

Armed Services YMCA of the USA and Affiliates

Report to the Audit Committee
May 14, 2021





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May 14, 2021

Audit Committee
Armed Services YMCA of the USA
Woodbridge, Virginia

We are pleased to present this report related to our audit of the consolidated financial statements of Armed Services YMCA of the USA and Affiliate's (ASYMCA) as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for ASYMCA's financial reporting process.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to ASYMCA.

RSM US LLP

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REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated August 16, 2019. Our audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We also discussed with you on March 15, 2021, regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by ASYMCA. ASYMCA did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected misstatements are summarized in the attached summary of Uncorrected Misstatements.

Departure From the Auditor's Standard Report

We have included an other-matter paragraph in our audit report describing the summarized comparative information.

We have previously audited ASYMCA's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the consolidated financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management. Due to the coronavirus pandemic, RSM completed audit procedures virtually. There was no limit to our audit procedures.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of ASYMCA, which is the representation letter provided to us by management, are attached as Exhibit A.

SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the ASYMCA's December 31, 2020 consolidated financial statements.

Significant Accounting Estimates

Depreciable Lives of Property and Equipment

Accounting policy	Depreciation is recognized on a straight-line basis over the assets' estimated useful life.
Management's estimation process	When new assets are acquired, management determines the useful life based upon asset categories. Useful lives range from 30 years for building and building improvements, 5 to 10 years for equipment and 5 to 12 years for leasehold improvements.
Basis for our conclusion on the reasonableness of the estimate	We obtained the useful lives assigned to each fixed asset category and determined they were reasonable in relation to the actual lives of similar assets (based on disposal trends) and consistent with industry practices. We performed an analytical analysis on depreciation expense. Management's estimation process is reasonably consistent with U.S. GAAP.

Allowance for Doubtful Accounts

Accounting policy	ASYMCA records an allowance for doubtful accounts for any receivable whose collectability is questionable.
Management's estimation process	Assessed on the terms of the underlying transactions, the age of the receivables, the relationship with the debtors and historical data.
Basis for our conclusion on the reasonableness of the estimate	We reviewed the aging schedule and subsequent cash receipts to assess the adequacy of the allowance. We discussed with management any receivables that were in doubt. We tested cash collections received in 2020. Management's estimation process is reasonable and consistent with U.S. GAAP.

Fair Value of Investments Measured Using a Net Asset Value Per Share Practical Expedient

Accounting policy	Certain investments are reported at an estimated fair value based on a net asset value per share or equivalent practical expedient provided by the funds.
Management's estimation process	The investments are reported at an estimated fair value based on a net asset value per share or equivalent practical expedient provided by the funds.
Basis for our conclusion on the reasonableness of the estimate	We obtained key financial data directly from the fund. We obtained the most recent audited consolidated financial statements. We performed an analysis over the valuation of investments.

UNCORRECTED MISSTATEMENTS

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the consolidated financial statements. We agree with management's conclusion in that regard.

Description	Effect—Increase (Decrease)				
	Asset	Liabilities	Net Assets	Revenue	Expense
Current year misstatements:					
To reverse the impact of the prior year passed adjustment related to expenses recorded in 2019 that should have been capitalized	\$ 101,816	\$ -	\$ 107,116	\$ -	\$ 5,300
Statement of activities effect	-	-	(5,300)	\$ -	\$ 5,300
Balance sheet position effect	\$ 101,816	\$ -	\$ 101,816		

EXHIBIT A

Significant Written Communications Between Management and Our Firm



FOR YOUTH DEVELOPMENT®
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FOR SOCIAL RESPONSIBILITY

May 14, 2021

RSM US LLP
1861 International Drive, Suite 400
McLean, VA 22102

This representation letter is provided in connection with your audit of the consolidated financial statements of Armed Services YMCA of the USA and Affiliates (ASYMCA), which comprise the consolidated balance sheet as of December 31, 2020, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, financial statements), for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of May 14, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated August 16, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

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6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires disclosure, have been disclosed. There are no events subsequent to the date of the financial statements that require adjustment.
7. There are no known actual or possible litigation and claims against ASYMCA.
8. The selection and application of accounting policies are appropriate. We further represent that the below items are properly and accurately recorded and/or disclose in the financial statements:
 - a. Our tax status. In that regard, we have evaluated the tax position under the two step approach for recognition and measurement of uncertain tax positions required by the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification.
 - b. Releases of restricted net assets.
 - c. Allocations of functional expenses on a reasonable basis.
 - d. All leases and material rental obligations.
 - e. All recordable contributions by appropriate net asset class.
 - f. Refundable advance.
 - g. Investments in debt and equity securities and alternative investments.
 - h. All transactions that need to be eliminated.
 - i. Debt agreements.
 - j. There no unconditional or conditional multi-year contributions of donated goods or services.
 - k. Endowment activity.
9. With respect to assistance in preparing the financial statements services performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
10. We have informed you of all uncorrected misstatements.

