Audited Consolidated Financial Statements

eliminating racism
empowering women
ywca
San Francisco & Marin

June 30, 2019

Quigley & Miron

YWCA of San Francisco & Marin
Audited Consolidated Financial Statements
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June 30, 2019

Quigley & Miron

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Independent Auditor's Report

Board of Directors
YWCA of San Francisco & Marin
San Francisco, CA

We have audited the accompanying consolidated financial statements of YWCA of San Francisco & Marin (Association), a nonprofit organization, and affiliate, which comprise the consolidated statement of financial position as of June 30, 2019, and the consolidated related statements of activities, consolidated functional expenses, and consolidated cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 auditor's 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of YWCA of San Francisco & Marin as of June 30, 2019, and the changes in its consolidated net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Quigley & Miron

Los Angeles, California
January 31, 2020

YWCA of San Francisco & Marin
Consolidated Statement of Financial Position
June 30, 2019

Assets		
Current Assets		
Cash and cash equivalents	$	377,785
Investments—Note 4		1,041,001
Accounts receivable		21,766
Grants receivable		342,000
Prepaids expense and deposits		161,861
Total Current Assets		**1,944,413**
Non-Current Assets		
Beneficial interest in designated beneficiary fund at the Marin Community Foundation—Note 5		2,333,202
Beneficial interest in board-designated endowment at the San Francisco Community Foundation—Note 5		2,615,383
Property and equipment		
Land		1,008,408
Buildings and Improvements		10,784,852
Furniture and equipment		219,916
Collection acquired March 1, 2013		83,318
		12,096,494
Less accumulated depreciation		(5,903,420)
Total Property and Equipment, Net		**6,193,074**
Other assets		
Deposits—Note 7		481,880
Intangibles, net of accumulated amortization—Note 8		611
Total Non-Current Assets		**11,624,150**
Total Assets	**$**	**13,568,563**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	138,556
Accrued expenses		78,521
Tenant security deposits		35,998
Mortgage payable, current portion—Note 9		177,317
Total Current Liabilities		**430,392**
Noncurrent Liabilities		
Mortgage payable, long term portion, less unamortized debt issuance costs of $40,926 and $50,724 at June 30, 2019 and 2018, respectively—Note 9		4,255,089
Total Noncurrent Liabilities		**4,255,089**
Total Liabilities		**4,685,481**
Net Assets		
Without donor restrictions		
Undesignated		3,553,734
Board designated beneficiary fund		2,333,202
Board designated endowment fund		2,615,383
Total Net Assets Without Donor Restrictions		**8,502,319**
With donor restrictions—Note 14		380,763
Total Net Assets		**8,883,082**
Total Liabilities and Net Assets	**$**	**13,568,563**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin
Consolidated Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Public Support and Revenue			
Contributions and grants	$ 46,705	$ 462,268	$ 508,973
Rental income	2,214,124		2,214,124
Program fees	32,861		32,861
Special events			
Gross special events income	59,545		59,545
Less cost of direct benefits to donors	(46,678)		(46,678)
Special Events, Net	**12,867**		**12,867**
Interest and dividend income	116,234		116,234
Other income	2,596		2,596
Total Public Support, and Revenue	**2,425,387**	**462,268**	**2,887,655**
Net assets released from restrictions	353,165	(353,165)	
Total Public Support, Revenue, and Releases from Restrictions	**2,778,552**	**109,103**	**2,887,655**
Expenses			
Program services	1,832,790		1,832,790
General and administrative	1,022,665		1,022,665
Fundraising	224,281		224,281
Total Expenses	**3,079,736**		**3,079,736**
Change in Net Assets From Operating Activities	**(301,184)**	**109,103**	**(192,081)**
Nonoperating Activities			
Investment returns, net	58,589		58,589
Total Nonoperating Activities	**58,589**		**58,589**
Change in Net Assets	**(242,595)**	**109,103**	**(133,492)**
Net Assets at Beginning of Year	**8,744,914**	**271,660**	**9,016,574**
Net Assets at End of Year	**$ 8,502,319**	**$ 380,763**	**$ 8,883,082**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services					General and Admin-istrative	Fundraising	Special Events	Total
	Fifty Plus	CPI	Advocacy and Other	Apartment Services	Total				
Salaries	$ 125,805	$ 29,067	$ 80,094	$ 251,312	$ 486,278	$ 268,803	$ 168,299	$	$ 923,380
Employee benefits	53,396	1,341	9,825	72,787	137,349	83,067	20,853		241,269
Payroll taxes	12,038	2,117	5,743	20,382	40,280	20,593	10,501		71,374
Total Personnel Expenses	**191,239**	**32,525**	**95,662**	**344,481**	**663,907**	**372,463**	**199,653**		**1,236,023**
Amortization						7,319			7,319
Apartment operating and maintenance expenses				441,379	441,379				441,379
Apartment rental expenses						276			276
Bad debt expense						11,050			11,050
Cost of direct benefits to donors								46,678	46,678
Depreciation				229,107	229,107	26,822			255,929
Dues and subscriptions	4,901		442		5,343	2,991	2,024		10,358
Equipment rental and maintenance	1,739		165		1,904	623	329		2,856
Food	266	123	4,648		5,037	715	526		6,278
Insurance	5,840	2,072		61,168	69,080	6,781	3,673		79,534
Interest expense						109,511			109,511
Miscellaneous	723		1,069		1,792	4,627	151		6,570
Mortgage insurance premium						19,361			19,361
Occupancy	86,002	54	5,163		91,219	4,608	9,643		105,470
Office expense	4,505		3,525		8,030	83,551	3,106		94,687
Printing	2,926		451		3,377	1,676	2,353		7,406
Professional fees	14,399		13,112		27,511	362,603	1,855		391,969
Property taxes and licenses				4,994	4,994				4,994
Service Coordinator expense				68,303	68,303				68,303
Telephone	6,277		839		7,116	1,834	663		9,613
Travel and meetings	2,288	715	2,727		5,730	5,854	305		11,889
Utilities				198,961	198,961				198,961
Total Expense by Function	**321,105**	**35,489**	**127,803**	**1,348,393**	**1,832,790**	**1,022,665**	**224,281**	**46,678**	**3,126,414**
Less cost of direct benefits to donors								(46,678)	(46,678)
Total Expenses	**$ 321,105**	**$ 35,489**	**$ 127,803**	**$ 1,348,393**	**$ 1,832,790**	**$ 1,022,665**	**$ 224,281**	**$**	**$ 3,079,736**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin
Consolidated Statement of Cash Flows
Year Ended June 30, 2019

