

**DYF
(DIABETES YOUTH FAMILIES)**

FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2020**

(With Comparative Totals as of December 31, 2019)

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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, 2020, 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, 2020, 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, 2019, and we expressed an unmodified opinion on those audited financial statements in our report dated November 13, 2020.

Bregante + Company, LLP

San Francisco, California

August 31, 2021

**DYF
(DIABETES YOUTH FAMILIES)**

STATEMENT OF FINANCIAL POSITION

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 593,487	\$ 469,385
Accounts receivable	-	4,030
Contributions and pledges receivable, net	100,555	183,886
Investments, at market value	593,458	581,171
Prepaid expenses	59,755	20,660
Property and equipment, net of accumulated depreciation of \$2,666,592 and \$2,434,931	3,267,204	3,498,865
Security deposit	<u>6,069</u>	<u>6,069</u>
Total assets	<u>\$ 4,620,528</u>	<u>\$ 4,764,066</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 2,384	\$ 2,084
Accrued vacation pay	31,195	39,683
Deferred program service fees and charges	63,984	-
Deferred revenue from contracts and partnerships	<u>81,700</u>	<u>46,400</u>
Total liabilities	179,263	88,167
Net assets:		
Without donor restrictions:		
Undesignated	749,410	688,142
Designated	<u>3,283,180</u>	<u>3,514,841</u>
Total net assets without donor restrictions	4,032,590	4,202,983
With donor restrictions	<u>408,675</u>	<u>472,916</u>
Total net assets	<u>4,441,265</u>	<u>4,675,899</u>
Total liabilities and net assets	<u>\$ 4,620,528</u>	<u>\$ 4,764,066</u>

See accompanying notes to the financial statements.

**DYF
(DIABETES YOUTH FAMILIES)**

STATEMENT OF ACTIVITIES

**For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Combined Totals	
			2020	2019
Support and revenues:				
Contributions and pledges	\$ 960,821	\$ 40,190	\$ 1,001,011	\$ 1,378,508
Donated goods and services	-	-	-	967,008
Program service fees and charges	-	-	-	649,070
Contracts and partnerships	-	-	-	57,800
Net investment income	21,922	-	21,922	22,097
Net unrealized/realized gains on investments	8,929	-	8,929	22,589
Other	2,031	-	2,031	3,735
Net assets released from restrictions	104,431	(104,431)	-	-
Total support and revenues	1,098,134	(64,241)	1,033,893	3,100,807
Expenses:				
Program services	739,554	-	739,554	2,473,974
Management and general	117,930	-	117,930	69,089
Fundraising	411,043	-	411,043	534,165
Total expenses	1,268,527	-	1,268,527	3,077,228
Changes in net assets	(170,393)	(64,241)	(234,634)	23,579
Net assets, beginning of year	4,202,983	472,916	4,675,899	4,652,320
Net assets, end of year	\$ 4,032,590	\$ 408,675	\$ 4,441,265	\$ 4,675,899

See accompanying notes to the financial statements.

**DYF
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STATEMENT OF CASH FLOWS

**For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ (234,634)	\$ 23,579
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	231,661	227,607
Loss on disposed property and equipment	-	38
Net unrealized and realized gain on investments	(8,929)	(22,589)
(Increase) decrease in assets:		
Accounts receivable	4,030	6,295
Contributions and pledges receivable, net	83,331	(3,062)
Prepaid expenses	(39,095)	462
Increase (decrease) in liabilities:		
Accounts payable	300	(14,764)
Accrued vacation pay	(8,488)	5,219
Deferred program services fees and charges	63,984	-
Deferred revenue from contracts and partnerships	35,300	34,600
Total adjustments	362,094	233,806
Net cash provided by operating activities	127,460	257,385
Cash flows from investing activities:		
Purchases of property and equipment	-	(165,705)
Net change in investments	(3,358)	(93,247)
Net cash used in investing activities	(3,358)	(258,952)
Net increase (decrease) in cash	124,102	(1,567)
Cash, beginning of year	469,385	470,952
Cash, end of year	\$ 593,487	\$ 469,385

See accompanying notes to the financial statements.