As of and for the year ended December 31, 2020, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in

the aggregate, to the consolidated financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Effect—Increase (Decrease)				
	Asset	Liabilities	Net Assets	Revenue	Expense
Current year misstatements:					
To reverse the impact of the prior year passed adjustment related to expenses recorded in 2019 that should have been capital:	\$ 101,816	\$ -	\$ 107,116	\$ -	\$ 5,300
Statement of activities effect	-	-	(5,300)	\$ -	\$ 5,300
Balance sheet position effect	\$ 101,816	\$ -	\$ 101,816		

Information Provided

11. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements such as records, documentation and other matters.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within ASYMCA from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.

13. We have disclosed to you the results of our assessment of risk that the consolidated financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of allegations of fraud or suspected fraud affecting ASYMCA's consolidated financial statements involving:

- Management.
- Employees who have significant roles in internal control.
- Others where the fraud could have a material effect on the consolidated financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the ASYMCA's financial statements received in communications from employees, former employees, regulators or others.

16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
17. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements.
18. We have disclosed to you the identity of ASYMCA's related parties and all the related-party relationships and transactions of which we are aware.
19. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect ASYMCA's ability to record, process, summarize and report financial data.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We reaffirm our representations made in our letter dated May 14, 2020 related to the audit of the consolidated financial statements as of and for the year ended December 31, 2019.
22. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

23. With respect to supplementary information presented in relation to the consolidated financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There were no significant assumptions or interpretations regarding the measurement or presentation of such information:
 - e. When supplementary information is not presented with the audited consolidated financial statements, we will make the audited consolidated financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Sincerely,

Armed Services YMCA of the USA and Affiliates



William D. French, VADM, USN, (Ret.)
President & Chief Executive Officer



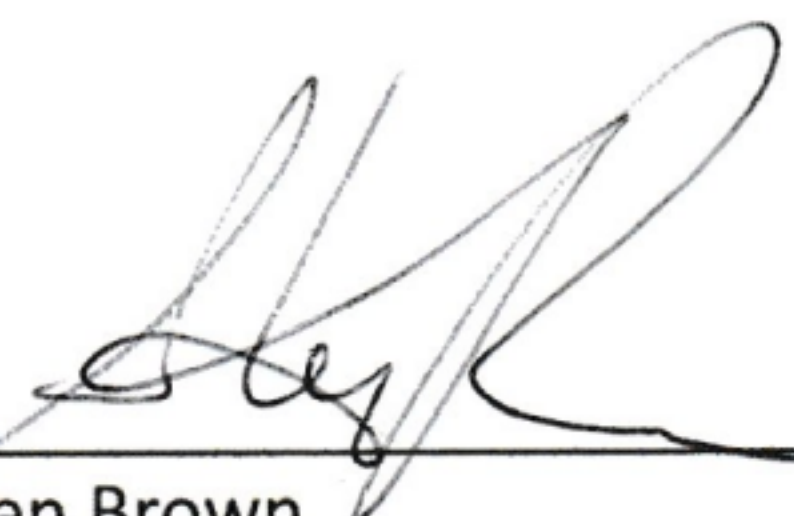
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Chief Financial Officer & Administrative Officer

Stephen Brown
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EXHIBIT B

Recent Accounting Pronouncements

RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements have been issued as of May 14, 2021, but are not yet effective and may affect the future financial reporting by ASYMCA.

Pronouncement	Summary	RSM <i>Financial Reporting Insights</i>
ASU 2016-02, Leases	Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Certain practical expedients are available. Accounting Standards Update (ASU) 2016-02 is effective for fiscal years beginning after December 15, 2021.	<i>Whitepaper Link</i> <i>Webcast Link</i>

EXHIBIT C

Nonprofit Insights

NONPROFIT INSIGHTS



We are pleased to provide real-time, middle market relevant macroeconomic perspectives to help clients anticipate and address the unique issues and challenges facing their businesses and the industries in which they operate. Our insights and analysis benefit clients and others by deepening understanding of the importance of the middle market to economic growth and stability.

We believe the following resources will be useful to ASYMCA:

[Link to Ideas & Insights](#)



Live seminars
and webcasts



Newsletters and
e-alerts



Thought leadership
white papers and
reports

INSIGHT ARTICLE	LINK
Employee retention credit significantly expanded for 2021	<i>Insight Article Link</i>
Muse Newsletter	<i>Newsletter Link</i>