Cash Flows from Operating Activities		
Change in net assets	$	(133,492)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		255,929
Amortization of intangible assets		7,319
Amortization of debt service costs		4,899
Investment returns, net		(58,589)
Changes in operating assets:		
Accounts receivable		253,484
Grants receivable		(332,877)
Prepaid expense and deposits		(57,473)
Changes in operating liabilities:		
Accounts payable		(46,035)
Accrued expenses		(82,197)
Tenant security deposits		(602)
Net Cash Used in Operating Activities		**(189,634)**
Cash Flows from Investing Activities		
Purchases of furniture and equipment		(247,252)
Purchases of investments		(77,631)
Proceeds from sale and maturities of investments		159,399
Reinvestment of interest and dividends from beneficial interest in designated beneficiary fund		(31,694)
Proceeds from withdrawals from beneficial interest in designated beneficiary fund		95,210
Reinvestment of interest and dividends from beneficial interest in designated endowment fund		(6,311)
Proceeds from withdrawals from beneficial interest in designated endowment fund		348,115
Net proceeds from transfers from deposit accounts—Note 7		246,401
Net Cash Provided by Investing Activities		**486,237**
Cash Flows from Financing Activities		
Principal payments on notes payable		(173,401)
Net Cash Used in Financing Activities		**(173,401)**
Increase in Cash and Cash Equivalents		**123,202**
Cash and Cash Equivalents at Beginning of Year		**254,583**
Cash and Cash Equivalents at End of Year	**$**	**377,785**
Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	$	
Interest	$	105,056

See notes to consolidated financial statements.

