING  
THE NATIONAL PORTFOLIO OF  
YMCA FACILITIES TO BE THE  
MOST COMPELLING,  
SUSTAINABLE, AND HIGHLY  
PERFORMING CENTERS FOR  
COMMUNITIES, FAMILIES, AND  
YOUTH.**





# YMCA OF ORANGE COUNTY

REAL ESTATE DEVELOPMENT & ASSET OPTIMIZATION

MAY 2020 BOARD PRESENTATION

**gro**  
FOR YMCAS



# TODAY:

## REAL ESTATE DEVELOPMENT & ASSET OPTIMIZATION

1. ABOUT THE STUDY

3. BACKGROUND & APPROACH

4. THE LANDSCAPE & DIAGNOSTICS

5. BRANCH CHAPTER (EXCERPT)

7. DEVELOPMENT PROGRAM





# ABOUT THE STUDY



A background image showing several children playing outdoors in a grassy area with trees. Two boys in the foreground are running and playing, one in a white shirt and the other in a plaid shirt. Other children are visible in the background, including a girl in a teal shirt and a boy in a red shirt.

# COMMISSION

REAL ESTATE DEVELOPMENT & ASSET OPTIMIZATION

Ascertain the **compatibility** and **performance** of each of the Association's existing membership centers relative to the YMCA's **short and long-term plans** for program and member service delivery within the geographic service area (current and future).





# 589

Similar Branch Assets Studied

# 46%

Average increase in membership resulting from recommended capital investments

# 67

Associations with completed development programs

# \$7.5M

Average value of recommended investment per asset to achieve optimization

YMCA of the **Capital District** (Albany NY)  
YMCA of **Western North Carolina** (Asheville, NC)  
YMCA of the **Capital Area** (Baton Rouge, LA)  
**Treasure Valley** YMCA (Boise, ID)  
YMCA **Buffalo Niagara**  
YMCA of **Greater Charlotte**  
YMCA of **Greater Cincinnati**  
YMCA of **Greater Cleveland**  
YMCA of **Central Ohio (Columbus)**  
YMCA of **Metropolitan Dallas**  
YMCA of **Metropolitan Denver**  
YMCA of **Metropolitan Detroit**  
**Greater Philadelphia** YMCA  
**Valley of the Sun** YMCA (Phoenix, AZ)

YMCA of **San Diego County**  
YMCA of **San Francisco**  
YMCA of **Coastal Georgia** (Savannah, GA)  
YMCA of **Silicon Valley** (Santa Clara, CA)  
YMCA of **Southern Arizona** (Tucson, AZ)  
YMCA of the **Greater Twin Cities**  
YMCA of **Metropolitan Washington** (DC)  
**Whatcom Family** YMCA (Bellingham, WA)  
YMCA of **Greater Brandywine** (West Chester, PA)  
YMCA of **Greater Hartford**  
YMCA of **Honolulu** (Honolulu, HI)  
YMCA of **Greater Houston**  
YMCA of the **Greater Kansas City**  
YMCA of **Greater Long Beach** (CA)

YMCA of **Long Island**  
YMCA of **Memphis & the Mid-South**  
**Central Connecticut Coast** YMCA  
YMCA of **Greater Oklahoma City**  
YMCA of **Orange County**



# THE LAST FOUR:

(FOCUS = NEW LOCATIONS)

	DEV. BUDGET	TOTAL UNITS	OPERATING MARGIN
BOLL	\$35M	2,960	\$206K
CARLS	\$20M	2,146	(\$9K)
DOWNRIVER	\$25M	5,303	\$364K
NORTH OAKLAND	\$20M	2,978	\$32K
	\$100M	15,605	\$592K

**+\$600K**  
**165YRS**

# THE NEXT FOUR:

(FOCUS = OPTIMIZING EXISTING)

	DEV. BUDGET	TOTAL UNITS (NEW)	OPERATING MARGIN
BIRMINGHAM	\$10.0M	2,904	\$2.47M
FARMINGTON	\$11.0M	2,208	\$1.41M
MACOMB	\$7.66M	1,633	\$870K
SOUTH OAKLAND	\$6.95M	822	\$522K
	\$35.7M	7,566	\$5.28M

**\$5.3M**  
**6.7YRS**



# MEASURABLE POTENTIAL IN THE ORANGE COUNTY MARKET

**3.19M People**

**People in Approximate Service Area**  
(2018 Orange County Population)

**1.03M HH**

**Households in the Approximate Service Area**

**41,200 units**

**Potential Membership @ 4.0% Penetration rate**

**14,658 units**

**Current Units in market**  
(2018 Monthly Average excluding third parties and employees)

**26,542  
NEW UNITS**

**POTENTIAL NEW UNITS IN  
APPROX. SERVICE AREA**

**\$15.9M**

**Potential additional membership revenue**  
(using \$600 yield per member unit)



# MEASURABLE POTENTIAL ONLY IN THE RIVERSIDE MARKET

**1.5M People**

**People in Approximate Service Area**

(2018 Riverside County Population in YMCA of OC Chartered Service Area)

**420K HH**

**Households in the Approximate Service Area**

**16,800 units**

**Potential Membership @ 4.0% Penetration rate**

**0 units**

**Current Units in market**

(2018 Monthly Average excluding third parties and employees)

**16,800  
NEW UNITS**


**POTENTIAL NEW UNITS IN  
APPROX. SERVICE AREA**

**\$10M**

**Potential additional membership revenue**

(using \$600 yield per member unit)





# DEVELOPMENT PROGRAM:





Usher you to this...

## **CURRENT:**

6 branches

119K SF

14,658 units

8.2 SF / unit

## **ADVISED:**

8 branches

276K SF

30,458 units

11.1 SF / unit



# POSITIONS SUMMARIZED

## REAL ESTATE DEVELOPMENT & ASSET OPTIMIZATION

1	<b>INVEST: MEMBER-FACING</b> Fullerton
2	<b>INVEST: HIGH SCOPE</b> Laguna Niguel, Mission Viejo
2	<b>REPLACE/RELOCATE</b> Huntington Beach (Leasehold), Newport Mesa (RFEI)
2	<b>HOLD</b> Association Offices, Santa Ana
3	<b>DIVEST</b> Camp E.L.K., Early Learning Center, Maple Hill
7	<b>NEW LOCATIONS TO VET</b> <b>Pomona</b> , West Covina, <b>Irvine</b> , Cypress, <b>Riverside</b> , Murrieta, Orange

		DEVL. BUDGET	Δ UNITS	Δ MEM. REVENUE	COST / UNIT	NOTES
	INVEST					
1A	FULLERTON ON-SITE: MEMBER FACING	\$500K	+319	\$191K	\$1,568	Current ARPU, med. p-rate <b>(Pursue)</b>
1B	FULLERTON ON-SITE: INVEST (HIGH)	\$9.98M	+604	\$363K	\$16,319	Current ARPU, med. p-rate
1C	FULLERTON OFF-SITE: NEW FULL FACILITY	\$17.8M +Site Acq.	+1,012	\$607K	\$17,472	\$600 ARPU, UQ p-rate
2A	LAGUNA NIGUEL ON-SITE: MEMBER FACING	\$500K	+295	\$148K	\$1,693	\$500 ARPU, med. p-rate
2B	LAGUNA NIGUEL ON-SITE: INVEST (MID)	\$2.3M	+967	\$508K	\$2,399	\$525 ARPU, UQ p-rate
2C	LAGUNA NIGUEL ON-SITE: INVEST (HIGH)	\$6.0M	+1,586	\$873K	\$3,810	\$550 ARPU, UQ p-rate <b>(Pursue)</b>
3A	MISSION VIEJO ON-SITE: MEMBER FACING	\$500K	+182	\$109K	\$2,751	\$600 ARPU, retention bump only
3B	MISSION VIEJO ON-SITE: INVEST (HIGH)	\$10.8M	+1,190	\$714K	\$9,048	\$600 ARPU, 5.25% pen. <b>(Pursue)</b>
3C	MISSION VIEJO OFF-SITE: INVEST (STRETCH)	\$17.8M +Site Acq.	+1,858	\$1.114M	\$9,521	\$600 ARPU, UQ pen.

Before Alternative Funding Sources (Public Grants, NMTC, Partners’ Contr. & Asset Reallocation)

		DEVL. BUDGET	Δ UNITS	Δ MEM. REVENUE	COST / UNIT	NOTES
	REPLACE/RELOCATE					
4A	HUNTINGTON BEACH ON-SITE: RENEGOTIATE & REFRESH	\$250K	+167	\$100K	\$1,494	Current ARPU & p-rate Renegotiation unsuccessful
4B	HUNTINGTON BEACH ON-SITE: CONDO ACQ. & REFRESH	\$9.86M	+598	\$359K	\$16,486	Current ARPU & Current p-rate +0.5%
4C	HUNTINGTON BEACH OFF-SITE: REPLACEMENT LEASEHOLD	\$3.325M	+410	\$246K	\$8,106	Current ARPU & 4.75% p-rate <b>(Pursue)</b>
4D	HUNTINGTON BEACH OFF-SITE: SEER TESTED NSA	\$17.8M +Site Acq.	+1,106	\$664K	\$16,063	Current ARPU, UQ p-rate
5A	NEWPORT MESA: OPT A STAND-ALONE REDEVELOPMENT	\$16.9M	+1,055	\$633K	\$16,069	Current ARPU, 80th%ile
5B	NEWPORT MESA: OPT B MIXED-USE REDEVELOPMENT	\$21.6M - \$7.0M= \$14.6M	+1,055	\$633K	\$13,839	Current ARPU, 80th%ile
5C	NEWPORT MESA: OPT C OFF-SITE: NEW FULL FACILITY	\$17.8M +Site Acq.	+1,778	\$1.067M	\$10,017	Current ARPU, 90 <sup>th</sup> +%ile <b>(Pursue)</b>

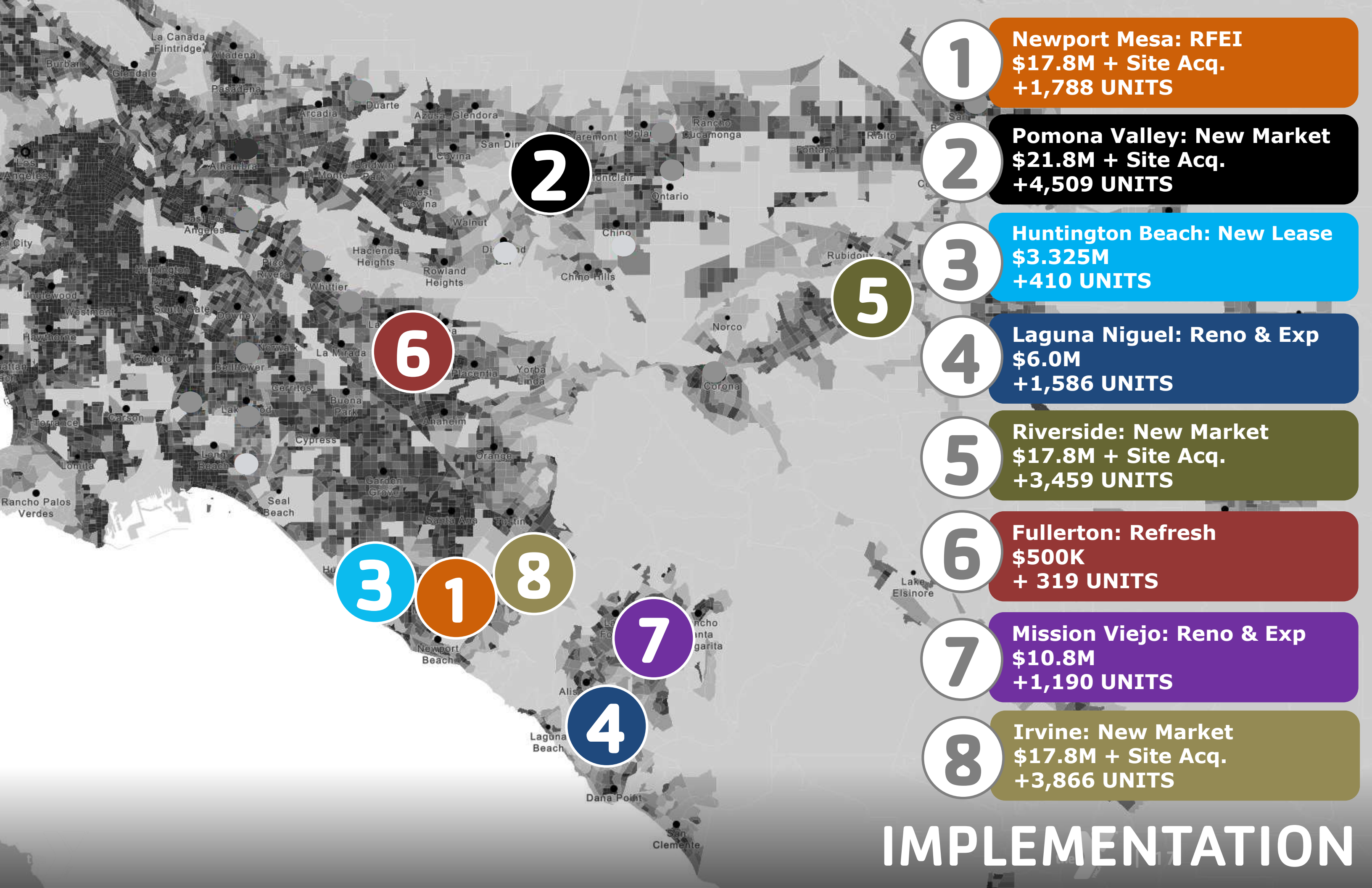
		DEVL. BUDGET*	Δ UNITS	Δ MEM. REVENUE	COST / UNIT	NOTES
	HOLD					
1	ASSOCIATION OFFICES	-	-	-	-	
2	SANTA ANA	-	-	-	-	
	DIVEST					
1	CAMP E.L.K.	-	-	-	-	
2	EARLY LEARNING CENTER	-	-	-	-	
3	MAPLE HILL	-	-	-	-	

\*Before any partner(s) contribution, liquidation of existing assets, donations, etc.

