

**DYF
(DIABETES YOUTH FAMILIES)**

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2019**

(With Comparative Totals as of December 31, 2018)

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Independent Auditors' Report

Board of Directors
DYF
(Diabetes Youth Families)

We have audited the accompanying financial statements of DYF (Diabetes Youth Families), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DYF (Diabetes Youth Families) as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the DYF (Diabetes Youth Families) financial statements for the year ended December 31, 2018, and we expressed an unmodified opinion on those audited financial statements in our report dated May 23, 2019.

Bregante + Company LLP

San Francisco, California

November 13, 2020

**DYF
(DIABETES YOUTH FAMILIES)**

STATEMENT OF FINANCIAL POSITION

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

	2019	2018
ASSETS		
Cash and cash equivalents:		
Unrestricted and board designated	\$ 469,385	\$ 466,580
Restricted - capital campaign and endowments	-	4,372
Accounts receivable	4,030	10,325
Contributions and pledges receivable, net	183,886	180,824
Investments, at market value	581,171	465,335
Prepaid expenses	20,660	21,122
Property and equipment, net of accumulated depreciation of \$2,434,931 and \$2,221,598	3,498,865	3,560,805
Security deposit	6,069	6,069
Total assets	\$ 4,764,066	\$ 4,715,432
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 2,084	\$ 16,848
Accrued vacation pay	39,683	34,464
Deferred contract	46,400	11,800
Total liabilities	88,167	63,112
Net assets:		
Without donor restrictions:		
Undesignated	688,142	520,911
Designated (Note F)	3,514,841	3,593,721
Total without donor restrictions	4,202,983	4,114,632
With donor restrictions (Note G)	472,916	537,688
Total net assets	4,675,899	4,652,320
Total liabilities and net assets	\$ 4,764,066	\$ 4,715,432

See accompanying notes to the financial statements.

**DYF
(DIABETES YOUTH FAMILIES)**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Combined Totals	
			2019	2018
Support and revenues:				
Support:				
Cash and pledge contributions	\$ 668,059	\$ 710,449	\$ 1,378,508	\$ 1,215,288
Donated goods	575,688	-	575,688	758,275
Donated services	391,320	-	391,320	343,960
Total support	<u>1,635,067</u>	<u>710,449</u>	<u>2,345,516</u>	<u>2,317,523</u>
Revenue:				
Program service fees and charges	649,070	-	649,070	622,229
Contracts and partnerships	57,800	-	57,800	84,950
Net investment income	22,097	-	22,097	10,417
Net unrealized/realized gains (losses) on investments	22,589	-	22,589	(18,713)
Other	3,735	-	3,735	(4,525)
Total revenue	<u>755,291</u>	<u>-</u>	<u>755,291</u>	<u>694,358</u>
Net assets released from restrictions	<u>775,221</u>	<u>(775,221)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>3,165,579</u>	<u>(64,772)</u>	<u>3,100,807</u>	<u>3,011,881</u>
Expenses:				
Program services:				
Summer camps	2,149,812	-	2,149,812	2,152,189
Year round overnight	297,983	-	297,983	298,748
Other programs	26,179	-	26,179	25,911
Total program services	<u>2,473,974</u>	<u>-</u>	<u>2,473,974</u>	<u>2,476,848</u>
Management and general	69,089	-	69,089	72,564
Fundraising	534,165	-	534,165	494,788
Total expenses	<u>3,077,228</u>	<u>-</u>	<u>3,077,228</u>	<u>3,044,200</u>
Changes in net assets	88,351	(64,772)	23,579	(32,319)
Net assets, beginning of year	<u>4,114,632</u>	<u>537,688</u>	<u>4,652,320</u>	<u>4,684,639</u>
Net assets, end of year	<u>\$ 4,202,983</u>	<u>\$ 472,916</u>	<u>\$ 4,675,899</u>	<u>\$ 4,652,320</u>

See accompanying notes to the financial statements.