Note 1—Organization

Founded in 1878, the YWCA San Francisco and Marin (Association) is a community-based organization serving women, girls, and their families throughout life. The Association works for peace, justice, dignity and equality through service, action, advocacy, and leadership development. The Association is dedicated to eliminating racism, empowering women, and promoting peace, justice, freedom and dignity for all.

The Association owns a property in San Francisco, California that was designed by the architect Julia Morgan in 1932 as a low-cost hotel for women. In 1979, YWCA Apartments, Inc. (Project) was formed for the purpose of obtaining a loan under Section 207, pursuant to Section 223(f) of the National Housing Act to convert the property to an affordable housing project regulated by the U.S. Department of Housing and Urban Development (HUD). The Project is subsidized under Section 8 Housing Assistance Payments Contracts by HUD.

Nature of Activities—The programs of the Association include the following:

- The Fifty-Plus Empowerment Support Program offers job readiness and job placement services for women over the age of 50 who seek stable employment with a sustainable, living wage. Services include career assessments, job research and interview training, networking techniques, and computer classes.
- The Advocacy Program recognizes that lasting change requires changing the system in addition to changing the lives of individuals. The Association provides education on issues to community and advocates for changes in public policy in order to advance their mission and values. The Association has chosen to advocate for issues that have a direct impact on their clients. Advocacy is focused on achieving economic stability through improving the employment climate by eliminating age discrimination in employment and eradicating structural and racial discrimination.
- The YWCA Apartments provides 97 units of affordable housing, subsidized by HUD, to adults over age 65 or with disabilities.
- The Resident Activities program provides enrichment activities for YWCA Apartments' residents.

Note 2—Summary of Significant Accounting Policies

Consolidated Financial Statement Presentation—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adopted ASU No. 2016-14 for the year ended June 30, 2019 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 2—Summary of Significant Accounting Policies—*Continued*

The Association's consolidated financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles for not-for-profit organizations. The consolidated financial statements include the accounts of the Association and its wholly-owned subsidiary, the Project. All material inter-organizational transactions have been eliminated in the consolidated presentation. The Association's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Association and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Association and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of the Association's employment services, community services and advocacy, and low cost housing rental services, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Association is a nonprofit entity, exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for income taxes in the financial statements. In addition, the Association has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary June 30, 2019. Generally, the Association's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Note 2—Summary of Significant Accounting Policies—*Continued*

Cash Equivalents—The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are valued at fair market value and investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses, net of investment management fees, are reported as increases or decreases in the appropriate net asset category.

Grants Receivable—Grants receivable consist of balances from local foundations. The Association has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2019.

Property and Equipment—the Association capitalizes property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and cash that must be used to acquire property are reported as contributions with donor restrictions. Absent donor stipulation regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired asset are placed into service.

The Association's Marin Women Hall of Fame Collection consists of photographs, videos, a website, and other biographical information concerning over one hundred and forty inspiring women who have been inducted into the Marin Women's Hall of Fame since its inception in 1987. The Association created an honoree advisory council to work with the community and oversee the collection. The collection is capitalized on the statement of net assets. The collection is not depreciated because the assets are considered to have indefinite useful lives.

Depreciation— The Association uses the straight-lined method over the estimated useful lives of five to ten years for furniture and equipment and ten to seventy-five years for buildings and improvements. Depreciation expense for the year ended June 30, 2019 was $255,929.

Amortization— Debt issuance costs and leasing agent fees are capitalized and amortized on a straight-line basis over the life of the related contracts, fifteen and five years, respectively. Amortization expense for the year ended June 30, 2019 was $7,319.

Accrued Vacation—Accrued vacation represents vacation earned, but not taken, as of the end of the fiscal year. The accrued vacation balance as of June 30, 2019 was $25,956 and is included in accrued expenses.