	Location	Area	HHs 2024	Med. HH Income	Drive Time	Modeled P-Rate	Gross Units	Notes
	NEW LOCATIONS TO VET							
1	Pomona Valley (800 S Garey Ave.)	POM	90,197	\$64,107	12"	5.00%	4,509	NMTC Likely West End Association to the east
2	West Covina (1625 W. Durness St.)	SGV	83,037	\$69,652	12"	5.00%	4,152	NMTC Possible Entirely unserved market
3	Irvine (3750 Barranca Pwky.)	OC	77,327	\$102,592	10"	5.00%	3,866	Minimal drivetime overlap; Low cannibalization likely
4	Cypress (9200 Valley View St.)	OC	73,224	\$77,398	10"	5.00%	3,661	Entirely unserved market NMTC unlikely
5	Riverside (6296 Magnolia Ave.)	RVS	69,172	\$56,600	12"	5.00%	3,459	Entirely unserved market NMTC Likely
6	Murrieta (39573 Los Alamos Rd.)	RVS	64,662	\$84,324	12"	5.00%	3,233	Entirely unserved market NMTC Possible
7	Orange (368 N. Prospect St.)	OC	63,821	\$90,788	10"	5.00%	3,191	Grijalva Park; Largely unserved market Does not qualify for NMTC

1. Modeled units does not incorporate a cannibalization factor





1

**Newport Mesa: RFEI**  
**\$17.8M + Site Acq.**  
**+1,788 UNITS**

2

**Pomona Valley: New Market**  
**\$21.8M + Site Acq.**  
**+4,509 UNITS**

3

**Huntington Beach: New Lease**  
**\$3.325M**  
**+410 UNITS**

4

**Laguna Niguel: Reno & Exp**  
**\$6.0M**  
**+1,586 UNITS**

5

**Riverside: New Market**  
**\$17.8M + Site Acq.**  
**+3,459 UNITS**

6

**Fullerton: Refresh**  
**\$500K**  
**+ 319 UNITS**

7

**Mission Viejo: Reno & Exp**  
**\$10.8M**  
**+1,190 UNITS**

8

**Irvine: New Market**  
**\$17.8M + Site Acq.**  
**+3,866 UNITS**

**IMPLEMENTATION**

	Option	Gross Dev Cost	Alternative Funding Sources	Asset Reallocation	Net Dev Cost	Δ Units	Cost / Unit (Net)	Δ Membership Revenue (Margin)
1	INVEST OPT 5C: NEWPORT MESA OFF-SITE: NEW FACILITY	\$17.8M +Site Acq.	NMTC (\$4M) Public Grants (\$3M) Partnership (TBD)	(\$6.7M - \$15.1M)	>\$4.1M	+1,788	\$2,293	+\$1.067M
2	NEW MARKET OPT 1: POMONA VALLEY (800 S Garey Ave.)	\$21.8M +Site Acq.	NMTC (\$5M) Public Grants (\$3M) Partnership (TBD)	ECEC (\$1.70M) MH (\$2.35M)	\$9.8M	+4,509	\$2,162	+\$2.705M <sup>1</sup>
3	INVEST OPT 2C: HUNTINGTON BEACH NEW LEASE OFF SITE	\$3.325M	n/a	(\$0M)	\$3.325M	+410	\$8,106	+\$246K
4	INVEST OPT 3C: LAGUNA NIGUEL ON-SITE: INVEST (HIGH)	\$6.0M	NMTC (\$0M) Public Grants (\$1M) Partnership (\$0M)	(\$0M)	\$5.0M	+1,586	\$3,152	+\$873K
5	NEW MARKET OPT 5: RIVERSIDE (6296 Magnolia Ave.)	\$17.8M +Site Acq.	NMTC (\$4M) Public Grants (\$2M) Partnership (TBD)	n/a	\$11.8M	+3,549	\$3,411	+\$2.075M <sup>1</sup>
6	OPT 1A: FULLERTON ON-SITE: MEMBER FACING	\$500K	n/a	n/a	\$500K	+319	\$1,568	+\$191K
7	OPT 4B: MISSION VIEJO ON-SITE: INVEST (HIGH)	\$10.8M	NMTC (\$0M) Public Grants (\$2M) Partnership (\$3M)	(\$0M)	\$5.8M	+1,190	\$4,873	+\$714K
8	NEW MARKET OPT 3: IRVINE (3750 Barranca Pwky.)	\$17.8M +Site Acq.	NMTC (\$0M) Public Grants (\$2M) Partnership (TBD)	n/a	\$15.8M	+3,866	\$4,087	+\$2.320M <sup>1</sup>

1. Gross Revenue





**Pomona Valley**

**+4,509**

**Fullerton**

**+319**

**Huntington Beach**

**+410**

**Newport Mesa**

**+1,788**

**Irvine**

**+3,866**

**Laguna Niguel**

**+1,586**

**Mission Viejo**

**+1,190**

**Riverside**

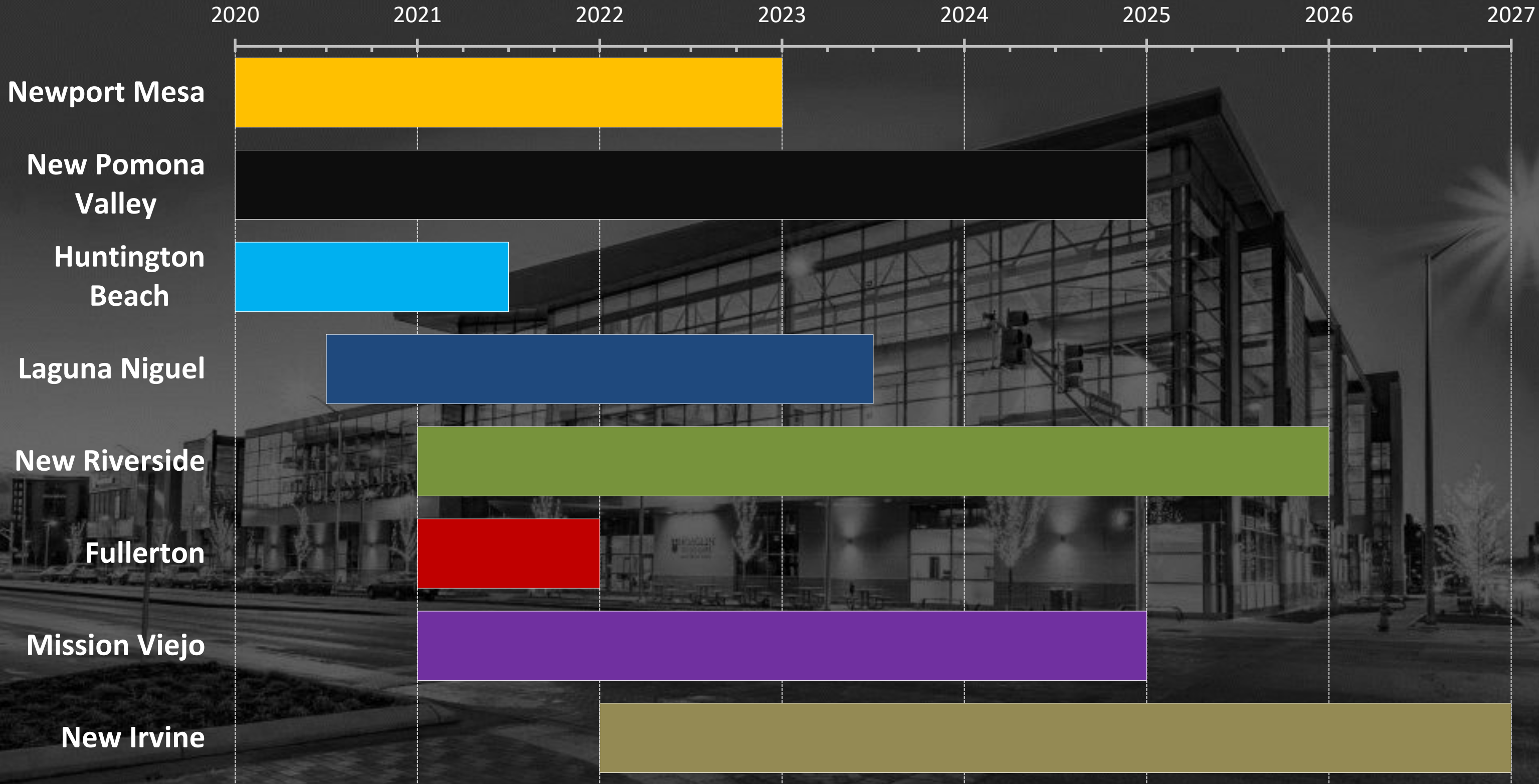
**+3,459**

**+17,027**

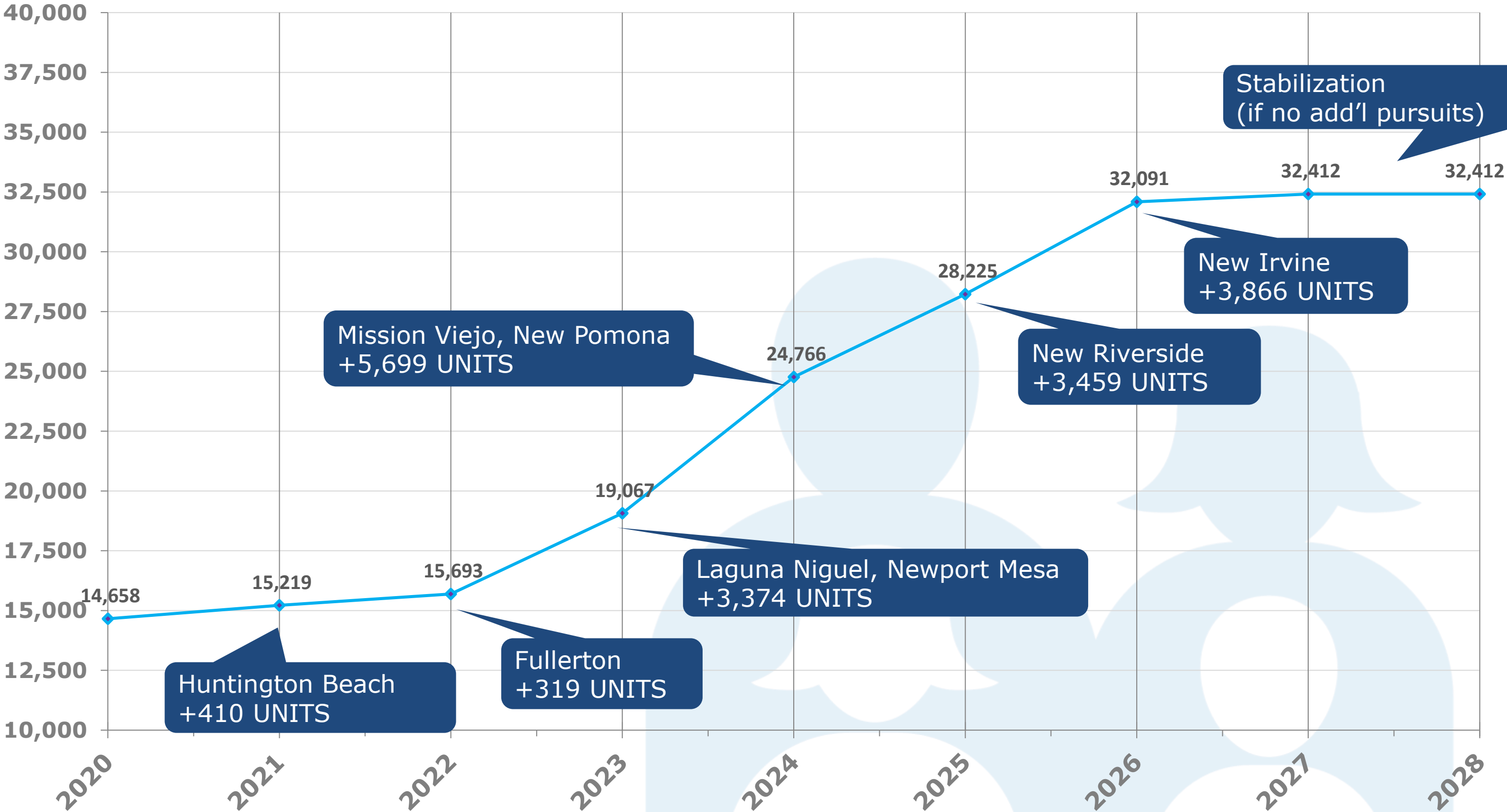
**ACHIEVABLE MEMBERSHIP GROWTH**



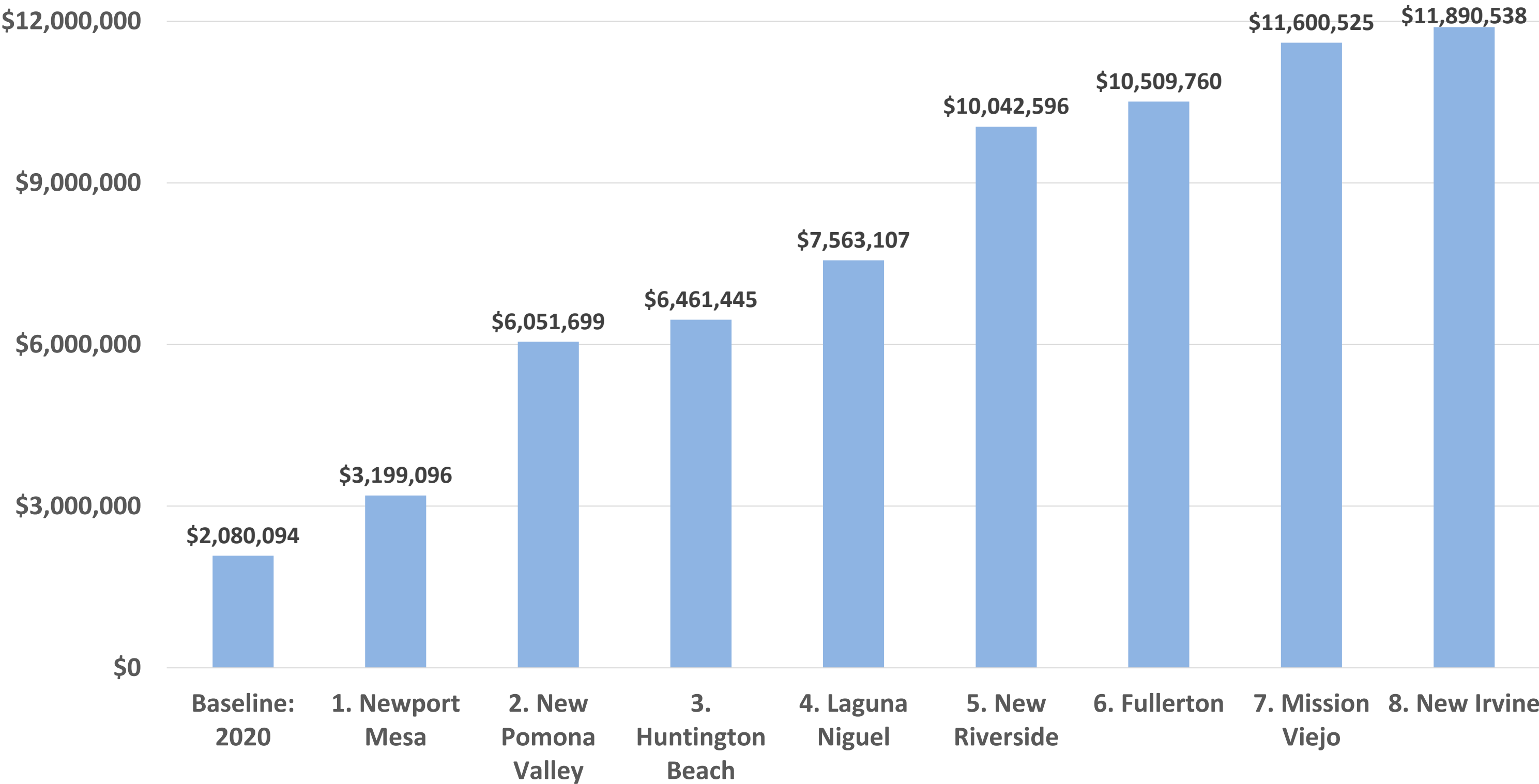
# PROJECT SEQUENCING



# IMPACT OF CAPITAL INVESTMENT



# IMPACT OF CAPITAL INVESTMENT





A photograph of a modern, multi-story building with a large glass facade, illuminated from within. The building is set against a dark sky. In the foreground, there is a paved area and a street with a traffic light. A bright light source, possibly the sun or moon, is visible in the upper right corner, creating a starburst effect. A semi-transparent blue overlay covers the lower half of the image, with the text 'BRANCH CHAPTER:' written in white, bold, sans-serif capital letters.