**DYF
(DIABETES YOUTH FAMILIES)**

STATEMENT OF CASH FLOWS

**For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 23,579	\$ (32,319)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	227,607	236,485
Loss on disposed property and equipment	38	10,372
Net unrealized and realized (gain) loss on investments	(22,589)	18,713
Decrease (increase) in assets:		
Accounts receivable	6,295	14
Contributions and pledges receivable, net	(3,062)	(70,052)
Prepaid expenses	462	20
Increase (decrease) in liabilities:		
Accounts payable	(14,764)	9,448
Accrued vacation pay	5,219	1,222
Deferred contract	34,600	7,300
Total adjustments	233,806	213,522
Net cash provided by operating activities	257,385	181,203
Cash flows from investing activities:		
Purchases of property and equipment	(165,705)	(34,534)
Net change in investments	(93,247)	(367,164)
Net cash used in investing activities	(258,952)	(401,698)
Net decrease in cash and cash equivalents	(1,567)	(220,495)
Cash and cash equivalents, beginning of year	470,952	691,447
Cash and cash equivalents, end of year	\$ 469,385	\$ 470,952

Supplemental disclosures of noncash investing activities:

DYF disposed of property and equipment with an original cost basis of \$14,312 and accumulated depreciation of \$14,274, during the year ended December 31, 2019.

See accompanying notes to the financial statements.

**DYF
(DIABETES YOUTH FAMILIES)**

STATEMENT OF FUNCTIONAL EXPENSES

**For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	Program Services			Total Program Services	Support Services		Total	
	Summer Camps	Year Round Overnight	Other Programs		Management and General	Fundraising	2019	2018
Salaries, payroll taxes, and benefits	\$ 603,578	\$ 29,949	\$ 5,516	\$ 639,043	\$ 54,797	\$ 302,254	\$ 996,094	\$ 934,558
Donated goods and services	712,732	205,947	4,300	922,979	-	44,029	967,008	1,102,235
Transportation and conferences	141,866	42,921	910	185,697	987	73,004	259,688	228,074
Depreciation	226,824	-	-	226,824	783	-	227,607	236,485
Occupancy and maintenance	188,818	1,796	365	190,979	3,410	18,879	213,268	143,220
Clerical and program	166,804	10,762	2,301	179,867	1,736	18,402	200,005	199,082
Outside services and organizational expenses	66,315	4,493	12,356	83,164	3,361	55,371	141,896	144,549
Insurance	28,969	1,429	291	30,689	2,713	15,017	48,419	34,612
Accounting services	<u>13,906</u>	<u>686</u>	<u>140</u>	<u>14,732</u>	<u>1,302</u>	<u>7,209</u>	<u>23,243</u>	<u>21,385</u>
Total expenses	\$ <u>2,149,812</u>	\$ <u>297,983</u>	\$ <u>26,179</u>	\$ <u>2,473,974</u>	\$ <u>69,089</u>	\$ <u>534,165</u>	\$ <u>3,077,228</u>	\$ <u>3,044,200</u>
				81%	2%	17%	100%	

See accompanying notes to the financial statements.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE A -- Description of organization

Nature of activities

DYF's (Diabetes Youth Families) mission is to improve the quality of life for children, teens, families and adults affected by diabetes. DYF offers exceptional resident and day programs that allow participants to build the courage, confidence and competence to thrive with type 1 diabetes. DYF provides services to children, teens, families and adults through its summer camp programs (Bearskin Meadow Camp, Camp de los Niños and the biennial DYF Takes Mount Whitney Altitude 14,505 Program) and through its year round programs. Support for DYF comes primarily through public donations with program participants paying program fees and attending on scholarships.