**DYF
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STATEMENT OF FUNCTIONAL EXPENSES

**For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	Program Services			Support Services		Total	
	Summer Camps	Year Round Overnight	Total Program Services	Management and General	Fundraising	2020	2019
Salaries, payroll taxes and benefits	\$ 271,674	\$ 45,886	\$ 317,560	\$ 88,885	\$ 281,079	\$ 687,524	\$ 996,094
Depreciation	231,661	-	231,661	-	-	231,661	227,607
Outside services and organizational expenses	53,475	8,297	61,772	12,492	48,811	123,075	141,896
Occupancy and maintenance	69,053	3,961	73,014	6,111	23,877	103,002	213,268
Insurance	20,075	3,513	23,588	5,420	21,179	50,187	48,419
Clerical and program	12,942	4,228	17,170	2,712	21,709	41,591	200,005
Accounting services	8,240	1,374	9,614	2,120	9,546	21,280	23,243
Transportation and conferences	5,175	-	5,175	190	4,842	10,207	259,688
Donated goods and services	-	-	-	-	-	-	967,008
Total expenses	\$ <u>672,295</u>	\$ <u>67,259</u>	\$ <u>739,554</u>	\$ <u>117,930</u>	\$ <u>411,043</u>	\$ <u>1,268,527</u>	\$ <u>3,077,228</u>
			59%	9%	32%	100%	

See accompanying notes to the financial statements.

**DYF
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NOTES TO FINANCIAL STATEMENTS

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

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.

Virtual programs

In Spring of 2020, in response to the global COVID-19 pandemic, DYF canceled all in-person programming and in its place offered Camp Insulin & Stars – a virtual diabetes education and recreation program. This program was 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 our services to those who would benefit the most.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

NOTE A -- Description of organization (continued)

Virtual programs (continued)

Camp Insulin & Stars programs consisted of interactive live sessions, diabetes education sessions, weeklong sessions for children and teens and activities led by camp counselors and streamed to social media. Summer programs included virtual community campfires, family recreation programs, adult education sessions led by leading diabetes educators, weekly office hours with Assistant Medical Director Jeannie Hickey, weekly “Teen Tuesday” virtual community gatherings for teens to connect with their peers and weekly “Welcome Staff Wednesday” virtual community gatherings for current and former camp staff. DYF is thrilled to report that in 2020 over 1,000 individuals were served through Camp Insulin & Stars remote program offerings, including over 100 first-time participants.

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.

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 DYF’s Board of Directors (the Board) 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.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

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

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 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.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term highly liquid investments with original maturities of three months or less. There were no cash equivalents held by DYF at December 31, 2020 and 2019.

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.

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. Contributions and pledges receivable at December 31, 2020 are to be received within one year and have not been discounted to present value.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

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

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 five to twenty-five years. DYF generally capitalizes all expenditures for property and equipment in excess of \$5,000 and a useful life exceeding one year.

Contributions and pledges

DYF recognizes donor contributions and pledges upon the earlier of receipt of a contribution payment or pledge or when an agreement has been executed. Contributions and pledges without donor-imposed restrictions and contributions and grants with donor-imposed restrictions are reported accordingly. Contributions and pledges to be received more than one year after year-end are recorded at the present value of the contribution using the risk-free rate of return as determined by management. DYF received one conditional promise to give during the year ended December 31, 2020. DYF did not have any outstanding conditional promises to give at December 31, 2020 and 2019.

Donated goods and services

Donated goods and specialized services are recorded as in-kind donations at their estimated value on the date of receipt. Such donations are reported as revenue and support without donor restrictions unless the donor has restricted the donated asset to a specific purpose or time period. Assets donated with explicit restrictions regarding their use are reported as revenue and support with donor restrictions.

Donated services include services of medical staff at in-person programs 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 the 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. Donated goods include medical supplies used for in-person programs donated from pharmaceutical companies that DYF would have to purchase if not for the donation.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

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

Program service fees and charges

Program service fees and charges are reported at established rates, net of scholarships provided to campers in the statement of activities and changes in net assets as net assets released from restriction. Program service fees and charges are recognized at the beginning of each program. DYF determines the transaction price on standard charges for goods and services provided, reduced by scholarships provided to campers. Program service fees and charges at the time of enrollment. Program service fees and charges is considered to be one performance obligation and is satisfied once the program has commenced.