# BRANCH CHAPTER:



# NEWPORT-MESA YMCA

- Asset Overview
- Asset Assessment
- Space Allocation
- Existing Conditions
- Existing Massing
- Proof of Concept
- Capital Investment Summary



SITE ATTRIBUTES			FACILITY ATTRIBUTES	
1	Address	2300 University Drive	Size	17,973 SF
2	Ownership	YMCA	Geography	Suburban
3	Parcel/Lot Size	4.03 acres	Vintage	Dated
4	Zoning	PF – Public Facilities	Type	Full Facility
5	Parking Stalls	161	Facility Age	1967, 2007







## Market & Performance

### Opportunity to Serve (Sustainably)

- PMA med. inc. \$85K, med. age 38.7; members' inc. and age notably higher; over-indexed w/ White cohorts; under w/ Af Am, Hisp
- Sustainable PMA pop. (64K HHs) & density (2,703 HH/ mi<sup>2</sup>); 23.7 mi<sup>2</sup>; no overlap. 2,098 consumer paid units (marginally sustainable). Penetration: current 3.65%; expected: 3.01%; UQ: 4.5%; some upside
- Expected population growth is average for the context (context)
- Below average (compared with expected) proximity of like-service provider(s): national, boutiques
- Total revenue at \$2.43M (\$1.74M membership, \$518K program); net position = \$414K (before depreciation); ARPU = \$540

Rating

A-

2



## Location

### Strategic Placement for Service

- Above average contextual proximity to commercial development activity (established and/or new)
- Average contextual proximity to residential development activity (established and/or new)
- Average proximity to PMA population concentration
- Above average contextual proximity (multiple adjacencies) to schools, parks, govt services, health care
- Average contextual proximity to vehicular and transportation activity and infrastructure
- Suitably located vis a vis surround land uses and zoning (compatible)

Rating

A-

3



## Site & Property

### Capacity & Value of Asset/Property

- YMCA owned
- At 4.03 acres, in context parcel size is suitably sized to accommodate additions and/or expansion
- Current zoning (PF Public Facilities) allows YMCA use but does not allow for significant add'l density on-site
- Site configuration, visibility & accessibility suited for current use (in context) but may be constrained
- Asset is notably additive to balance sheet
- Above average contextual anticipated cost of site improvements

Rating

A-

4



## Buildings & Venues

### Alignment of Offering with Market

- Threshold ability to expand YMCA improvements, if desired: somewhat limited
- Alterability of existing structure: limited
- Primary venue quantity: inadequate
- Facility age & class: dated, institutional recreational, outdated
- Exterior & Interior presentation of offerings: modernity and finishes insufficient; clean
- Accommodating to target HHs: deficient

Rating

C

5



## Funding & Goodwill

### Availability of Resources & Standing as Beneficiary

- Prospects for contributed capital (fundraising) in the community: above average
- Standing with public/governmental bodies for receipt of grant funding: above average
- Qualification for NMTC, Opportunity Zone incentives, and QCT: not qualified
- Prospects for partnership: above average
- Potential/latent value of real estate asset: notably above average.
- Capacity for responsible deployment of debt financing: above average (net margin)

Rating

A-

gro  
FOR YMCAS



PRIMARY VENUES		EXISTING YMCA:	RECOMMENDED NEW YMCA:	REMARKS:
	TOTAL MEMBERSHIP	17,973	48,000	
1	Lobby / Lounge	522	1,500	
2	Child Watch / Kids Adventure	1,144	1,200	
3	Community / MP Rooms	-	800	
4	Youth/Intergen	-	800	
5	Community Kitchen	-	120	
6	Indoor Track	-	-	
7	Gymnasium	-	7,200	
8	Sport Court	-	-	
9	Group Exercise Studios	1,241 + 695	2,000 +1,000	
10	Wellness Center	1,835 +807 +574 +545	7,000	
11	Adult Lockers	921 +913	1,200 +1,200	
12	Youth Lockers	-	-	
13	Universal Lockers	-	1,200	• True universal locker room
14	Aquatic Center	Outdoors	Outdoors	• New outdoor family rec pool
15	Admin	514	850	
16	Childcare Classrooms	-	(5) 6,000	



# NEWPORT-MESA YMCA

2<sup>nd</sup> Floor wellness center  
overlooking outdoor  
aquatics

Replace small outdoor  
pool with family rec pool

Maintain all existing parking

New front entrance clearly  
connecting venues  
throughout via central spine

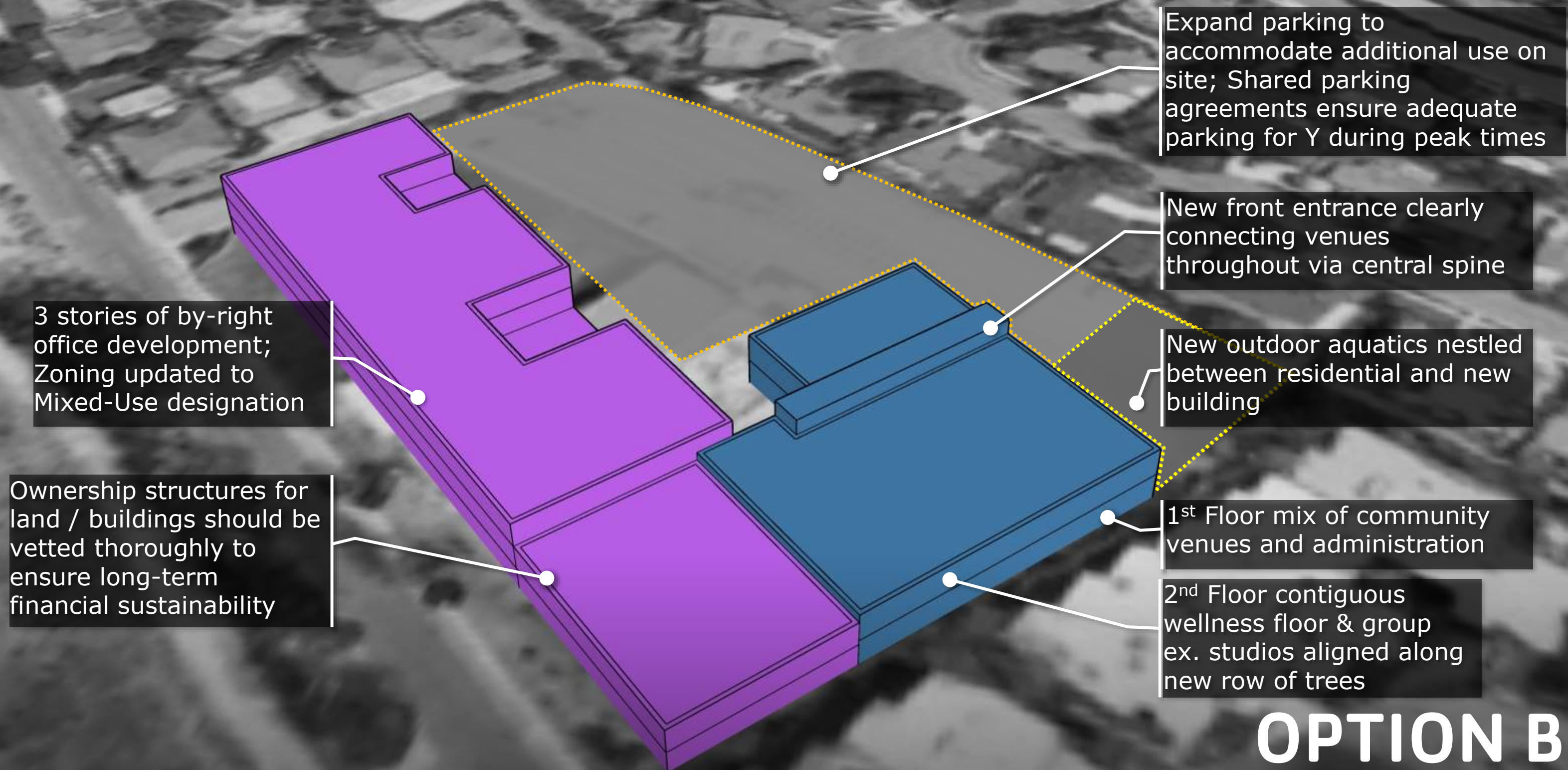
2<sup>nd</sup> Floor wellness floor  
overlooking site vistas  
to the South

## OPTION A:

## DEVELOPMENT PROOF OF CONCEPT

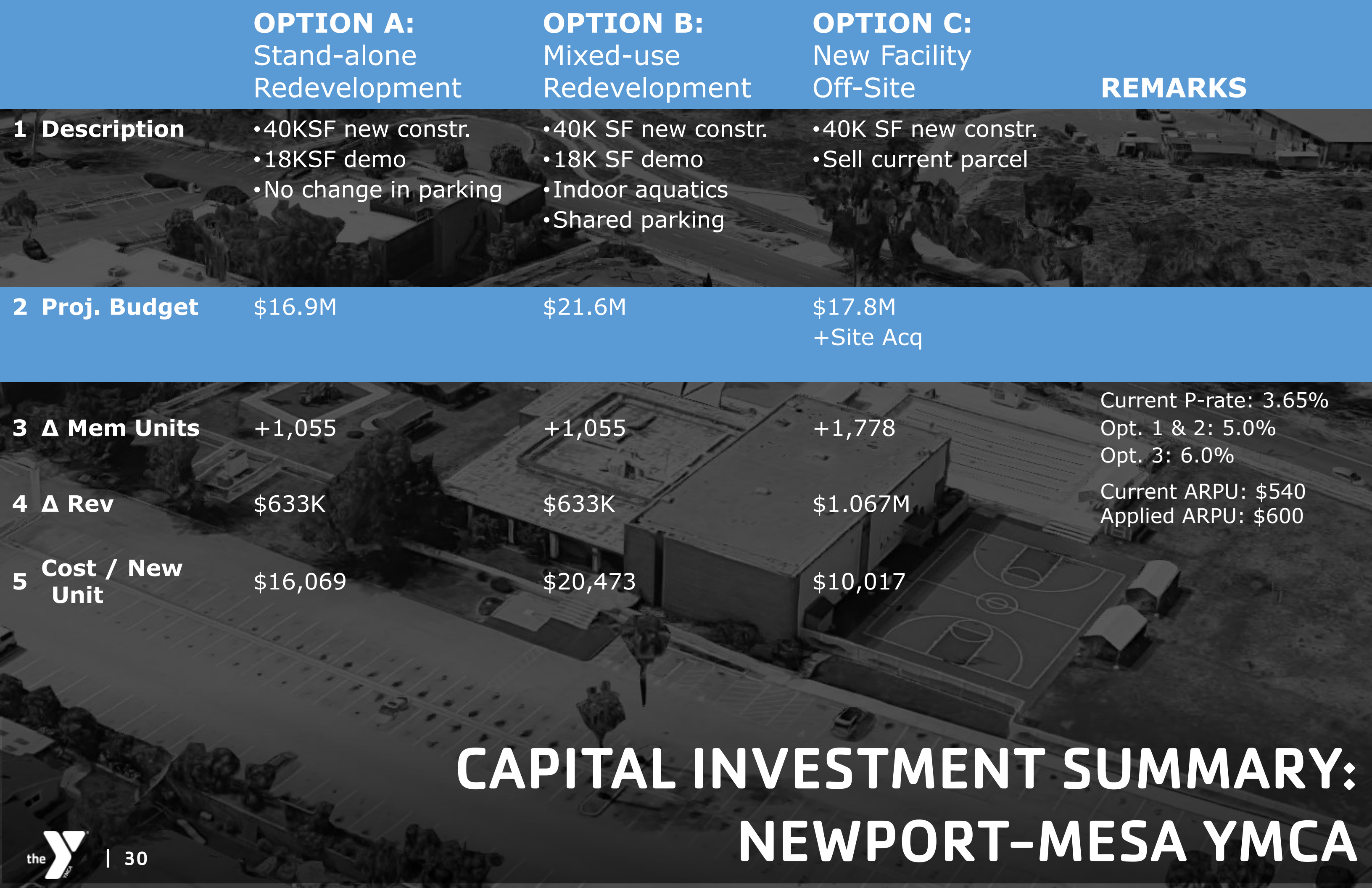


# NEWPORT-MESA YMCA



## OPTION B: DEVELOPMENT PROOF OF CONCEPT





	OPTION A: Stand-alone Redevelopment	OPTION B: Mixed-use Redevelopment	OPTION C: New Facility Off-Site	REMARKS
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1 Description	•40KSF new constr. •18KSF demo •No change in parking	•40K SF new constr. •18K SF demo •Indoor aquatics •Shared parking	•40K SF new constr. •Sell current parcel	
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2 Proj. Budget	\$16.9M	\$21.6M	\$17.8M +Site Acq	
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3 Δ Mem Units	+1,055	+1,055	+1,778	Current P-rate: 3.65% Opt. 1 & 2: 5.0% Opt. 3: 6.0%
4 Δ Rev	\$633K	\$633K	\$1.067M	Current ARPU: \$540 Applied ARPU: \$600

5 Cost / New Unit	\$16,069	\$20,473	\$10,017	
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CAPITAL INVESTMENT SUMMARY:  
NEWPORT-MESA YMCA





FOR YOUTH DEVELOPMENT  
FOR HEALTHY LIVING  
FOR SOCIAL RESPONSIBILITY

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## **YMCA of Orange County** Re-Open Plans

## YMCA of Orange County Worksite Specific Protection Plan

At the YMCA of Orange County, everything we do is guided by our commitment to serve the community, no matter the challenge we face. In mid-March, the COVID-19 pandemic caused a complete change to our operation. We closed doors to our health & wellness branches and most programs. We shifted our entire focus on providing safe childcare for essential workers. We never closed our doors at 10 YMCA childcare centers throughout the counties we serve and we opened two additional “pop-up” centers for UCI employees, partnered with HOAG and Memorial Health System to offer care at our existing centers for their employees.