Summer camp programs

During the summer, DYF operates resident camp programs for children, teens, families and adults affected by type 1 diabetes. Bearskin Meadow Camp, DYF's largest program, is located on public land within the Sequoia National Forest Giant Sequoia National Monument under the supervision of the U.S. Forest Service. This camp provides programs all summer long with specific sessions for children, teens, families and adults. Camp de los Niños, DYF's second largest program, operates at YMCA's Camp Loma Mar site. All summer resident programs are dedicated to offering exceptional education and enduring support to the type 1 diabetes community.

Year round overnight programs

DYF provides weekend education programs at multiple locations throughout the Bay Area including Livermore, La Honda, Occidental and more. Year Round Overnight Programs include: Family Retreat Weekends; a Kids Camp operated in conjunction with Kaiser Permanente; and Campamento Familiar, for Spanish-language families, operated in partnership with UCSF Benioff Children's Hospital. The weekend programs are designed to provide families with an intense educational and recreational experience resulting in gained skills and knowledge in the areas of diabetes management and family functioning.

Other programs

DYF provides education, support, and recreational activities in a variety of locations throughout Northern California. These include: The Bay Area Diabetes Summit; Kids and Teen Beach Day; and other outdoor recreational and educational programs.

NOTE B -- Summary of significant accounting policies

Basis of accounting

The financial statements are presented using the accrual basis of accounting in accordance with generally accepted accounting principles.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE B -- Summary of significant accounting policies (continued)

Net assets

DYF reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include the portion of net assets that is neither temporarily restricted nor permanently restricted by donor imposed stipulations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Net assets with donor restrictions include the portion of net assets whose use by DYF is limited by donor imposed stipulations that either will be fulfilled or expire by passage of time or that the net assets are held in perpetuity and its income be used for the stipulated purposes.

Investments

Investments in equity securities and bond funds with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Endowment funds

In accordance with the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, DYF considers endowment to mean all of an organization's endowment funds, including both donor-restricted endowment funds and those designated by DYF's Board of Directors (the Board).

The portion of an endowment that must be maintained permanently - not used, expended, or otherwise exhausted - is classified as with donor restrictions in perpetuity. The portion of an endowment that must be maintained for a specified term is classified as with donor restrictions until met. Funds specified by the Board to be invested to provide income for an undesignated period are classified as net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term highly liquid investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's estimate of uncollectible camp registration receivables. It is DYF's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts is not material to the financial statements.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE B -- Summary of significant accounting policies (continued)

Contributions and pledges receivable

Contributions and pledges receivable represent unconditional commitments primarily from institutional sources and estates. Contributions, including unconditional promises (pledges) to give, are recognized as revenues in the period committed. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges to be received over more than one fiscal year are analyzed annually to determine if there should be a present value allocation, and, if appropriate, are recorded at the present value of the contribution using a rate determined by management. A multi-year pledge receivable at December 31, 2019, is discounted using a 2.2% rate.

Property and equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, DYF reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. DYF reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over useful lives of 5 to 25 years. DYF generally capitalizes all expenditures for property and equipment in excess of \$5,000 and a useful life exceeding one year.

Leases

Leases meeting certain criteria are considered to be capital leases and the related asset and lease obligations are recorded at the present value in the financial statements. Leases not meeting such criteria are considered to be operating leases and the related rentals are charged to expenses as incurred. All of DYF's leases are operating leases.

Donated goods and services

Donated goods and services, which can be used directly in the charitable activities of DYF, are recorded as unrestricted support and expensed at their estimated value on the date of the donation.

The financial statements include amounts for donated services of medical staff that DYF would purchase if not for the donations. In addition, for those individuals who have been trained by DYF and are volunteers, their donated services are reflected in these financial statements. Other individuals volunteer their time to perform a variety of tasks not requiring specialized skills. No provision is included in the financial statements for the donated services of these individuals. A significant amount of donated goods include medical supplies donated from pharmaceutical companies that DYF would have to purchase if not for the donation.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE B -- Summary of significant accounting policies (continued)

Functional allocation of expenses

DYF allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support services are allocated directly according to the appropriate classification. Other expenses that are common to several functions are allocated by various statistical bases.

