



INDEPENDENT ACCOUNTANTS' REPORT

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

We have performed the procedures enumerated below on for the extended-day childcare revenue reported to the Capistrano Unified School District (CUSD) for the year ended December 31, 2022. YMCA's management is responsible for the extended-day childcare revenue reported to CUSD for the year ended December 31, 2022.

YMCA has agreed and acknowledged that the procedures performed are appropriate to meet the intended purpose of the extended-day childcare revenue reported to CUSD for the year ended December 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and the associated findings are as follows:

1. We obtained a copy of the extended-day childcare revenue contract between the YMCA and CUSD. We read the contract to identify the specific conditions identified in this contract related to payments to CUSD.

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 inquired of YMCA management 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, 2022, 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, 2022.

4. We tested the non-CUSD revenue 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 inquired of YMCA management the nature and source of the revenue to determine if revenue excluded compared to the list of excludable revenue.
 - For revenue classifications where none or part of the revenue was eliminated (seven accounts in the year ended December 31, 2022), we inquired of YMCA management and sighted the details supporting gross revenue for the accounts and compared to the portion eliminated and the list of excludable revenue.

Results: We found no differences between revenues eliminated and list of excludable revenue.

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, 2022, by performing the following procedure:
 - 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, 2022, 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, 2022, 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, 2022.

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, 2022, were calculated to be \$125,739.

We were engaged by YMCA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the extended-day childcare revenue reported to CUSD for the year ended December 31, 2022. 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.

We are required to be independent of YMCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.



CliftonLarsonAllen LLP

Irvine, California
June 27, 2023

**YOUNG MEN'S CHRISTIAN ASSOCIATION OF ORANGE COUNTY
ATTACHMENT A
CAPISTRANO UNIFIED SCHOOL DISTRICT FEE CALCULATION
YEAR ENDED DECEMBER 31, 2022**

	Fee for Base Year Ended <u>December 31, 2022</u>
Revenue Source:	
Child Development Fees	\$ 12,804,939
Child Care Administration Fees	366,026
Promotions	(9,835)
Multichild Discounts	(267,842)
Employee Discounts	(74,930)
Scholarships Awarded	(367,722)
Community Programs	<u>123,249</u>
 Total Revenue	 12,573,885
 CUSD % Fee Rate	 <u>1.0%</u>
 Fee Due to CUSD	 <u>\$ 125,739</u>