Contracts and partnerships

DYF receives substantially all revenue from contracts and partnerships from contract agreements with outside parties in the Bay Area to operate summer camp programs. DYF recognizes revenue from contracts and partnerships in the period performance obligations are met at the start of summer camp programs.

Deferred revenue from contracts and partnerships represents cash deposits received prior to meeting the performance obligations. DYF is entitled to 25% of the total fee agreed upon in the agreement if canceled.

Functional allocation of expenses

The costs of providing the program services and supporting activities of DYF are shown on the statement of functional expenses and broken into the following categories: (a) program - summer camps (b) program - year round overnight (c) management and general, and (d) fundraising. Expenses that can be directly identified with a specific function are allocated directly to that function. Indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time, effort and usage estimates made by DYF management.

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.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

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

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 maintains its cash at three financial institutions. 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.

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.

Accounting pronouncements adopted

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08). The amendments in this update should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and also in determining whether a contribution is conditional. DYF adopted this ASU for the year ended December 31, 2020. The adoption of ASU No. 2018-08 did not have an impact on DYF's financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606): Clarifying the Principles for Recognizing Revenue and Developing a Common Revenue Standard for U.S. GAAP (ASU 2014-09). In June 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-05, delaying the implementation of ASU 2014-09 for fiscal years beginning after December 15, 2019. The amendments in this update remove inconsistencies and weaknesses in revenue requirements and improve the comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. DYF adopted this ASU for the year ended December 31, 2020. The adoption of ASU No. 2014-09 did not have an impact on DYF's financial statements.

**DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

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

Summarized information for prior year

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the DYF financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Reclassification of financial statements

Certain reclassifications have been made to the financial statements for the year ended December 31, 2019, to conform with the year ended December 31, 2020 financial statement presentation. Such reclassifications have no effect on changes in net assets as previously reported.

NOTE C -- Liquidity and availability

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

	2020	2019
Financial assets at year end:		
Cash	\$ 593,487	\$ 469,385
Accounts receivable	-	4,030
Contributions and pledges receivable, net	100,555	183,886
Investments, at market value	593,458	581,171
Total financial assets	1,287,500	1,238,472
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	(47,709)	(98,281)
Board designated funds	(15,976)	(976)
Financial assets with donor restrictions - programs and scholarships	(175,914)	(175,343)
Financial assets with donor restrictions - facility improvements for Bearskin Meadow Camp	(54,921)	(69,160)
Financial assets not available to be used within one year	(424,651)	(473,891)
Financial assets available to meet general expenditures within one year	\$ 862,849	\$ 764,581

DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020
(With Comparative Totals as of December 31, 2019)

NOTE C -- Liquidity and availability (continued)

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 I).

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.

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:

	<u>2020</u>	<u>2019</u>
Foundations	\$ 67,529	\$ 158,281
Individual donors	<u>33,026</u>	<u>29,082</u>
	100,555	187,363
Less present value discount on multi-year pledges	<u>-</u>	<u>(3,477)</u>
Total	<u>\$ 100,555</u>	<u>\$ 183,886</u>

The present value discount is 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. All contributions and pledges receivable at December 31, 2020 are to be collected within one year and no present value discount has been calculated.

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NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

NOTE E -- Property and equipment

Property and equipment is comprised of the following at December 31, 2020:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings and improvements	\$ 5,462,135	\$ (2,262,365)	\$ 3,199,770
Equipment	229,535	(207,207)	22,328
Vehicles	<u>242,126</u>	<u>(197,020)</u>	<u>45,106</u>
Totals	<u>\$ 5,933,796</u>	<u>\$ (2,666,592)</u>	<u>\$ 3,267,204</u>

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>

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>2020</u>	<u>2019</u>
Net book value of property and equipment	\$ 3,267,204	\$ 3,498,865
Bearskin Meadow Camp facility improvements	<u>15,976</u>	<u>15,976</u>
Totals	<u>\$ 3,283,180</u>	<u>\$ 3,514,841</u>