Note 2—Summary of Significant Accounting Policies—*Continued*

Concentration of Credit Risk—Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash and receivables. The Association places its cash with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At June 30, 2019, account balances exceeded the FDIC insurance limits by approximately $9,832,000. Contributions receivable at June 30, 2019 are due from foundations, corporations, and individuals well-known to the Association, with favorable past payment histories. Management of the Association has assessed the credit risk associated with these contributions receivable and has determined that an allowance for potential uncollectible amounts is not necessary.

Contributions—Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Rental Income—Rental income is recognized in the period in which the tenant occupies the apartment. Included in rental income are tenant assistance payments provided by HUD totaling $1,674,691 for the year ended June 30, 2019.

Program Fees—Program fees are recognized in the applicable period in which the program is performed. The portion related to a future period is reflected on the statement of financial position as deferred revenue.

Contributed Services—No amounts have been reflected in the consolidated financial statements for contributed services. The Association pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Association at the resident's facilities, but these services do not meet the criteria for recognition as contributed services.

Note 2—Summary of Significant Accounting Policies—*Continued*

Functional Allocation of Expenses—The costs of providing the various programs and student activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such expenses are allocated per the following methods:

Expense	Method of Allocation
Apartment operating and maintenance expense	Square footage
Depreciation expense	Square footage
Dues and subscriptions	Square footage
Equipment rental and maintenance	Square footage
Food	Square footage
Insurance	Square footage
Interest expense	Square footage
Miscellaneous	Square footage
Occupancy	Square footage
Office expense	Time and effort
Printing	Square footage
Professional fees	Time and effort
Property taxes and licenses	Square footage
Service coordinator expense	Time and effort
Telephone	Square footage
Travel and meetings	Square footage
Utilities	Square footage

Advertising Costs—Advertising costs are expensed as incurred. There were no advertising costs for the year ended June 30, 2019.

Distributions—YWCA Apartments, Inc.'s regulatory agreement with HUD stipulates, among other things, that YWCA Apartments, Inc. will not make distributions of assets or income to the Association or to the officers or directors of either board. Agreements with HUD allow for management fees and accounting fees as well as rent to be paid to the Association.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimates affecting the financial statements are the valuation of donated food, and the valuation of donated volunteer service hours.

Note 3—Availability and Liquidity

The Association's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $800,000). The following represents the availability and liquidity of the Association's financial assets at June 30, 2019 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	$	339,022
Investments		1,041,001
Accounts receivable		21,766
Current Availability of Financial Assets	**$**	**1,401,789**

Additionally, the Association established a beneficiary fund and endowment fund totaling $4,948,585 at June 30, 2019 that could be made available to meet any unforeseen circumstances.

Note 4—Investments

In April 2006, the Association's governing board of directors established a mutual fund investment with The Investment Fund for Foundations (TIFF) by transferring $900,000 from the Association's operating account. The TIFF Multi-Asset Fund account was opened for the purpose of diversifying the Association's investment portfolios. The board of directors has the ability to withdraw the funds at its discretion. The fair value of the investment at June 30, 2019 was $1,041,001.

Return on investments for the year ended June 30, 2019 is as follows:

Investment gains	$	110,430
Investment fees		(51,841)
Investment Returns, Net		**58,589**
Interest and dividend income		**116,234**
Total Return on Investments	**$**	**174,823**

Note 5—Beneficial Interests in Community Foundation Assets

The Association has beneficial interests in the following community foundation assets:

Marin Community Foundation (MCF)
The governing board of directors (Board) of the Association established a Designated Beneficiary Fund with the Marin Community Foundation (MCF) in June 2002 for the benefit of the Association. The Board has the ability to withdraw funds at its discretion. The Board of Trustees (Trustees) of the MCF has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if, in the sole judgement of the Trustees, such restriction of condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by the MCF. The fund is managed by the MCF and is invested in MCF's equity and fixed income pools. The fund is valued at fair market value and is classified and reported as net assets without donor restrictions since the fund resulted from an internal designation and is not donor-restricted. The fair value of the MCF fund at June 30, 2019 was $2,333,202.

