



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

We have audited 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, 2022, and have issued our report thereon dated June 27, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our Statement of Work Agreement dated December 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the consolidated financial statements.

As described in Note 1, the entity changed accounting policies related to leases by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update No. 842, Lease Accounting Guide, in 2022. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the consolidated financial statements were:

- Management's estimate of the allowance for pledges receivable is based on aging of accounts, specific customer collection rates and an analysis of the collectibility of individual promises. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the net present value of the primary pledge receivable is based on discount factors determined by management. We evaluated the key factors and assumptions used to determine that it is reasonable in relation to the consolidated financial statements taken as a whole.

- Management's estimate of contingent losses is based on the amount of a liability to accrue for probable losses as a result of legal proceedings.
- Management's estimate of depreciation is based on the estimated useful lives of the buildings, leasehold improvements, equipment, and furniture. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the consolidated financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the consolidated financial statements under audit.

Post-Closing Adjustments

The attached schedule summarizes all post-closing adjustments (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2023.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s consolidated financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Supplementary information in relation to the financial statements as a whole

With respect to the supplementary consolidating information in Schedules I-IV (collectively, the supplementary information) accompanying the consolidated financial statements, on which we were engaged to report in relation to the consolidated financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. We have issued our report thereon dated June 27, 2023.

Other information included in annual reports

Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the consolidated financial statements and notes to the consolidated financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report.

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



CliftonLarsonAllen LLP

Irvine, California
June 27, 2023

Post-Closing Adjustments:

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 100			
PBC - to record liability for severance.			
2110	Salaries-F/T Exempt	668,554.00	
2160	Salaries-F/T Exempt	536.00	
2220	Retirement Plan Premiums	3,350.00	
2310	FICA Taxes	1,233.00	
2310	FICA Taxes	3,257.00	
2310	FICA Taxes	3,634.00	
2310	FICA Taxes	20,734.00	
2320	Unemployment Insurance	638.00	
2330	Worker's Compensation	374.00	
7110	Accrued Salaries & Wages		15,388.00
7110	Accrued Salaries & Wages		639,042.00
Total		714,430.00	714,430.00
Adjusting Journal Entries JE # 101			
PBC - To adjust for CLA accrued balances.			
2415	Audit Fees-Association Office-Assoc. Administratio	20,820.00	
2450	Consulting Fees	6,195.00	
7018	Accounts Payable (Accruals)	33,870.00	
7018	Accounts Payable (Accruals)		6,195.00
7018	Accounts Payable (Accruals)		60,690.00
Total		66,885.00	66,885.00
Adjusting Journal Entries JE # 102			
PBC - To adjust ASC 842 balance			
7501	ROU Short Term	101,377.00	
7711	ROU Long Term	156,203.00	
6380	ROU Asset		257,580.00
Total		257,580.00	257,580.00
Adjusting Journal Entries JE # 103			
PBC - To transfer capital asset balances to PPE			
6327	Furn Fixture Equip - Cost	30,329.00	
6331	Furn Fixture Equip-Cost	292,841.00	
6331	Capital Lease Eqpt-Acc Depr	326,576.00	
6326	Furn Fixture Equip - AccDpr		30,329.00
6328	furn fixture equip - Accdpr		80,388.00
6329	Buildings-Accum Depreciat		70,176.00
6333	Furn Fixture Equip-AccDpr		141,677.00
6382	Capital Lease - Equipment		326,576.00
Total		650,346.00	650,346.00
Adjusting Journal Entries JE # 104			
PBC - To retire capital lease equipment.			
6331	Capital Lease Eqpt-Acc Depr	65,143.00	
6382	Capital Lease - Equipment		65,143.00
Total		65,143.00	65,143.00

Uncorrected Misstatements:

Account	Description	Debit	Credit
Passed Journal Entries JE # 300			
To increase AR Allowance based on historic activity levels.			
5310	Bad Debt Expense-Fullerton---	203,577.00	
6302	Allowance for Uncoll A/R		203,577.00
Total		203,577.00	203,577.00