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

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>2020</u>	<u>2019</u>
Program and scholarships	\$ 223,623	\$ 273,624
Facility improvements for Bearskin Meadow Camp	54,921	69,161
Permanent endowment	<u>130,131</u>	<u>130,131</u>
Total net assets with donor restrictions	<u>\$ 408,675</u>	<u>\$ 472,916</u>

Net assets with donor restrictions were released from the donor restrictions during the years ended December 31, 2020 and 2019, by incurring expenses satisfying the restricted purposes as follows:

	<u>2020</u>	<u>2019</u>
Program and scholarships	\$ 80,572	\$ 389,713
Facility improvements for Bearskin Meadow Camp	20,089	332,228
General fund for all programs	<u>3,770</u>	<u>53,280</u>
Totals	<u>\$ 104,431</u>	<u>\$ 775,221</u>

NOTE H -- Paycheck Protection Program grant

The Small Business Administration's Paycheck Protection Program (SBA PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided for conditional promises to give, in the form of forgivable loans, to qualifying organizations for amounts up to 2.5 times the organization's average monthly payroll expenses. Under SBA guidance, the loan and related accrued interest are forgivable if the borrower uses the loan proceeds for qualified expenses designated by the SBA during a specific eight to twenty-four week period, with the duration of the period elected by the borrower. In May 2020, DYF received \$113,210 in a conditional promise to give from the SBA. DYF met the SBA's requirements during 2020 and received full forgiveness of the SBA PPP loan plus accrued interest subsequent of year end December 31, 2020 in March 2021. Having met the conditions to receive full forgiveness, DYF recorded the pledge received from the SBA as contributions and pledges support on the statement of activities for the year ended December 31, 2020.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

NOTE I -- 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, 2020 and 2019, 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.

Net changes in endowment funds were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, at January 1, 2019	\$ 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	29,058	130,131	159,189
Investment income	3,898	-	3,898
Net unrealized and realized losses	(2,049)	-	(2,049)
Appropriations for expenditure	-	-	-
Endowment net assets, at December 31, 2020	<u>\$ 30,907</u>	<u>\$ 130,131</u>	<u>\$ 161,038</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.

DYF
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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020
(With Comparative Totals as of December 31, 2019)

NOTE J -- 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, 2020 and 2019.

NOTE K -- Lease commitments

DYF is liable under long-term operating lease agreements for office space and equipment. The office space lease was to expire on February 28, 2021 and was renewed for three years under substantially the same terms and conditions on February 20, 2021. The renewed lease expires on February 28, 2024. DYF had 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, 2020 and 2019, was \$55,370 and \$62,626, 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.

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>
2021	\$ 31,504	\$ 5,124	\$ 36,628
2022	28,930	5,124	34,054
2023	29,676	3,590	33,266
2024	<u>4,966</u>	<u>-</u>	<u>4,966</u>
	<u>\$ 95,076</u>	<u>\$ 13,838</u>	<u>\$ 108,914</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.

**DYF
(DIABETES YOUTH FAMILIES)**

NOTES TO FINANCIAL STATEMENTS (Continued)

**December 31, 2020
(With Comparative Totals as of December 31, 2019)**

NOTE L -- Subsequent events

The Coronavirus-19 (COVID-19) outbreak may have potentially adverse effects on the results of operations given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and its variants. Government relaxation of protective measures have occurred; however, imposition of measures in the future cannot be determined. As such, management cannot reasonably estimate the potential impact of COVID-19 on operations, cash flows or financial condition.

Due to COVID-19 and restrictions for public events, DYF did not hold a fundraising gala in 2020 and will not hold the event in 2021. The organization is planning a fundraising gala in March 2022, assuming that COVID-19 protective measures will allow for the event.

In January 2021, DYF obtained a second draw SBA Payroll Protection Plan loan for \$125,000, 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 2022. The proceeds from the loan will be used to help cover normal operating expenses.

In April 2020, the Executive Director voluntarily resigned from their position with DYF for another opportunity within the diabetes community. A senior director within DYF assumed the role as Interim Executive Director during the search for a replacement of the position. On June 1, 2021, a new Executive Director joined DYF.

The date to which events and transactions occurring after December 31, 2020, have been evaluated by DYF's management for possible adjustment to the financial statements or disclosure is August 31, 2021, which is the date on which the financial statements were available to be issued.