Income taxes

DYF qualifies as a nonprofit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Therefore, no provision for federal or California income tax is reflected in the financial statements.

DYF recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. DYF does not believe its financial statements include any uncertain tax positions. DYF's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted to the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of credit risk

Cash in bank accounts may, at times, exceed federally insured limits. Cash and cash equivalents consist of cash funds in various accounts. DYF has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

DYF invests its endowment and board designated funds in financial instruments which present some investment risk. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. Management believes DYF's investment strategy and ability to hold investments for the long term minimize this risk.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE C -- Liquidity and availability

Liquidity and availability of financial assets for general expenditures within one year at December 31, are as follows:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 469,385	\$ 470,952
Accounts receivable	4,030	10,325
Contributions and pledges receivable, net	183,886	180,824
Investments, at market value	581,171	465,335
Total financial assets	1,238,472	1,127,436
Less amounts not available to be used within one year:		
Investments held for endowment	(130,131)	(130,131)
Contributions and pledges receivable - for restricted gifts, net	(98,281)	(131,804)
Board - designated funds	(976)	(32,916)
Financial assets with donor restrictions - programs and scholarships	(175,343)	(217,920)
Financial assets with donor restrictions - facility improvements for Bearskin Meadow Camp	(69,160)	(67,833)
Financial assets not available to be used within one year	(473,891)	(580,604)
Financial assets available to meet general expenditures within one year	\$ 764,581	\$ 546,832

DYF receives contributions with donor restrictions to be used in accordance with the associated restriction purpose. DYF also holds a permanently restricted endowment comprised of the Mary B. Olney Endowment Fund and East Bay Foundation for Diabetic Children (Note H).

DYF receives significant support without donor restrictions. Such support has historically represented approximately 60% of annual program funding needs. The remainder is funded by gifts with donor restrictions and any income as a result of investment activities.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE C -- Liquidity and availability (continued)

Since March 2020, DYF has been forced to cancel all in-person programs scheduled for the year (Note L). In recognition of the potential negative impact to DYF, a total of \$115,601 in contributions with donor restriction included in the table above as of the year end December 31, 2019, have been released from their initial restriction with the permission of the donors.

Annual operations are defined as activities occurring during DYF’s fiscal year. DYF manages its cash available to meet general expenditures following three guiding principles:

- Prioritize financial soundness and stability to ensure long-term health and success;
- Maintain adequate liquid assets; and,
- Build and maintain sufficient reserves to provide reasonable assurance that long-term commitments and obligations will continue to be met, and protecting the organization against any unexpected events, ensuring the sustainability of DYF.

NOTE D -- Contributions and pledges receivable

Contributions and pledges receivable consist of unconditional promises to give from multiple donors. The balances at December 31 consist of the following:

	2019	2018
Foundation	\$ 158,281	\$ 124,604
Individual donors	29,082	60,934
	187,363	185,538
Less present value discount on multi-year pledges	(3,477)	(4,715)
Total	\$ 183,886	\$ 180,823

Contributions and pledges receivable are due as follows:

<u>Years Ending December 31,</u>	
2020	\$ 139,834
2021	47,529
Less present value discount	(3,477)
	\$ 183,886

The present value discount will be recognized in income as a contribution over the period from the date the promise is made to the earlier of the date of collection or the date it is due.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE E -- Property and equipment

Property and equipment is comprised of the following at December 31, 2019:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings and improvements	\$ 5,462,135	\$ (2,050,472)	\$ 3,411,663
Equipment	229,535	(200,015)	29,520
Vehicles	<u>242,126</u>	<u>(184,444)</u>	<u>57,682</u>
Totals	<u>\$ 5,933,796</u>	<u>\$ (2,434,931)</u>	<u>\$ 3,498,865</u>