We have developed this plan based on recommendations from the CDC, Orange County Health Care Agency (OCHCA), Department of Social Services Community Care Licensing Division (DSS CCL), YUSA and front line experience developed since mid-March operating 12 centers safely serving up to 370 kids per day.

*Please see:*

*Attachment A: YMCA Phasing Plan*

### Persons Responsible for Implementing the Plan

YMCA of Orange County: Dolores Daly, COO

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South Orange County Child Care Locations: [Kaycee Martin](#), Executive Director

North Orange County Child Care Locations: [Dorain Cassell](#), Executive Director

Camp ELK: [Jim Emery](#), Camp Director

Programs for Special Needs Populations: [Lee Lombardo](#), Associate Executive Director

### Employee Training & Communication

#### Training:

Upon returning to work, all YMCA employees are trained on the following topics as recommended by [CA Department of Public Health and OSHA](#):

1. Information on COVID-19, how to prevent it from spreading, and which underlying health conditions may make individuals more susceptible to contracting the virus.
2. Self-screening at home, including temperature and/or symptom checks using CDC guidelines.

3. The importance of not coming to work if employees have a frequent cough, fever, difficulty breathing, chills, muscle pain, headache, sore throat, recent loss of taste or smell, or if they or someone they live with have been diagnosed with COVID-19.
4. To seek medical attention if their symptoms become severe, including persistent pain or pressure in the chest, confusion, or bluish lips or face.
5. The importance of frequent handwashing with soap and water, including scrubbing with soap for 20 seconds (or using hand sanitizer with at least 60% ethanol or 70% isopropanol when employees cannot get to a sink or handwashing station, per CDC guidelines).
6. The importance of physical distancing, both at work and off work time
7. All employees will be provided a minimum of one re-usable face covering and will be trained on proper use of face coverings, including:
  - a. Face coverings do not protect the wearer and are not personal protective equipment (PPE).
  - b. Face coverings can help protect people near the wearer, but do not replace the need for physical distancing and frequent handwashing.
  - c. Employees should wash or sanitize hands before and after using or adjusting face coverings.
  - d. Avoid touching eyes, nose, and mouth.
  - e. Cloth face coverings should be washed after each shift.
8. Information on employer or government-sponsored leave benefits the employee may be entitled to receive.

**Communication:**

1. Upon returning to work, employees will receive comprehensive information and checklist through our Human Resource Information System (HRIS) which will include the following:
  - o Return to work guidelines for all employees
  - o CDC guidelines for high risk employees
  - o Employee Expectations
  - o Personal Protective Equipment Requirements
  - o Best Practices for All Employees to Avoid Covid-19
  - o Individual Control Measures & Screening Protocols
  - o Cleaning & Disinfecting Protocols
  - o Social Distancing Protocols
  - o Frequently Asked Questions and Responses for employees and managers
  - o Covid-19 Acknowledgement Agreement/Waiver
2. Employees will sign and date to acknowledge receipt of these communications/trainings and are encouraged to seek clarification with their supervisor or Human Resources should they have questions.



3. Any changes to policies, procedures or protocols will be communicated in writing through our HRIS system, e-mails and/or staff meetings.

### Compliance Process

The YMCA has two dedicated employees in the Quality Assurance (QA) Department. QA developed a Safety and Quality Audit to check for compliance at each facility. The following will be implemented to ensure ongoing compliance:

- A. Childcare and Fitness Facilities Compliance Protocol:
  - a. Executive Director/Site Director must complete a self-audit prior to opening with results submitted to the QA Department and any deficiencies immediately corrected.
  - b. Each childcare and Fitness Facility will receive an unannounced audit visit from the QA Department within the first 15 days of operation to ensure all safety protocols and procedures are in compliance.
  - c. During ongoing operations, Executive Directors/Site Directors will conduct bi-weekly self-audits and submit them to the QA department for review. Any deficiency will be documented and a Plan of Correction (POC) will be due within 24 hours of receipt of audit.
  - d. During ongoing operations, QA will conduct monthly in person audits and submit to leadership for review. Any deficiency will be documented and a Plan of Correction (POC) will be due within 24 hours of receipt of audit.

The QA Department will be responsible to check state and OCHCA notices daily about the spread of COVID-19 in the area and adjust operations accordingly

*Please see*

*Attachment B: Safety and Quality Audit for Child Care*

*Attachment C: Safety and Quality Audit for Health & Wellness Centers*

### Process to Manage and Report Possible and Confirmed COVID-19 Cases

YMCA has implemented the following process to manage and report COVID-19 cases as recommended by the CDC-[Interim Guidance for Childcare Programs](#) and adapted to fit health and wellness centers.

1. YMCA Process for when an employee, child or member becomes sick at a YMCA facility.
  - a. Identify an area to separate anyone who exhibits COVID-like symptoms during hours of operation, and ensure that children are not left without supervision.
  - b. For childcare centers, caregiver will be notified for immediate pick up of child.

- c. For Health & Wellness centers and employees, the member or employee exhibiting COVID-like symptoms should leave the facility as soon as safely possible.
2. Process for **possible** employee or member exposure to COVID-19: If the YMCA is made aware of a possible exposure from an employee or member, but not confirmed by a medical professional we will follow the procedure outlined below:
  - a. A YMCA supervisor will Inform potentially exposed employee or member to stay home and will gather the following information from them immediately:
    - a. Date and location of where staff/member were possible exposure occurred.
    - b. Facility location and shifts worked during the last 14 days.
    - c. Instructions from medical provider/doctor/ Self-quarantine if available.
  - b. The supervisor will notify the YMCA QA department at [covidquestions@ymcaoc.org](mailto:covidquestions@ymcaoc.org) with details as soon as possible. The QA department will be responsible for documenting and tracking all possible cases for the entire duration of the case.
  - c. Employee and member will be asked to self-monitor and quarantine for a minimum of 14 days or as directed by a health care provider.
  - d. Employees potentially exposed can go for voluntary testing and should not return to work until they have received the results indicating a negative test result.
  - e. All information will be kept confidential and no additional communication to members or employees until the case is confirmed positive.
  - f. YMCA employees will deep clean and disinfect the workstation and/or area used by individual.
3. Process for a **confirmed** case from an **employee, member** or **participant** the YMCA will follow the procedure outlined below:
  - a. A YMCA supervisor will Inform confirmed employee or member to stay home and will gather the following information from them immediately:
    - i. Date and location of where employee/member were exposure occurred.
    - ii. List of YMCA employee, kids, parents and/or members that employee/members had direct contact with during the last 14 days.
    - iii. Instructions from medical provider/doctor/ Self-quarantine if available.
  - b. YMCA employee will immediately contact their direct Supervisor and/or QA to discuss steps and provide medical documentation. QA can be notified at [covidquestions@ymcaoc.org](mailto:covidquestions@ymcaoc.org)

- c. Individuals with a confirmed case must follow home isolation until they meet the [CDC Guidance on "How to discontinue home isolation"](#) . This requires 72 hours symptom-free and proof of medical clearance
- d. For all facilities and centers, employees will immediately close off areas used by the individual infected with COVID-19 and wait as long as practical before beginning cleaning and disinfecting to minimize potential for exposure. If possible, employees will wait up to 24 hours before beginning cleaning and disinfecting.
- e. Before cleaning and disinfecting, employees will open outside doors and windows to increase air circulation in the area.
- f. YMCA maintenance employees will clean and disinfect areas and use foggers in offices, bathrooms, and common areas used by the individual that was diagnosed positive, focusing especially on frequently used areas. All employees will wear proper PPE while cleaning and disinfecting areas.
- g. Reopening of areas will be with the recommendation of OCHCA.
- h. Individuals potentially exposed by the confirmed case will be notified as advised by the OCHCA. Reporting who the ill employee is will remain confidential.
- i. For employees, Human Resources will communicate LOA/Worker's compensation rights and return to work requirements to the employee. HR will also notify any outside agency as required.
- j. YMCA Quality Assurance Department will ensure notification of the following external agencies and YMCA internal departments:
  - a. [OCHA](#) will be contacted with details of the situation and guidance will be requested.
  - b. For childcare locations, local school districts will be notified with details of situation.
  - c. [YMCA Marketing & Communication Department](#):
    - a. Marketing and Communications will handle communication to employees and participants while protecting the employee or member's identity.

### **Individual Control Measures & Screening Protocols**

1. All YMCA employees and members must complete a health check upon arrival including a no-touch temperature check and symptom screening. Anyone with a temperature over 100.4+ or is symptomatic will not be admitted to the facility, center or program. If an employee or member refuses a health check, they will not be admitted to the facility, center or program.
2. Symptom screening will consist of a staff member asking the following COVID-19 related questions:
  - a. Have you been in close contact with a confirmed case of COVID-19?

- b. Are you experiencing a cough, shortness of breath or sore throat?
  - c. Have you had a fever in the last 48 hours?
  - d. Have you had new loss of taste or smell?
  - e. Have you had vomiting or diarrhea in the last 24 hours
3. For fitness facilities, staff will utilize WELLD Health to record temperatures and question responses under HIPPA compliance. WELLD Health does not currently integrate with our childcare system, but efforts to incorporate that are underway. Utilization of WELLD Health will accomplish the following;
    - a. Digital records to ensure staff perform duties
    - b. No-one checks-in without a screening
    - c. Denies access to anyone for 48 hours that has a fever of 100.4+ or is symptomatic
  4. All employees and members will be encouraged to use hand sanitizers upon entering the facility or childcare center.
  5. Members should enter through doors that are propped open or automated, if possible. When possible there will be a separate entrances and exits. Hand sanitizer will be made available for staff and members who must touch door handles.
  6. Fitness facility members will self-scan into the facility. Parents at childcare centers will be asked use a tablet to sign their child in and out for the day. Parents will be asked to use a disinfecting wipe before and after use of tablet.
  7. At childcare facilities, parents will be asked to meet at the facility entryway for pick-up and drop-off of children and to not enter the space whenever possible.
  8. For Fitness Facilities, face coverings are strongly encouraged for all employees; however, they are required for any employee (e.g., membership staff, fitness floor staff, maintenance staff, executive directors, staff interacting with parents, etc.) who potentially would be within six feet of members. All YMCA employees should minimize the amount of time spent within six feet of fellow employees and members. All employees will be provided at least one reusable mask and may choose to wear their own face covering as long as they are effective and not offensive in anyway.
  9. Face coverings are strongly encouraged for all members walking in, out or throughout the fitness facility. Face coverings will not be required of members during actual physical exercise activities. Equipment will be spaced six feet apart or a plexiglass divider will be installed between equipment where six feet of space is not feasible.
  10. For childcare centers, the YMCA will require use of cloth face coverings among all employees. Face covering for childcare participants are not required, but will be encouraged if social distancing cannot be maintained. Children can wear face covering if directed do so by their caregiver. Children 2 and under will not wear face covering per the CDC guidance.
  11. Employees will be trained and reminded to wash hands often with soap and water for 20 seconds on a regular basis and additional key times;
    - a. Before and after cleaning and disinfecting
    - b. After contact with a person who is sick

- c. After blowing one's nose, coughing or sneezing
  - d. After using the restroom
  - e. Before and after eating or preparing food
  - f. Before and after providing routine care for another person who needs assistance (e.g., a child)
12. Employees and members will be reminded through re-opening guidelines and signage to limit personal belongings brought into the facility, childcare centers and programs areas. No personal belongings may be shared with a fellow staff or member. All personal belongings must be kept away from main workstations and separate from other's personal belongings.
13. At every YMCA facility and childcare center, we will clearly display set guidelines for members and YMCA employees at the entrance that are to be a condition of entry. The guidelines will include instructions to use hand sanitizer, maintain physical distance from other individuals, avoid unnecessary touching of surfaces, contact information for the local health department, and changes to use of the facility.

*Please see:*

*Attachment D: Marketing & Communication Materials*

### **Cleaning and Disinfecting Protocols**

Normal routine cleaning with soap and water and approved cleaners will decrease how much of the virus is on surfaces and objects, which reduces the risk of exposure. Frequent disinfection using [EPA-approved disinfectants](#) of surfaces and objects touched by multiple people is important. The YMCA will implement the following steps to ensure proper cleaning and disinfecting throughout all facilities, childcare centers and program space.

1. Employees will wear disposable gloves and face covering to clean and disinfect.
2. Employees will clean surfaces using soap and water or EPA approved cleaning products, then use disinfectant. Cleaning with soap and water or cleaning products reduces number of germs, dirt and impurities on the surface. Disinfecting kills germs on surfaces.
3. Each facility, childcare center or program space will develop a site-specific cleaning schedule that is based on a routine cleaning of frequently touched surfaces. Additional frequent cleaning and disinfection may be required based on level of use.
4. Site specific cleaning schedules will include regular on-going cleaning, mid- day and end of day cleaning of high touch surfaces including, but not limited to:
  - a. Doorknobs, desks, tablets, exercise equipment, countertops, handles, toilets, faucets, sinks, light switches, desks, phones, keyboards, etc.
  - b. Members in our fitness facilities will be engaged to take part in keeping themselves safe through re-opening guidelines, signage and verbal reminders to

disinfect exercise equipment before and after each use. Disinfecting wipes will be made available throughout the fitness facilities.

- c. Employees will use a sanitizing wipe on the clock in and out tablets or laptop before and after each use.
  - d. At fitness facilities, end of day cleaning will include use of an electrostatic sprayer with EPA approved products. (As of 5.19.2020, products are currently on order and will be used as soon as received by the YMCA facilities. Estimated to be delivered in August)
  - e. At childcare centers, the YMCA will ensure adequate supplies to minimize sharing of high-touch materials to the extent possible (art supplies, equipment etc. assigned to a single child) or limit use of supplies and equipment by one group of children at a time and clean and disinfect between uses.
  - f. Employees responsible for cleaning and disinfecting are required to utilize the YMCA cleaning checklist to ensure timely and proper cleaning protocols. A copy of all checklists must maintained and available at each facility to be reviewed by the QA department when requested.
  - g. Executive Directors/Site Directors will ensure a weekly inventory of cleaning and disinfecting products and will notify the YMCA purchasing manager when supplies are at half inventory levels. Since supply chains are limited, it is very important to notify well in advance.
5. For soft surfaces such as carpeted floor, rugs, window coverings and soft toys
- a. Employees will clean the surface using soap and water or with cleaners appropriate for use on these surfaces.
  - b. Employees will disinfect with an EPA-registered disinfectant.
  - c. Employees will vacuum as usual.
  - d. Any soft surface individual items (e.g. plush toys, puppets, fabric books, etc.) will be stored and not used during this time.
6. Cleaning and disinfecting outdoor areas
- a. Outdoor areas, like playgrounds require normal routine cleaning, but do not require disinfection.
  - b. Employees will not spray disinfectant on outdoor playgrounds- it is not an efficient use of supplies and is not proven to reduce risk of COVID-19 to the public.
  - c. High touch surfaces made of plastic or metal, such as grab bars and railings will be cleaned routinely.
  - d. Cleaning and disinfection of wooden surfaces (play structures, benches, tables) or groundcovers (mulch, sand) is not recommended.
  - e. Sidewalks and blacktops should not be disinfected. Spread of COVID-19 from these surfaces is very low and disinfection is not effective.
7. The YMCA will ensure that ventilation systems operate properly and increase circulation of outdoor air as much as possible such as by opening windows and doors. The YMCA will not open windows and doors if doing so poses a safety or health risk (for

example, excessive heat wave that can lead to additional health issues) to individuals using the facility.