Note 5—Beneficial Interests in Community Foundation Assets—*Continued*

San Francisco Community Foundation (SFCF)
During the year ended June 30, 2003, the Board transferred $350,000 to San Francisco Community Foundation (SFCF) to create a board-designated endowment fund to support the Association. Distributions from the fund are made in accordance with the spending policy of SFCF, as described below. Other distributions are allowed for unexpected financial needs not likely to recur or to acquire or renovate a capital asset. In the event the original purposes of the fund become impracticable, undesirable or unnecessary, SFCF has the power to vary the terms, provided the Association is notified. The fund is invested in an endowment pool, is valued at fair market value, and is classified and reported as net assets without donor restrictions since the fund resulted from an internal designation and is not donor-restricted. The fair value of the SFCF fund at June 30, 2019 was $2,615,383.

Note 6—Fair Value of Assets

In determining the fair value of assets and liabilities, the Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Association determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Association at the measurement date. The Association had no Level 1 assets or liabilities at June 30, 2019.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly. The Association had no Level 2 assets or liabilities at June 30, 2019.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment. The Association's Level 3 assets consist of beneficial interests at the Marin Community Fund and San Francisco Community Fund at June 30, 2019.

Note 6—Fair Value of Assets—*Continued*

The Association utilizes a practical expedient, Net Asset Value (NAV) per share (or its equivalent) for measuring the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Association has an investment with the TIFF Multi-Asset Fund, as described previously, which is classified at NAV as a practical expedient during the year ended June 30, 2019.

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in designated beneficiary fund at Marin Community Fund	$ 2,333,202	$	$	$ 2,333,202
Beneficial interest in board-designated endowment at San Francisco Commmunity Fund	2,615,383			2,615,383
Subtotals	**4,948,585**			**4,948,585**
NAV, as a practical expedient TIFF Multi-Asset Fund	1,041,001			
Total at NAV	**1,041,001**			
Total Assets at Fair Value	**$ 5,989,586**	**$**	**$**	**$ 4,948,585**

The Association's beneficial interests at the Marin Community Fund and San Francisco Community Fund are considered to be Level 3 investments as they lack the necessary observable inputs for Level 1 or 2 disclosure. At June 30, 2019, investments carried at NAV as a practical expedient had no unfunded commitments or illiquid investments. The investments carried at NAV as a practical expedient are redeemable at least quarterly, and have a redemption notice period of up to 30 days.

A reconciliation of the Association's Level 3 assets for the year ended June 30, 2019 is as follows:

	SFCF	MCF	Total
Balance at beginning of the year	$ 2,627,917	$ 2,610,117	$ 5,238,034
Interest and dividends	6,311	31,695	38,006
Investment returns			
Investment gain	107,544	58,732	166,276
Investment management fees	(31,179)	(19,227)	(50,406)
Investment Returns, Net	**76,365**	**39,505**	**115,870**
Total Investment Return	**82,676**	**71,200**	**153,876**
Transfers out of level 3			
Amounts appropriated for expenditure	(95,210)		(95,210)
Withdrawals		(348,115)	(348,115)
Balance at End of Year	**$ 2,615,383**	**$ 2,333,202**	**$ 4,948,585**

Note 7—Deposits

Deposits presented on the consolidated statements of financial position at June 30, 2019 include escrow deposits, replacements reserve fund and residual receipts funds that are separately maintained by the YWCA Apartments, as required by HUD, totaling $481,880 at June 30, 2019. Disbursements are subject to HUD's prior written approval.

Note 8—Intangible Assets

Intangible assets as of June 30, 2019 total $611, net of deferred leasing fees of $36,597 and related amortization of $35,966.