Property and equipment is comprised of the following at December 31, 2018:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings and improvements	\$ 5,378,462	\$ (1,844,496)	\$ 3,533,966
Equipment	219,087	(202,883)	16,204
Vehicles	<u>184,854</u>	<u>(174,219)</u>	<u>10,635</u>
Totals	<u>\$ 5,782,403</u>	<u>\$ (2,221,598)</u>	<u>\$ 3,560,805</u>

NOTE F -- Net assets without donor restrictions - designated

DYF's governing board has designated the net book value of property and equipment and a portion of its unrestricted resources for facility improvements at its Bearskin Meadow Camp facility. At December 31, the amounts that were designated for these specific purposes by the Board are as follows:

	<u>2019</u>	<u>2018</u>
Net book value of property and equipment	\$ 3,498,865	\$ 3,560,805
Board-designated Bearskin Meadow Camp facility improvements	<u>15,976</u>	<u>32,916</u>
Totals	<u>\$ 3,514,841</u>	<u>\$ 3,593,721</u>

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE G -- Net assets with donor restrictions and net assets released from restriction

Net assets with donor restrictions available at December 31, are as follows:

	<u>2019</u>	<u>2018</u>
Program and scholarships	\$ 273,624	\$ 339,724
Facility improvements for Bearskin Meadow Camp	69,161	67,833
Permanent endowment	<u>130,131</u>	<u>130,131</u>
Total net assets with donor restrictions	<u>\$ 472,916</u>	<u>\$ 537,688</u>

Net assets with donor restrictions were released from the donor restrictions during the years ended December 31, 2019 and 2018, by incurring expenses satisfying the restricted purposes as follows:

	<u>2019</u>	<u>2018</u>
Program and scholarships	\$ 389,713	\$ 151,809
Facility improvements for Bearskin Meadow Camp	332,228	-
General fund for all programs	<u>53,280</u>	<u>60,873</u>
Totals	<u>\$ 775,221</u>	<u>\$ 212,682</u>

NOTE H -- Investments and endowments

As required by professional accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

At December 31, 2019 and 2018, permanent net assets with donor restrictions of \$130,131 are comprised of the Mary B. Olney Endowment Fund and a donation from the East Bay Foundation for Diabetic Children and other sources. The original amounts of these gifts are held in perpetuity and the related income is used to support the operation of Bearskin Meadow Camp, as designated by the donors.

At the end of each fiscal year, the Board authorizes that any net increase in assets (investment returns for the year) of the Mary B. Olney Fund be released to provide funding for general programs and services.

DYF's investment goals for endowment funds focus on capital preservation. Investment choices are generally limited to cash, money market accounts, mutual funds and equity securities.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE H -- Investments and endowments (continued)

Net changes in endowment funds were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, at January 1, 2018	\$ 13,067	\$ 130,131	\$ 143,198
Investment income	4,133	-	4,133
Net unrealized and realized losses	(14,614)	-	(14,614)
Appropriations for expenditure	-	-	-
Endowment net assets, at December 31, 2018	2,586	130,131	132,717
Investment income	4,186	-	4,186
Net unrealized and realized gains	22,286	-	22,286
Appropriations for expenditure	-	-	-
Endowment net assets, at December 31, 2019	<u>\$ 29,058</u>	<u>\$ 130,131</u>	<u>\$ 159,189</u>

Investments consist principally of mutual funds and equity securities, which are currently held at and managed by Charles Schwab. These investments include both net assets with donor restrictions and net assets without donor restrictions.

In accordance with *Fair Value Measurement*, DYF has categorized all investment assets on an individual security basis according to the fair value hierarchy as Level 1 investment assets (traded in an active market) with observable inputs that are derived from quoted prices for identical assets or liabilities in an active market.

NOTE I -- Retirement plan

DYF maintains a 403(b) Employer Contributory Tax Deferred Annuity Plan (the Plan) for all eligible employees who have met certain service requirements. All Plan contributions are 100% vested. No employer contributions to the Plan were made for the years ended December 31, 2019 and 2018.