### Physical Distancing Protocols

1. Measures have been implemented to ensure physical distancing of at least six feet between employees and members. This includes use of visual cues (e.g., floor markings and signs to indicate to where employees and/or guests should stand).

*Please see:*

*Attachment D: Marketing & Communications Materials*

2. The YMCA will implement a reservation system for group exercise classes, lap swimming lanes and kid zone (childcare in the health & wellness centers) to limit the amount of time spent in the health & wellness facilities.
3. At fitness centers, members will be encouraged to wait in their cars, away from the establishment or in areas that allow social distancing from other individuals while waiting for their reservation time.
4. Plexiglass partitions have been installed at membership desks in fitness facilities where maintaining physical distance of six feet is difficult.
5. If possible, each facility will establish directional hallways and passageways for foot traffic, to eliminate members and employees from passing by one another.
6. Any area where members or employees typically gather should also be clearly marked for appropriate physical distancing. This includes group exercise rooms, yoga rooms, waiting areas, lobby area, restrooms, elevator lobbies, waiting areas, and any other area where people congregate.
7. Physical distancing protocols will be used in any office areas, kitchens, or other high-density, high-traffic employee areas. Face coverings are required where employees cannot maintain physical distancing.
8. Employee breaks will be staggered, in compliance with wage and hour regulations, to maintain physical distancing protocols.
9. Exercise space, office spaces, lobbies, workstations, and other spaces are reconfigured to allow for at least six feet of distance between people exercising, working, and passing through areas for entry and exit.
10. In Fitness Facilities, exercise equipment has been reconfigured to allow six feet of physical distancing. Equipment will be spaced six feet apart or a Plexiglass divider will be installed between equipment where six feet of space is not feasible.
11. Employees and members will avoid handshakes and similar greetings that break physical distance.
12. Each facility and childcare center will eliminate person-to-person contact for delivery of goods whenever possible. Each facility/center will designate drop-off locations to

receive deliveries away from high traffic areas. Employees will maintain physical distance of at least six feet with delivery drivers.

13. YMCA Fitness facilities will limit occupancy inside the building to 113 square feet per person as recommended by [U.S. Fire Administration Understanding the impact of social distancing on occupancy](#).
14. YMCA child care centers serving toddler and school age children will adhere to the best extent possible the following distancing guidelines as recommended by [CDSS PIN 20-06-CCP](#) :
  - a. School age children will remain in groups as small as possible not to exceed a 1:10 ratio.
  - b. Toddler group will remain in groups not to exceed a 1:6 ratio.
  - c. The YMCA will consider each site its own stable group limiting child transfers between sub-groups, minimizing substitute teachers, not accepting drop-in schedules and each sub-group maintaining the same staff member.
  - d. The YMCA will extend the indoor environment to outdoors, and bring groups outside, weather permitting.
  - e. The YMCA will limit gatherings, events and extracurricular activities to those that can maintain social distancing and support proper hand hygiene.
  - f. Child's belongings will be separated and in individually labeled storage containers, cubbies, or areas and taken home each day and cleaned, if possible.
  - g. Employees will open windows to ventilate facilities throughout the day.
  - h. Employees will arrange developmentally appropriate activities for smaller group activities, rearrange furniture, play spaces and install temporary barriers to maintain 6-feet separation, when possible.
  - i. Employees will use carpet squares, mats, or other visuals for spacing.
  - j. Employees will model social distancing when interacting with children, families, and staff.
  - k. Employees will role-play, create or find a scripted story around social distancing as well handwashing, proper etiquette for sneeze, coughs, etc.
  - l. Employees will give frequent verbal reminders to children.
  - m. Employees that support children with special needs are unable to maintain physical distancing and will be required to wear face coverings.



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North Orange County Child Care Locations: [Dorain Cassell](#), Executive Director

Camp ELK: [Jim Emery](#), Camp Director

Programs for Special Needs Populations: [Lee Lombardo](#), Associate Executive Director

### Employee Training & Communication

#### Training:

Upon returning to work, all YMCA employees are trained on the following topics as recommended by [CA Department of Public Health and OSHA](#):

1. Information on COVID-19, how to prevent it from spreading, and which underlying health conditions may make individuals more susceptible to contracting the virus.
2. Self-screening at home, including temperature and/or symptom checks using CDC guidelines.

3. The importance of not coming to work if employees have a frequent cough, fever, difficulty breathing, chills, muscle pain, headache, sore throat, recent loss of taste or smell, or if they or someone they live with have been diagnosed with COVID-19.
4. To seek medical attention if their symptoms become severe, including persistent pain or pressure in the chest, confusion, or bluish lips or face.
5. The importance of frequent handwashing with soap and water, including scrubbing with soap for 20 seconds (or using hand sanitizer with at least 60% ethanol or 70% isopropanol when employees cannot get to a sink or handwashing station, per CDC guidelines).
6. The importance of physical distancing, both at work and off work time
7. All employees will be provided a minimum of one re-usable face covering and will be trained on proper use of face coverings, including:
  - a. Face coverings do not protect the wearer and are not personal protective equipment (PPE).
  - b. Face coverings can help protect people near the wearer, but do not replace the need for physical distancing and frequent handwashing.
  - c. Employees should wash or sanitize hands before and after using or adjusting face coverings.
  - d. Avoid touching eyes, nose, and mouth.
  - e. Cloth face coverings should be washed after each shift.
8. Information on employer or government-sponsored leave benefits the employee may be entitled to receive.

**Communication:**

1. Upon returning to work, employees will receive comprehensive information and checklist through our Human Resource Information System (HRIS) which will include the following:
  - o Return to work guidelines for all employees
  - o CDC guidelines for high risk employees
  - o Employee Expectations
  - o Personal Protective Equipment Requirements
  - o Best Practices for All Employees to Avoid Covid-19
  - o Individual Control Measures & Screening Protocols
  - o Cleaning & Disinfecting Protocols
  - o Social Distancing Protocols
  - o Frequently Asked Questions and Responses for employees and managers
  - o Covid-19 Acknowledgement Agreement/Waiver
2. Employees will sign and date to acknowledge receipt of these communications/trainings and are encouraged to seek clarification with their supervisor or Human Resources should they have questions.

3. Any changes to policies, procedures or protocols will be communicated in writing through our HRIS system, e-mails and/or staff meetings.

### Compliance Process

The YMCA has two dedicated employees in the Quality Assurance (QA) Department. QA developed a Safety and Quality Audit to check for compliance at each facility. The following will be implemented to ensure ongoing compliance:

- A. Childcare and Fitness Facilities Compliance Protocol:
  - a. Executive Director/Site Director must complete a self-audit prior to opening with results submitted to the QA Department and any deficiencies immediately corrected.
  - b. Each childcare and Fitness Facility will receive an unannounced audit visit from the QA Department within the first 15 days of operation to ensure all safety protocols and procedures are in compliance.
  - c. During ongoing operations, Executive Directors/Site Directors will conduct bi-weekly self-audits and submit them to the QA department for review. Any deficiency will be documented and a Plan of Correction (POC) will be due within 24 hours of receipt of audit.
  - d. During ongoing operations, QA will conduct monthly in person audits and submit to leadership for review. Any deficiency will be documented and a Plan of Correction (POC) will be due within 24 hours of receipt of audit.

The QA Department will be responsible to check state and OCHCA notices daily about the spread of COVID-19 in the area and adjust operations accordingly

*Please see*

*Attachment B: Safety and Quality Audit for Child Care*

*Attachment C: Safety and Quality Audit for Health & Wellness Centers*

### Process to Manage and Report Possible and Confirmed COVID-19 Cases

YMCA has implemented the following process to manage and report COVID-19 cases as recommended by the CDC-[Interim Guidance for Childcare Programs](#) and adapted to fit health and wellness centers.

1. YMCA Process for when an employee, child or member becomes sick at a YMCA facility.
  - a. Identify an area to separate anyone who exhibits COVID-like symptoms during hours of operation, and ensure that children are not left without supervision.
  - b. For childcare centers, caregiver will be notified for immediate pick up of child.

- c. For Health & Wellness centers and employees, the member or employee exhibiting COVID-like symptoms should leave the facility as soon as safely possible.
2. Process for **possible** employee or member exposure to COVID-19: If the YMCA is made aware of a possible exposure from an employee or member, but not confirmed by a medical professional we will follow the procedure outlined below:
  - a. A YMCA supervisor will Inform potentially exposed employee or member to stay home and will gather the following information from them immediately:
    - a. Date and location of where staff/member were possible exposure occurred.
    - b. Facility location and shifts worked during the last 14 days.
    - c. Instructions from medical provider/doctor/ Self-quarantine if available.
  - b. The supervisor will notify the YMCA QA department at [covidquestions@ymcaoc.org](mailto:covidquestions@ymcaoc.org) with details as soon as possible. The QA department will be responsible for documenting and tracking all possible cases for the entire duration of the case.
  - c. Employee and member will be asked to self-monitor and quarantine for a minimum of 14 days or as directed by a health care provider.
  - d. Employees potentially exposed can go for voluntary testing and should not return to work until they have received the results indicating a negative test result.
  - e. All information will be kept confidential and no additional communication to members or employees until the case is confirmed positive.
  - f. YMCA employees will deep clean and disinfect the workstation and/or area used by individual.
3. Process for a **confirmed** case from an **employee, member** or **participant** the YMCA will follow the procedure outlined below:
  - a. A YMCA supervisor will Inform confirmed employee or member to stay home and will gather the following information from them immediately:
    - i. Date and location of where employee/member were exposure occurred.
    - ii. List of YMCA employee, kids, parents and/or members that employee/members had direct contact with during the last 14 days.
    - iii. Instructions from medical provider/doctor/ Self-quarantine if available.
  - b. YMCA employee will immediately contact their direct Supervisor and/or QA to discuss steps and provide medical documentation. QA can be notified at [covidquestions@ymcaoc.org](mailto:covidquestions@ymcaoc.org)



- c. Individuals with a confirmed case must follow home isolation until they meet the [CDC Guidance on "How to discontinue home isolation"](#) . This requires 72 hours symptom-free and proof of medical clearance
- d. For all facilities and centers, employees will immediately close off areas used by the individual infected with COVID-19 and wait as long as practical before beginning cleaning and disinfecting to minimize potential for exposure. If possible, employees will wait up to 24 hours before beginning cleaning and disinfecting.
- e. Before cleaning and disinfecting, employees will open outside doors and windows to increase air circulation in the area.
- f. YMCA maintenance employees will clean and disinfect areas and use foggers in offices, bathrooms, and common areas used by the individual that was diagnosed positive, focusing especially on frequently used areas. All employees will wear proper PPE while cleaning and disinfecting areas.
- g. Reopening of areas will be with the recommendation of OCHCA.
- h. Individuals potentially exposed by the confirmed case will be notified as advised by the OCHCA. Reporting who the ill employee is will remain confidential.
- i. For employees, Human Resources will communicate LOA/Worker's compensation rights and return to work requirements to the employee. HR will also notify any outside agency as required.
- j. YMCA Quality Assurance Department will ensure notification of the following external agencies and YMCA internal departments:
  - a. [OCHA](#) will be contacted with details of the situation and guidance will be requested.
  - b. For childcare locations, local school districts will be notified with details of situation.
  - c. [YMCA Marketing & Communication Department](#):
    - a. Marketing and Communications will handle communication to employees and participants while protecting the employee or member's identity.

### **Individual Control Measures & Screening Protocols**

1. All YMCA employees and members must complete a health check upon arrival including a no-touch temperature check and symptom screening. Anyone with a temperature over 100.4+ or is symptomatic will not be admitted to the facility, center or program. If an employee or member refuses a health check, they will not be admitted to the facility, center or program.
2. Symptom screening will consist of a staff member asking the following COVID-19 related questions:
  - a. Have you been in close contact with a confirmed case of COVID-19?

- b. Are you experiencing a cough, shortness of breath or sore throat?
  - c. Have you had a fever in the last 48 hours?
  - d. Have you had new loss of taste or smell?
  - e. Have you had vomiting or diarrhea in the last 24 hours
3. For fitness facilities, staff will utilize WELLD Health to record temperatures and question responses under HIPPA compliance. WELLD Health does not currently integrate with our childcare system, but efforts to incorporate that are underway. Utilization of WELLD Health will accomplish the following;
    - a. Digital records to ensure staff perform duties
    - b. No-one checks-in without a screening
    - c. Denies access to anyone for 48 hours that has a fever of 100.4+ or is symptomatic
  4. All employees and members will be encouraged to use hand sanitizers upon entering the facility or childcare center.
  5. Members should enter through doors that are propped open or automated, if possible. When possible there will be a separate entrances and exits. Hand sanitizer will be made available for staff and members who must touch door handles.
  6. Fitness facility members will self-scan into the facility. Parents at childcare centers will be asked use a tablet to sign their child in and out for the day. Parents will be asked to use a disinfecting wipe before and after use of tablet.
  7. At childcare facilities, parents will be asked to meet at the facility entryway for pick-up and drop-off of children and to not enter the space whenever possible.
  8. For Fitness Facilities, face coverings are strongly encouraged for all employees; however, they are required for any employee (e.g., membership staff, fitness floor staff, maintenance staff, executive directors, staff interacting with parents, etc.) who potentially would be within six feet of members. All YMCA employees should minimize the amount of time spent within six feet of fellow employees and members. All employees will be provided at least one reusable mask and may choose to wear their own face covering as long as they are effective and not offensive in anyway.
  9. Face coverings are strongly encouraged for all members walking in, out or throughout the fitness facility. Face coverings will not be required of members during actual physical exercise activities. Equipment will be spaced six feet apart or a plexiglass divider will be installed between equipment where six feet of space is not feasible.
  10. For childcare centers, the YMCA will require use of cloth face coverings among all employees. Face covering for childcare participants are not required, but will be encouraged if social distancing cannot be maintained. Children can wear face covering if directed do so by their caregiver. Children 2 and under will not wear face covering per the CDC guidance.
  11. Employees will be trained and reminded to wash hands often with soap and water for 20 seconds on a regular basis and additional key times;
    - a. Before and after cleaning and disinfecting
    - b. After contact with a person who is sick

- c. After blowing one's nose, coughing or sneezing
  - d. After using the restroom
  - e. Before and after eating or preparing food
  - f. Before and after providing routine care for another person who needs assistance (e.g., a child)
12. Employees and members will be reminded through re-opening guidelines and signage to limit personal belongings brought into the facility, childcare centers and programs areas. No personal belongings may be shared with a fellow staff or member. All personal belongings must be kept away from main workstations and separate from other's personal belongings.
13. At every YMCA facility and childcare center, we will clearly display set guidelines for members and YMCA employees at the entrance that are to be a condition of entry. The guidelines will include instructions to use hand sanitizer, maintain physical distance from other individuals, avoid unnecessary touching of surfaces, contact information for the local health department, and changes to use of the facility.