NOTE J -- Lease commitments

DYF is liable under long-term operating lease agreements for office space and equipment. The office space lease expires February 28, 2021. DYF has two office equipment lease agreements during the year, one of which expires on August 31, 2022. The other office equipment lease agreement expires October 15, 2023. Total rent expense for the years ended December 31, 2019 and 2018, was \$62,626 and \$61,870, respectively. Office rent is included in occupancy and maintenance expenses and office equipment rent in clerical and program expenses on the Statement of Functional Expenses.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE J -- Lease commitments (continued)

The minimum future annual rental payments are as follows:

<u>Years Ending December 31,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 47,784	\$ 5,124	\$ 52,908
2021	8,004	5,124	13,128
2022	-	4,920	4,920
2023	-	3,590	3,590
	<u>\$ 55,788</u>	<u>\$ 18,758</u>	<u>\$ 74,546</u>

DYF holds a special use permit from the U. S. Department of Agriculture Forest Service for the use of 17 acres of land in the Sequoia National Forest, Giant Sequoia National Monument, upon which it operates the Bearskin Meadow Camp. The majority of DYF's property and equipment are located at this location. The permit expires on December 31, 2031 and a nominal annual fee is required, along with other covenants listed in the permit agreement.

NOTE K -- Special events

DYF hosts an annual fundraising gala in the fall. Support from this event consisted of the following for the years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Gross support	\$ 310,995	\$ 333,936
Fall Gala expenses	<u>(94,482)</u>	<u>(97,530)</u>
Net support	<u>\$ 216,513</u>	<u>\$ 236,406</u>

NOTE L -- Subsequent events

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the world. This pandemic has disrupted the normal operations of DYF. DYF is monitoring the outbreak of COVID-19, the impact on its employees, social distancing guidelines for gatherings and outdoor challenges, travel restrictions, and financial impacts to its donor base. DYF's cashflow during the first three quarters of 2020 has been impacted by the cancellation of all in-person programmatic events planned in 2020. It is not possible for management to predict the duration or magnitude of the adverse results of the pandemic and its disruptive effects on DYF's operations and liquidity as of the report date.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2019
(With Comparative Totals as of December 31, 2018)**

NOTE L -- Subsequent events (continued)

In place of in-person programs, DYF offered Camp Insulin & Stars starting in April of 2020. Camp Insulin and Stars is a virtual diabetes education and recreation program tailored uniquely towards children, teenagers, families, parents, and adults. These programs were offered free of charge in an effort to remove barriers for families who had found themselves in financial hardships during the economic downturn, and to extend DYF services to those who would benefit the most. The highlights of Camp Insulin & Stars were four week-long sessions for kids and teens, as well as the Adult Retreat weekend. These specific sessions most closely mimicked typical DYF camp programs and allowed campers the opportunity to connect with their peers and form lasting friendships over an extended period. Camp Insulin and Stars has been extended through the remainder of 2020 due to the continuation of the pandemic and the positive response received from the virtual programming.

On April 3, 2020, the Executive Director voluntarily resigned from the organization. On April 8, 2020 the Board of Directors appointed an Interim Executive Director from within the staff team. In October 2020, a professional recruitment firm was hired to find a new Executive Director with an anticipated start date in early 2021.

In May 2020, DYF obtained an SBA Payroll Protection Plan loan for \$113,210, and expects that substantially all of the loan will be forgiven under the terms of the loan agreement. Any portion of the loan not forgiven bears interest at a 1% annual rate, with repayment required over an anticipated 18 months, commencing in 2021. The proceeds from this loan will be used to help cover normal operating expenses as DYF navigates the shift to virtual programmatic and fundraising events for the remainder of 2020 and thereafter.

The date to which events and transactions occurring after December 31, 2019, have been evaluated by DYF's management for possible adjustment to the financial statements or disclosure is November 13, 2020, which is the date on which the financial statements were available to be issued.