*Please see:*

*Attachment D: Marketing & Communication Materials*

### **Cleaning and Disinfecting Protocols**

Normal routine cleaning with soap and water and approved cleaners will decrease how much of the virus is on surfaces and objects, which reduces the risk of exposure. Frequent disinfection using [EPA-approved disinfectants](#) of surfaces and objects touched by multiple people is important. The YMCA will implement the following steps to ensure proper cleaning and disinfecting throughout all facilities, childcare centers and program space.

1. Employees will wear disposable gloves and face covering to clean and disinfect.
2. Employees will clean surfaces using soap and water or EPA approved cleaning products, then use disinfectant. Cleaning with soap and water or cleaning products reduces number of germs, dirt and impurities on the surface. Disinfecting kills germs on surfaces.
3. Each facility, childcare center or program space will develop a site-specific cleaning schedule that is based on a routine cleaning of frequently touched surfaces. Additional frequent cleaning and disinfection may be required based on level of use.
4. Site specific cleaning schedules will include regular on-going cleaning, mid- day and end of day cleaning of high touch surfaces including, but not limited to:
  - a. Doorknobs, desks, tablets, exercise equipment, countertops, handles, toilets, faucets, sinks, light switches, desks, phones, keyboards, etc.
  - b. Members in our fitness facilities will be engaged to take part in keeping themselves safe through re-opening guidelines, signage and verbal reminders to

disinfect exercise equipment before and after each use. Disinfecting wipes will be made available throughout the fitness facilities.

- c. Employees will use a sanitizing wipe on the clock in and out tablets or laptop before and after each use.
  - d. At fitness facilities, end of day cleaning will include use of an electrostatic sprayer with EPA approved products. (As of 5.19.2020, products are currently on order and will be used as soon as received by the YMCA facilities. Estimated to be delivered in August)
  - e. At childcare centers, the YMCA will ensure adequate supplies to minimize sharing of high-touch materials to the extent possible (art supplies, equipment etc. assigned to a single child) or limit use of supplies and equipment by one group of children at a time and clean and disinfect between uses.
  - f. Employees responsible for cleaning and disinfecting are required to utilize the YMCA cleaning checklist to ensure timely and proper cleaning protocols. A copy of all checklists must maintained and available at each facility to be reviewed by the QA department when requested.
  - g. Executive Directors/Site Directors will ensure a weekly inventory of cleaning and disinfecting products and will notify the YMCA purchasing manager when supplies are at half inventory levels. Since supply chains are limited, it is very important to notify well in advance.
5. For soft surfaces such as carpeted floor, rugs, window coverings and soft toys
- a. Employees will clean the surface using soap and water or with cleaners appropriate for use on these surfaces.
  - b. Employees will disinfect with an EPA-registered disinfectant.
  - c. Employees will vacuum as usual.
  - d. Any soft surface individual items (e.g. plush toys, puppets, fabric books, etc.) will be stored and not used during this time.
6. Cleaning and disinfecting outdoor areas
- a. Outdoor areas, like playgrounds require normal routine cleaning, but do not require disinfection.
  - b. Employees will not spray disinfectant on outdoor playgrounds- it is not an efficient use of supplies and is not proven to reduce risk of COVID-19 to the public.
  - c. High touch surfaces made of plastic or metal, such as grab bars and railings will be cleaned routinely.
  - d. Cleaning and disinfection of wooden surfaces (play structures, benches, tables) or groundcovers (mulch, sand) is not recommended.
  - e. Sidewalks and blacktops should not be disinfected. Spread of COVID-19 from these surfaces is very low and disinfection is not effective.
7. The YMCA will ensure that ventilation systems operate properly and increase circulation of outdoor air as much as possible such as by opening windows and doors. The YMCA will not open windows and doors if doing so poses a safety or health risk (for



example, excessive heat wave that can lead to additional health issues) to individuals using the facility.

### Physical Distancing Protocols

1. Measures have been implemented to ensure physical distancing of at least six feet between employees and members. This includes use of visual cues (e.g., floor markings and signs to indicate to where employees and/or guests should stand).

*Please see:*

*Attachment D: Marketing & Communications Materials*

2. The YMCA will implement a reservation system for group exercise classes, lap swimming lanes and kid zone (childcare in the health & wellness centers) to limit the amount of time spent in the health & wellness facilities.
3. At fitness centers, members will be encouraged to wait in their cars, away from the establishment or in areas that allow social distancing from other individuals while waiting for their reservation time.
4. Plexiglass partitions have been installed at membership desks in fitness facilities where maintaining physical distance of six feet is difficult.
5. If possible, each facility will establish directional hallways and passageways for foot traffic, to eliminate members and employees from passing by one another.
6. Any area where members or employees typically gather should also be clearly marked for appropriate physical distancing. This includes group exercise rooms, yoga rooms, waiting areas, lobby area, restrooms, elevator lobbies, waiting areas, and any other area where people congregate.
7. Physical distancing protocols will be used in any office areas, kitchens, or other high-density, high-traffic employee areas. Face coverings are required where employees cannot maintain physical distancing.
8. Employee breaks will be staggered, in compliance with wage and hour regulations, to maintain physical distancing protocols.
9. Exercise space, office spaces, lobbies, workstations, and other spaces are reconfigured to allow for at least six feet of distance between people exercising, working, and passing through areas for entry and exit.
10. In Fitness Facilities, exercise equipment has been reconfigured to allow six feet of physical distancing. Equipment will be spaced six feet apart or a Plexiglass divider will be installed between equipment where six feet of space is not feasible.
11. Employees and members will avoid handshakes and similar greetings that break physical distance.
12. Each facility and childcare center will eliminate person-to-person contact for delivery of goods whenever possible. Each facility/center will designate drop-off locations to

receive deliveries away from high traffic areas. Employees will maintain physical distance of at least six feet with delivery drivers.

13. YMCA Fitness facilities will limit occupancy inside the building to 113 square feet per person as recommended by [U.S. Fire Administration Understanding the impact of social distancing on occupancy](#).
14. YMCA child care centers serving toddler and school age children will adhere to the best extent possible the following distancing guidelines as recommended by [CDSS PIN 20-06-CCP](#) :
  - a. School age children will remain in groups as small as possible not to exceed a 1:10 ratio.
  - b. Toddler group will remain in groups not to exceed a 1:6 ratio.
  - c. The YMCA will consider each site its own stable group limiting child transfers between sub-groups, minimizing substitute teachers, not accepting drop-in schedules and each sub-group maintaining the same staff member.
  - d. The YMCA will extend the indoor environment to outdoors, and bring groups outside, weather permitting.
  - e. The YMCA will limit gatherings, events and extracurricular activities to those that can maintain social distancing and support proper hand hygiene.
  - f. Child's belongings will be separated and in individually labeled storage containers, cubbies, or areas and taken home each day and cleaned, if possible.
  - g. Employees will open windows to ventilate facilities throughout the day.
  - h. Employees will arrange developmentally appropriate activities for smaller group activities, rearrange furniture, play spaces and install temporary barriers to maintain 6-feet separation, when possible.
  - i. Employees will use carpet squares, mats, or other visuals for spacing.
  - j. Employees will model social distancing when interacting with children, families, and staff.
  - k. Employees will role-play, create or find a scripted story around social distancing as well handwashing, proper etiquette for sneeze, coughs, etc.
  - l. Employees will give frequent verbal reminders to children.
  - m. Employees that support children with special needs are unable to maintain physical distancing and will be required to wear face coverings.

## Quality and Safety CYD Audit

Date: \_\_\_\_\_ Time In: \_\_\_\_\_ Time Out: \_\_\_\_\_  
 Branch: \_\_\_\_\_ Site: \_\_\_\_\_  
 Auditor: \_\_\_\_\_ Director/Site Coordinator: \_\_\_\_\_  
 # of Staff: \_\_\_\_\_ #of Children: \_\_\_\_\_

		Outcome
<b>PROGRAM ENVIRONMENT</b>		
1	Parent/Check in area is set up outside of classroom with gloves, sanitizer, and thermometers. Children are escorted to restroom and wash hands when they arrive.	
2	All staff wash their hands when they arrive to work and refrain from touching their face.	
3	All parents will be asked/notified via IPAD the following questions each time they check in their child each day: • Have you or anyone in your house traveled to another country in the last 14 days? • Have you or a family member been instructed to self-quarantine? • Are you been experiencing symptoms of illness? If so, what symptoms? Staff are expected to self-monitor for signs and symptoms of COVID- 19 and notify supervisor if any develop (fever or respiratory symptoms)	
4	Staff interact with each other in a professional manner and communicate the needs of the site/children effectively.	
5	Protective masks and gloves are used appropriately when cleaning, performing health checks, serving food and during checking in/out.	
6	There is a positive tone and feeling (noise, activity, interactions, etc...). Adult voices are calm and nurturing in tone and children's interactions are positive.	
7	Storage, cabinets and staff areas are clean, organized and free of dust.	
8	Backpacks and other personal items are hung on hooks and/or stored in a safe manner both inside and out.	
9	Bulletin boards display children's work and outcomes of activities that are current as evidenced by lesson plans and Y-Clubs.	
10	Tables, chairs, toys, etc are sanitized hourly.	
11	Bathrooms are checked, cleaned and stocked hourly.	
12	Covid and safety signage is hung at all entrances and bathrooms.	
13	The room has <u>ample</u> materials and supplies in good condition for number and ages of children. Supplies are available to the children and not locked up.	
14	Supplies and materials are displayed in organized, labeled, matching containers. Center signs are utilized and are hanging over the correct area.	
15	Furniture observed to be in good repair.	
16	Walls are free from staples, and children's work is displayed on boards.	
17	Staff are interactive with children.	
18	Staff properly guide children (redirection, choices, conflict resolution strategies, etc...).	
19	Staff transition activities and children appropriately (appropriate warnings, little wait time, etc...).	
<b>Total Possible</b>		<b>0</b>

# Quality and Safety CYD Audit

	<b>Total Achieved</b>	<b>0</b>
	<b>Percentage Achieved</b>	<b>#DIV/0!</b>
	<b>CURRICULUM</b>	
20	Current lesson plans are posted.	
21	Lesson plans incorporate multiple curriculum areas each week (Fitness & Nutrition, Science & Technology, Art & Culture, Etc...) and are well developed and list activities, not just curriculum area.	
22	Lesson plans are followed as evidenced by observation and posted work.	
23	Evidence of long term projects is observed.	
24	Distance Learning time is implemented into daily.	
25	Physical activities, and distance learning physical education is evident in lesson plans.	
	<b>Total Possible</b>	<b>0</b>
	<b>Total Achieved</b>	<b>0</b>
	<b>Percentage Achieved</b>	<b>#DIV/0!</b>
	<b>SAFETY &amp; SUPERVISION/COMPLIANCE</b>	
26	1:10 ratios are in compliance at all times.	
27	Supervision is proactive.	
28	Children are visually supervised at all times.	
29	Staff are aware of headcounts and headcounts match the number indicated on the roster. DCW check in system is accurate and utilized appropriately. Name to face headcounts are observed and documented at 15 minute intervals.	
30	If two rooms are available for use you must utilize them to separate children if you have more than 10 children.	
31	Children are kept in stable groups of 10 or fewer and do not change from one group to another.	
32	If more than one group of children is cared for at one location, each group shall be in a separate rooms or outdoor space as weather permits.	
33	Staff remain solely with one group of children to the best of our ability.	
34	Children play outside, but do not allow them on big toys, playground equipment, swings, etc.	
35	Room and outdoor environment and outside areas observed for blind spots. Windows are uncovered (blinds open, no art work, etc...)	
36	Restroom procedures are followed.	
37	Social distancing inside and outside the classroom is being implemented with the kids to the best of our ability.	
38	Cooking equipment for hot food (crock pots, toaster-ovens, toasters, microwave or burners) in good condition. Cooking procedures are appropriate and either observed or staff answer questions about procedures.	
39	Medication is current and has Permission to Medicate form filled out by parent and is locked.	
40	Medication has prescription label attached to medication.	
41	Center is free of safety hazards (unlocked chemicals, tools, etc...).	



### Quality and Safety CYD Audit

42	Incidental Medical Services (IMS) is known by staff and procedures are on site. IMS Universal Precaution sign is posted in staff area.	
43	Children's personal rights are valued and respected.	
44	Water is available at all times, inside and out.	
45	100% juice (no more than 3x/month), 1% skim milk and drinking water readily available	
46	Snack menu and food service follows guidelines per Title 22 or food program guidelines. Full days must have AM and PM snack listed on calendar.	
47	Snack menu is followed.	
48	Children and staff wash hands prior to food service and preparation.	
49	Children sit at tables while eating with social distancing applied. Tables have been cleaned prior and after meal times.	
50	Snack include a fruit or vegetable.	
51	Volunteers, ABA therapists and outside agency personnel must have appropriate licensing forms on site and be associated to the site.	
52	Accessible records observed safe and secured (child, members and employee records secured in an organized manner in an on-site location). Former staff and children's files should no longer be kept on site. All confidential information is secured safely. Bank account information and member social security numbers are not on site	
53	Children's files are updated with covid waivers and contain all required information (see child's file checklist).	
	<b>Total Possible</b>	<b>0</b>
	<b>Total Achieved</b>	<b>0</b>
	<b>Percentage Achieved</b>	<b>#DIV/0!</b>
	<b>YMCA SAFETY PROGRAM</b>	
54	Employees are following applicable dress code, including appropriate hair color, name badges and Y polo shirts.	
55	Employee Safety Orientation conducted for all staff members upon hire and observed in files. (IIPP Training Checklist & Acknowledgement signed by all employees and supervisors in Paycom).	
56	Slip, Trip and fall hazards are not present in the facility.	
57	Staff act as supervisors not participants.	
58	Hazardous Communication Program Followed which includes, but is not limited to: Container Labeling, applicable SDS (Safety Data Sheets) on file and staff know how to access, <u>list</u> of hazardous chemicals on site. Add new cleaners to list	
	<b>TRAINING DOCUMENTATION</b>	
59	Staff have signed COVID-19 Waiver	
	<b>Total Possible</b>	<b>0</b>
	<b>Total Achieved</b>	<b>0</b>
		<b>#DIV/0!</b>
	<b>SAFETY / CLEANLINESS / MAINTENANCE</b>	
60	Routine cleaning completed in all rooms (clean floors, tables, window, refrigerator, etc...).	
61	The rooms are free of clutter and in good repair (ceiling tiles, floor boards, no broken items, etc...).	

### Quality and Safety CYD Audit

62	Doors and cabinets are in good repair and lock.	
63	Ramps are safe and in good repair.	
64	Outside of portables are in good repair and skirt screens (where needed) are in place and in good repair.	
65	Room flooring and rugs observed secured and in good condition to eliminate trip hazards.	
66	Non-flammable exit signs are posted above each door.	
67	Furniture, TV, bookcases and cubbies attached to floor or wall are observed with no items stored on tops of furniture.	
68	Use of extension cords observed to be appropriate and not used for permanent use (power strip usage is acceptable ). Cords are not used to energize refrigerators or other equipment. Outlets are covered.	
69	No flammable liquids are kept on site.	
70	Fire extinguisher tags observed for monthly inspection initials.	
71	Air vents are clean at all times.	
72	Ceiling tiles are in place and are not damaged or stained.	
73	Indoor walls are clean and paint is in good repair.	
74	Flooring is in good condition.	
75	Lights and covers are in good working condition.	
76	Tops of shelves or unused gaming equipment is not used for storage.	
77	Breaker panels and fire safety equipment are accessible with proper clearance.	
78	Windows are clean and in working order with screens in place.	
	<b>Total Possible</b>	<b>0</b>
	<b>Total Achieved</b>	<b>0</b>
		<b>#DIV/0!</b>
	<b>TOTAL SCORE POSSIBLE</b>	<b>0</b>
	<b>TOTAL SCORE ACHIEVED</b>	<b>0</b>
	<b>OVERALL SCORE</b>	<b>#DIV/0!</b>
	<b>QUALITY SCORE</b>	<b>#DIV/0!</b>
	<b>COMPLIANCE SCORE</b>	<b>#DIV/0!</b>
	<b>AVERAGE OVERALL SCORE</b>	<b>#DIV/0!</b>
	OUTCOME (90% or Higher to Pass)	<b>#DIV/0!</b>
	Plan of Corrections is due back by:	

SAFETY / CLEANLINESS / MAINTENANCE		
79	Handrails are in good repair and painted	
80	Roof is in good repair as observable	
81	Overhang and gutters are in good repair	
82	Outside wall boards and paint are in good repair	
83	HVAC vents are clean and serviced quarterly	
84	Help Desk requests have been completed efficiently prior to close out	
85	Help Desk tasks/jobs are completed timely	
	<b>Total Maintenance Possible</b>	<b>0</b>
	<b>Total Maintenance Achieved</b>	<b>0</b>
	<b>OVERALL MAINENANCE SCORE (Includes Maintenance Section Above)</b>	<b>#DIV/0!</b>

## Quality and Safety CYD Audit

Notes:

## Branch Quality and Safety Audit (COVID-19)

Date:  
Time:

Branch:  
Auditor:

		Outcome
	<b>ENTRY AND FACILITY PROTOCOLS</b>	
1	Members must complete a health check upon arrival including a no-touch temperature check and symptoms screening. Anyone with a temperature of 100.4+ or is symptomatic will not be admitted to the facility.	
2	All members will be asked the following questions when they enter facility: • Have you or anyone in your house traveled to another country in the last 14 days? • Have you or a family member been instructed to self-quarantine? • Are you been experiencing symptoms of illness? If so, what symptoms? Staff are expected to self-monitor for signs and symptoms of COVID- 19 and notify supervisor if any develop (fever or respiratory symptoms).	
3	Lobby Furniture is removed from heavy traffic area to prevent gatherings as necessary. Single seating furniture remaining to be spaced at least 6' apart.	
4	All communication on COVID to members meets Marketing standards.	
5	Exterior YMCA signs are visible and well maintained. Side walk social distancing markers are in place.	
6	No coffee service.	
7	Water Fountains are CLOSED.	
8	All security cameras are recording and angled to view high traffic areas.	
9	There is a positive tone and feeling (noise, activity, interactions, etc...). Adult voices are calm and nurturing in tone and children's interactions are positive.	
10	All communication on COVID to members meets Marketing standards.	
11	Covid and safety signage is hung at all entrances and bathrooms.	
12	Approved marketing signage is placed on machines that are not in use due to space distance. No caution tape visible to members.	
13	Membership files are updated with covid waivers and contain all required information.	
14	Social Distancing Protocols are followed.	
	<b>CLEANING PROTOCOL</b>	
15	Staff wear disposable gloves for all tasks in the cleaning process, including handling trash.	
16	High traffic and community areas will be cleaned and disinfected every 2 hours and as needed.	
17	Staff breakrooms and microwaves are wiped and cleaned every two hours and as needed.	
18	All staff office areas are clean and desks organized. (No clutter)	
19	Doors are kept open in high traffic areas with door stoppers.	
20	Bathrooms are checked, cleaned and stocked hourly. <i>Logged on checklist</i>	
21	Entire facility will be cleaned and disinfected each day.	
	<b>STAFF EXPECTATIONS</b>	
22	All staff wash their hands when they arrive to work and refrain from touching their face.	
23	Employees must complete a health check upon arrival including a no-touch temperature check and symptoms screening. Anyone with a temperature of 100.4+ or is symptomatic will not be admitted to the facility.	
24	Staff interact with each other in a professional manner and communicate the needs of the branch and members effectively.	
25	Protective Masks and Gloves are worn by staff appropriately when cleaning. Masks are worn during membership check- in and when walking the facility.	
26	Staff properly guide members (redirection, choices, conflict resolution strategies, etc...). Focus is to maintain 6 feet distance	
27	Staff are interactive with members. Staff visible throughout facility not all in offices.	
28	Employees are following association dress code. Name badges and Y polo shirts are being worn at all times.	
29	Storage, cabinets and staff areas are clean, organized and free of clutter and dust.	
	<b>KID ZONE COMPLIANCE</b>	
30	Ratios are in compliance at all times.	
31	Maximum 1 hour Kid Zone usage.	
32	Handsanitizing Station available upon entering Kid Zone.	
33	Children are visually supervised at all times.	
34	Restroom procedures are followed.	



Branch Quality and Safety Audit  
(COVID-19)

35	Staff are aware of headcounts and headcounts match the number indicated on the roster at all times. Daxko check in system is accurate and utilized appropriately. Name to face headcounts are observed and document every 15 minutes.	
36	Children play outside, but are not allowed on big toys, playground equipment, swings, sand box, tricycles.	
37	Social distancing inside and outside being implemented with the kids.	
38	Indoor and outdoor environments observed for blind spots.	
39	Water is available at all times.	
	<b>GROUP EXERCISE COMPLIANCE</b>	
40	All Group X classes will adhere to CDC guidelines and CA state recommendations. Pertaining to practice social distance, and number of individuals in room. (QA update as more info comes)	
41	Facility Capacity Numbers posted throughout the building in each specific room. QA to run hourly Daxko usage numbers.	
	<b>AQUATIC COMPLIANCE</b>	
42	All pool lounge furniture and tables are spaced 6 ft. apart.	
43	Lap swim - 1 swimmer per lane.	
44	Spa closed	
45	Pools will adhere to Aquatic Standard Operating Procedures	
	<b>SAFETY COMPLIANCE</b>	
46	Executive Director will conduct bi-weekly self audits and submit them to QA department for review.	
47	Flammable cabinet in place, secured and locked.	
48	Lock out-Tag out kit available for use.	
49	Evacuation Plan Posted throughout facility with exit routes. QA will ask and verify all department staff understand roles and all exit routes.	
50	AED is serviced, in working order, pads/battery and locations listed on EAP.	
51	Emergency shut offs are clearly labeled and listed in EAP. Staff know where to locate.	
52	Emergency shut offs are free from obstruction and all tools needed are available.	
53	Exit signs are posted.	
54	Fire extinguishers inspected monthly and properly secured.	
55	Pool chair battery and lift operable upon inspection.	
56	Eye wash station is accessible and in good working condition.	
57	Emergency access pathways, doors, etc are safe and free of obstruction.	
58	First Aid Stations stocked.	
59	Slip, Trip and fall hazards are not present in the facility.	
60	Facility is free of safety hazards (unlocked chemicals, tools, etc...).	
	<b>FACILITY MAINTENANCE</b>	
61	Doors and cabinets are in good repair and locked.	
62	Ramps, steps and railings are in good condition.	
63	Flooring is in good condition and clean.	
64	Furniture, TV, bookcases and cubbies attached to floor or wall are observed with no items stored on tops of furniture.	
65	Use of extension cords observed to be appropriate and not used for permanent use (power strip usage is acceptable ). Cords are not used to energize refrigerators or other equipment. Outlets are covered.	
66	Ceiling tiles are in place and are not damaged or stained.	
67	Lights and covers are in good working condition.	
68	Breaker panels and fire safety equipment are accessible with proper clearance.	
69	Windows are clean and in working order with screens in place.	
70	HVAC vents are clean and serviced.	
71	All overhang and gutters are in good repair.	
72	Parking Lots are well lit and curbs painted.	
73	Hazardous Communication Program Followed which includes, but is not limited to: Container Labeling, applicable SDS (Safety Data Sheets) on file and staff know how to access, <u>list</u> of hazardous chemicals on site.	
74	Help Desk tasks/jobs are completed timely.	
	<b>TRAINING DOCUMENTATION</b>	
75	Staff have signed COVID-19 Acknowledgement Agreement and Policy Acknowledgements. Worksite Specific Protection Plan - IIPP Appendix P	

Branch Quality and Safety Audit  
(COVID-19)

76	All other New employee and annual trainings on file.	
77	Back to Work Training - YMCA Best Practices, and Standard Operating Procedures for branches signed.	
78	Current First Aid and CPR certifications on file.	
	<b>Total Possible</b>	<b>0</b>
	<b>Total Achieved</b>	<b>0</b>
	<b>% Achieved</b>	<b>#####</b>
	<b>OUTCOME</b>	<b>####</b>

A Frame Entrance (24"x36")

**the Y HELLO!**

**WELCOME BACK, MEMBERS!**

In order to keep you and our staff safe, we must limit the number of people in our branches to comply with the CDC requirements.

**At this time,**

**THIS BRANCH IS LIMITED TO:**

**100 PEOPLE**

We want to keep our doors open for as many members as possible. During an event taking place at our facility, members who do not comply with YMCAs policies may be asked to leave the facility.

Check-In (8.5"x11")

**PLEASE CHECK-IN HERE**

GLAD YOU'RE HERE!

**the Y**

Check-Out (8.5"x11")

**PLEASE CHECK-OUT HERE**

HAVE A GREAT DAY!

**the Y**

Check-In (24"x80")

**PLEASE CHECK-IN HERE**

GLAD YOU'RE HERE!

Check-Out (24"x80")

**PLEASE CHECK-OUT HERE**

HAVE A GREAT DAY!

Policy Updates (23.5"x80")

**POLICY UPDATES**

**SAFETY COMES FIRST**

To ensure the safety of our members, staff and community, we have revised our facility policies to comply with CDC requirements. All members and staff are required to wear face masks. Members are also encouraged to wear masks when entering or leaving the facility, but will not be required to wear masks during workouts.

**EXPECT SOCIAL DISTANCING**

All members will be required to practice social distancing while inside the facility. To ensure safety, the number of members, fixtures and spaces will be limited to ensure members are able to maintain the recommended six feet of separation. Signage has been placed throughout the building to assist in maintaining safe distances.

**ACCESS MAY BE RESTRICTED**

In order to comply with the CDC's recommendations, we are at times, need to limit the number of people inside the facility or restrict access to certain areas. We apologize in advance for any inconvenience this may cause and appreciate your patience and understanding.

**FAILURE TO COMPLY IS NOT AN OPTION**

We want to keep our doors open for as many members as possible. During an event taking place at our facility, members who do not comply with YMCAs policies may be asked to leave the facility.

**the Y**

Maintain Healthy Environment (23.5"x36")

**the Y STAY HEALTHY. STAY SAFE.**

Follow these important guidelines from the CDC to protect yourself and others from getting and spreading respiratory viruses like the flu and Coronavirus (COVID-19).

**Wash your hands frequently** with soap and water for at least 20 seconds. If soap and water are not readily available, use hand sanitizer that contains at least 60% alcohol.

**Cover your coughs and sneezes** with a tissue and dispose of the tissue in the trash.

**Stay home** when you or your child are sick or exhibiting early symptoms of sickness.

**Avoid touching your eyes, nose and mouth** with unwashed hands.

**Avoid close contact** with people who are sick.

**Clean frequently touched surfaces** and objects like door handles with household disinfectant on a regular basis. When at the Y, please use the provided sanitizing wipes to wipe down all equipment including mats, weights and machines after use.

**Be prepared and informed** and check cdc.gov for updates on the novel coronavirus.

**ymcaoc.org**

Few things to know (11"x17")

**the Y BEFORE YOU ENTER**

**JUST A FEW THINGS TO KNOW**

- If you have a fever or do not feel well, please do not come inside.
- We will need to take your temperature & ask you a few questions before checking you in.
- You will need to practice social distancing while in the Y.
- We are sorry, but to be safe, no guests are allowed at this time.
- Only your phone, keys, towel, water bottle and yoga mats are allowed inside.
- You will need to sanitize your hands before checking in.
- Members are encouraged to wear masks while using our facility, but will not be required to wear during workouts.
- We ask that you avoid unnecessary touching of surfaces.

**THE Y IS READY FOR YOU. GLAD YOU'RE HERE.**

Few things to know (24"x80")

**the Y BEFORE YOU ENTER**

**JUST A FEW THINGS TO KNOW**

- If you have a fever or do not feel well, please do not come inside.
- We will need to take your temperature & ask you a few questions before checking you in.
- You will need to practice social distancing while in the Y.
- We are sorry, but to be safe, no guests are allowed at this time.
- Only your phone, keys, towel, water bottle and yoga mats are allowed inside.
- You will need to sanitize your hands before checking in.
- Members are encouraged to wear masks while using our facility, but will not be required to wear during workouts.
- We ask that you avoid unnecessary touching of surfaces.

**THE Y IS READY FOR YOU. GLAD YOU'RE HERE.**

6ft Distance (24"x36" - "A" Frame)

**the Y LET'S ALL STAY HEALTHY!**

**PRACTICE SOCIAL DISTANCING**

MAINTAIN A DISTANCE OF **6 FEET**

LOOK FOR CUES TO HELP YOU STAY SAFE.

6ft Distance (11x17 - Wall)

**LET'S ALL STAY HEALTHY!**

**PRACTICE SOCIAL DISTANCING**

MAINTAIN A DISTANCE OF **6 FEET**

LOOK FOR CUES TO HELP YOU STAY SAFE.

**the Y**

Floor Decals 6ft Apart (12")



Floor Decal Options (12"W)



Hours of Operation (8.5"x11")



Space Limited (8.5"x11")



Space Limited (23.5"x36")



Closed Space (24"x36" Outdoor A Frame)



Handwash Instructions (8"x8")



Water Bottle Sign (3"x6")



Sanitize Here (3"x6")



Outdoor Banner (36"x72")



Wipe Down Equipment (3"x5")



Room Capacity (8.5"x11")





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# **Audit Committee Minutes**

(minutes taken by Amy Scott)

**May 7, 2020**



## **Audit Committee Minutes**

(taken by Amy Scott)

**May 7, 2020**

Attendees: Jess Meyers, Ryan Fessler, Katie O'Conner, Joyce Kirchhofer, Michael Hahn  
Auditors: Deana Bowden, Robert Perl  
Guests: Amy Scott

Jess called the meeting to order. 9:03am

- Robert reviewed audit report draft.
  - Katie asked for a further explanation of Qualitative Aspects of Accounting Practices
  - Michael asked about contracts for childcare since YMCA revenue is concentrated in childcare services.
  - Michael asked if COVID will be covered in a statement as a material event.
  - Ryan asked that the footnote regarding COVID could be added to the Opinion.
  - Katie asked that we circle back on this once we review the footnote.
    - Katie – better to focus on COVID disclosure than to include verbiage in the Opinion section.
- Significant deficiency: All accounting staff have access to cash receipt entries.
  - Joyce gave further information and an example of a check request process.
  - Ryan would like this to be resolved for next year to get this deficiency off the audit report.
  - Joyce will look into possible solutions.
- Joyce/Robert – Note 1 Organization and Nature of Services, verbiage needs updating
- Katie/Michael – Note 2, page 16 Donated Use of Land – 2019/2018 sound combined. Would be better to specify “for each year”.
- Ryan – Note 5 – should The REMM Group be named? Robert will remove name and change to generic naming.
- Joyce – Note 11 Notes Payable – looking into refinancing loan
- Katie – asked if there are concerns regarding covenants.
- Joyce – we have a line of credit collateralized with our assets. BofA waived their debt covenants last year. Home Street works with us well and takes it annually.
- Robert points out the Orange portion of the net assets. Joyce explained that the majority of funds must be used in the Orange service area. Robert mentioned there is a note in the financials regarding this.
- Note 19: concentration of risk is disclosed regarding CUSD childcare, to answer Michael's question earlier.
- Ryan – for future readers of the audit, should mention that we were not eligible for the PPP loan so it shows that it wasn't that the Y didn't try
- Katie – need to call out gyms closing as that is material
- Michael – call out retirement matching stop, pay cuts, furloughs
- Jess – want to document so major donors have great information that is helpful. Showing how adept the Y has been in responding will make a potential donor feel more comfortable.
- Michael – Credit Line on Margin Account – should call out that no funds have been drawn on this line of credit as of today.
- Decline in Value of Investments – Deanna will add some wording per Michael's recommendation to add “eligible investments” in description.
- Jess: Subject to the approval of the changes discussed, the committee recommends acceptance of the financial statements presented by Y Nelson.
- Katie seconded the motion
- Approved, no nays or abstentions
- Meeting adjourned 10:21 am



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## **Board Governance Meeting Minutes**

**May 15, 2020**

**BOARD GOVERNANCE COMMITTEE**  
**May 15, 2020 @ 9:30am**

Present: Sean Peasley, Juliette Meunier, Jeff McBride, Dolores Daly, Dave Lamb, John Rochford, Rosanna Coveyou, Mike Proud  
Guests: Christine Salas, Andrew Leet (@10:27am)

Call to order at 9:38am

Prior Meeting Minutes

- Juliette asked if everyone had the opportunity to review meeting minutes from February 21, 2020
  - Rosanna motioned to approve the minutes as presented
  - Michael Hahn seconded the motion
  - Approved, no nays or abstentions

Reopening Strategy

- Michael Hahn wants to ensure we are on board with what the governor is stating
- Jeff: We will discuss different scenarios (as the executive committee) once Andrew Leet joins our call later this morning
  - We are preparing the facilities now and are being very proactive in hopes to open on June 1<sup>st</sup>
  - Our reopen plan goes over all safety protocols thoroughly; we will provide the reopen plan to all the cities and law enforcement where we will be opening prior to opening
  - This includes childcare and gym facilities
  - Jeff wanted to emphasize to this group that the optics are nothing to worry about. The YMCA OC WILL BE the best in class when we reopen
  - Childcare has been operating for essential workers so this is a non-issue
- Juliette: Should there be some sort of future crisis plan in place?
  - Dolores: We already have emergency action plans and we have been updating as we learn through COVID
- Rosanna: Concerned about the BOD not being able to meet in person. What does this mean for voting and can we carry out all BOD duties virtually until the safe at home mandate is lifted
  - UPDATE from Andrew Leet: telephone conference and Zoom meetings are fine. YOC's bylaws allow directors to participate in meetings via conference telephone or electronic video screen so long as all of the directors participating in such meeting can hear one another. No amendment is necessary to the bylaws and voting should be recorded in the meeting minutes

## Revise 2020 Calendar

- Juliette: Our committee has been delayed due to COVID and would like to revise our calendar based on new priorities and time constraints. (note: the highlighted items in the packet are items that seem to be more flexible)
  - Juliette: Propose to keep October as is on the calendar
  - Mike propose to keep “Review Board Chair Role”
    - Rosanna agrees.
  - Jeff: In a perfect world we would have a task team for many of these items. Do you (the volunteers) have the time during the midst of this crisis to concentrate on succession planning and other items that we have outlined
    - Committee members agree that the plans just need to be laid out and everyone will adjust priorities to make things happen

## Calendar

- Push “Evaluate Board Diversity” to 2021
- Review & Selection Assessment tool section – June/July
  - Crystal schedule initial meetings with assessment providers and Executive Leadership for June
  - Executive Leadership will invite final selection to present to at the July Governance meeting
- GRO discussion
  - David Lamb: How are we going to structure changes, raise money, how can the governance committee facilitate
  - Add this to the June Calendar
- Review Board Chair Role
  - September/October
- Juliette: Will reach out to committees to review the charter based on changes to the Board’s Mission Vision and Values
  - Jeff: If there are questions they can reach out to Mike for clarification
- Crystal to send completed Mission Vision Values (BOD and YMCA) to this group

\*\*Michael Hahn exited meeting at 10am

\*\*Sean Peasley exited meeting at 10:15am

## EXECUTIVE COMMITTEE

ANDREW LEETE Joined at 10:27am

- Jeff reiterated the conversation points that were discussed earlier on the call
- John Rochford: Did everyone see the OC Safety Guidelines that were just sent?
  - John will send guidelines to this group
- Jeff: This is all changing on a daily basis; Andrew and Executive Leadership is focusing on all guidelines that are being put out
- Jeff: Governor is on an indefinite basis on taking control on when business can reopen; counties cannot be less restrictive; we are at the mercy of the emergency order as the governor has stated (now)

- Mike Proud: Churches across the state are opening on 5/31. If churches are going to begin to test this beyond the orders, law enforcement will not arrest...the Recommendation is if you are going to open, go to law, show plan for safe assembly, show them how, (currently churches can meet outside), if law enforcement comes then Pacific justice will try that case
- Jeff: If order stays and if Orange County says we are not following the order and if local city gives us cover - it is our intention of opening in those locations. That will be our recommendation. If state, county and local say NO – then absolutely not
- Andrew: highly suggest the priority of working with the local city/county level first
- John R: What about the Board of Supervisors? Should Jeff and Dolores prepare the plan and put it in front of the board of supervisor (Wagner)?
  - Jeff: Yes, and our intention to have those plans ready to go out by next Friday
  - John can make that connection and will send note off today

Meeting adjourned at 10:54am





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## **Finance Committee**

**May 15, 2020**  
12:00pm-1:00pm

**FINANCE COMMITTEE MEETING AGENDA**  
**May 15, 2020**

Present: Minh Hoang, Ryan Fessler, Sean Peasley, Brian Constable Juliette Meunier, Jeff, Joyce, Christine and Dolores

**Called to Order: 12:05pm**

1. Review/Approve Meeting Minutes

Sean Peasley

- April 17, 2020
  - Sean: Has everyone reviewed the April 17<sup>th</sup> minutes? Are there questions?
  - Brian Constable motioned to approve minutes as presented
  - Minh Hoang seconded the motion
  - Approved; all in favor, no nays or abstentions

2. Financials

Joyce Kirchhofer

- April 2020
- Assets decreased (-440k) due to COVID
- Investments down (as expected) \$1.7M from year end
  - Partial comeback in April of \$488k
- Minh: Variance of \$2.6M, how much have we earned over time; how much can be a refund?
  - \$1.4-1.5M in refund (1.4 is Orange)
  - Memberships on hold
    - 6% have actually cancelled
    - 5% said to continue to charge as a donation.
- Ryan: Are the tenants of Tipper paying rent
  - Yes and we still are 100% full

3. Audit and Reconciliation

Joyce Kirchhofer

- Audit Report will be in BOD packet
  - Report includes with and without donor restriction items
  - Monthly report is typically ops without donor restrictions
    - December \$3.3M surplus reported but audit will show \$4.5M
      - Biggest part is \$1.4M from Orange (restricted)

4. Re-open Planning

Dolores Daly

- Dolores: We are in process of finalizing reopening plan and it should be ready by end of next week or early the following week
  - This report will be used to present to cities, law enforcement, etc
  - Goal is to be prepared to open June 1
  - Survey Results regarding reopening and attendance
    - 2000 responses received
    - 43% said they would attend as soon as we open
    - 23% said they would be there in 1-2 weeks of opening

- Executive Directors came back on Monday so they can help put our plan in place
  - We will follow all mandated guidelines including checking temps/thermal readings, enforcing guidelines for no reentry for 24-38 hours after fever if applicable; will have protective screens in between the machines etc
- Ryan: Will face masks be required
  - Employees will be required to wear them
  - Not sure on members yet. Waiting on OC health agency to make the final decision. We are leaning towards NOT requiring it for our members but again, no final decision has been made
- Juliette: Plans for Camp Elk
  - We are canceling existing sessions
  - We are currently putting the cost model together to abide by the new regulations. We need to ensure we can do it safely

## 5. Scenarios and Liquidity

Joyce Kirchhofer

- Please see attached “Cash Flow & Net Outcome Scenarios Summary”
- Brian: Loan covenants?
  - 2018 B of A waived all covenants
  - Home street does have a debt service ratio and they are working on waiving. Joyce does not foresee a problem with that at all
- Juliette: There are lots of variable costs (furlough, retirement plans etc) and we are currently losing about \$1M a month, what is most of the fix cost that is causing us to lose that?
  - Joyce: We have looked at several vendors to reduce cost, we have suspended where we could. We are not taking anything for granted
  - Dolores: Salaries is the largest expense
    - Working through the models and regulations that we have to follow
    - Salaries as a percent of revenue have gone up quite a bit
    - 26% increase on childcare went into effect as May 1<sup>st</sup>, new families will come in at a much higher rate
  - Thought about shifting costs of Medical plans to employees
    - April and May we picked up their cost to help them
    - Each month we review

## 6. Search Update

Christine Salas

- VP of Finance (Joyce’s replacement)
  - We have interviewed several candidates and just recently found someone who is being considered
  - Jess and Ryan (anyone else) will sit with him/her to talk through scenarios before we decide
  - He is meeting with Joyce next week

Adjourned 12:56pm

## **YMCA of Orange County**

### **Cash Flow and Net Outcome Scenarios Summary**

The COVID situation is still fluid and unpredictable as to the timing of when all of our programs will be allowed to be up and running again. To help us gain insight as to what range of possibilities might happen, four scenarios were ran covering what we are running today to getting back to 90% for most programs. It is obvious, we need businesses to re-open and kids to go back to school, the longer we are held back, the more likely we will need to tap into our investments because in the worst case scenario, we utilize the full \$5M from the Line of Credit. If we can get back to 90% of prior operations then we won't need to utilize the Line of Credit at all. The cash flow scenarios presented do not include the over \$10 million in investments that we have.

#### **Scenarios Ran:**

1. **90% Scenario** – 90% of budget for Childcare (CYD) & Fundraising, 90% of budget for Membership & Adventure Guides, 70% of budget for Other Programs
2. **75% Scenario** – 75% of budget for CYD & Fundraising, 75% of budget for Membership & Adventure Guides, 50% Other Programs
3. **60% Scenario** – 60% of budget for CYD & Fundraising, 60% of budget for Membership & Adventure Guides, 40% Other Programs
4. **Current State** – CYD is running with 30% & 40% increases built in over a few months, based on what we are experiencing. Y Inclusion and New Horizons are operating at a reduced amount, no gyms are open or other programs are running.

#### **General Assumptions:**

1. Conservative approach to revenue and expenses.
2. May and June are the same for all 4 scenarios, it is assumed nothing else will be allowed to be re-opened until July 1<sup>st</sup>.
3. CYD headcount is increasing now with more reflected in the scenarios.
4. Assuming gyms will open the 1<sup>st</sup> of July.
5. Assuming some aquatics & camp open in July; reduced sports in September.
6. Revenue was adjusted in 3 separate categories:
  - a. Childcare & Fundraising Revenue
  - b. Membership & Adventure Guides Revenue
  - c. Other Revenue

#### **Forecast Scenario Assumptions:**

1. Applied a broad brush stroke at the association level for expenses.
2. Revenue has been close enough to budget so that was utilized as the starting point for May-December
3. CYD Summer Activity fee was included. The related admissions/venue costs and transportation were reduced for changes in the activities that will take place this year.

4. Removed the July special event; the September and October special events utilized the “Other” % in each different scenario.
5. Due to being self-insured for unemployment insurance benefits, increased estimates have been added.
6. The retirement reduction (11% to 1%) is included in all scenarios.

**Cash Flow Assumptions:**

1. Close to \$1.5M of credits/refunds impact cash as the credits are applied or refunds are processed. Maple Hill will be processed in May, the rest are spread June through August.
2. There is \$1M with Farmers & Merchants bank earning over 1.875% through May then will change to 1%. As the need arises, we will assess whether to pull out the F&M funds or draw from the line of credit. The interest rate for the LOC is low, Fed Funds rate + 75 basis points.