Note 9—Mortgages Payable

The HUD-insured mortgage note to PNC Bank is as follows:

Mortgage note payable to PNC Bank, secured by the apartment building, bearing interest at 2.3%, requiring monthly payments of $23,195 including principal and interest, maturing in July 2039	$ 4,473,332
Less current portion	(177,317)
Mortgage Note Payable, Long-Term	**4,296,015**
Unamortized financing cost	
Gross financing costs	(73,480)
Amortized financing cost	32,554
Unamortized Financing Cost, Net	**(40,926)**
Mortgage Note Payable, Net	**$ 4,255,089**

Maturities on mortgages payable in each of the five years subsequent to June 30, 2019 are as follows:

Year Ending June 30,	
2020	$ 177,317
2021	181,439
2022	185,656
2023	189,971
2024	194,387
Thereafter	3,544,562
	4,473,332
Less unamortized deferred financing costs	(40,926)
Total	**$ 4,432,406**

Note 9—Mortgages Payable—*Continued*

As of the year ended June 30, 2018, the Project adopted the requirements in FASB ASC 835-30 to present debt issuance costs (deferred financing costs) as a reduction of the carrying amount of the related debt rather than an asset. Amortization of deferred financing costs of $4,899 is reported as part of interest expense in the statement of activities for the year ended June 30, 2019.

The fair value of the mortgage payable is estimated based on the current rates offered to the Association for debt of the same remaining maturities. At June 30, 2019, the fair value of the mortgage payable approximates the amounts recorded in the financial statements.

Note 10—Retirement Plan

The Association maintains a 401(a) employer-sponsored cash balance defined benefit pension plan. The Plan covers all employees of the Association on the first of the month following completion of 1,000 hours of service in two 12-month periods commencing on the date of employment or anniversary thereof. The two 12-month periods need not be consecutive. The Association contributed $52,941 during the year ended June 30, 2019. The Association also sponsors a 403(b)-retirement plan to which the Association does not make any contributions.

Note 11—Operating Leases

The Association leased the real property located at 4830 Redwood Highway, Suite A-1, San Rafael, California for use as the facility for its FiftyPlus Employment program and Marin Headquarters. On July 30, 2014, the lease was extended for 5 years through July 31, 2019. On September 1, 2019, the Association moved its office to 30 N. San Pedro, Suite 170, San Rafael, CA. The lease is for 3 years through August 31, 2022. The Association also rents storage space on a prepaid semi-annual basis. Total rent expense for the year ended June 30, 2019 was $95,775.

The following is a schedule of future minimum annual rental expense under the lease for 30 N. San Pedro:

Year Ending June 30,	
2020	$ 39,816
2021	45,231
2022	51,347
2023	8,613
Total	**$ 145,007**

Note 11—Operating Leases—*Continued*

The Association owns a property at Austin Street in San Francisco, California, which is rented to an unrelated party under a five-year lease which began August 1, 2014. The lease has been extended to December 31, 2024. Rental income for the Austin Street property for the year ended June 30, 2019 was $92,036.

YWCA Apartments leases office space to two commercial tenants under operating leases with terms of three months and five years respectively. Rental income for the year ended June 30, 2019 was $117,300.

The following is a schedule of future minimum annual rental income under the leases for Austin Street property and the office space at YWCA Apartments:

Year Ending June 30,		
2020	$	199,890
2021		208,793
2022		211,834
2023		215,251
2024		189,031
2025		80,562
Total	**$**	**1,105,361**

Note 12—Concentrations

The operations of YWCA Apartments, Inc., the Association's major program, are concentrated in the multifamily real estate market. In addition, YWCA Apartments, Inc. operates in a heavily regulated environment and is subject to the administrative directive, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Because of the HUD regulatory requirements, the YWCA Apartments is unable to reduce its concentration risks.

Note 13—Board-Designated Net Assets

Board-designated net assets, totaling $4,948,585 at June 30, 2019, consist of the following:

Board-designated Beneficiary Fund		
Beneficial interest in the Marin Community Fund	$	2,333,202
Board-designated Endowment Fund		
Beneficial interest in the San Francisco Fund		2,615,383
Total	**$**	**4,948,585**

As further discussed in Note 5, the Association maintains board designated net assets as beneficial interests at the Marin Community Foundation (MCF) and the San Francisco Community Foundation (SFCF).

Note 14—Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2019:

Subject to expenditure for specified purpose:		
Fifty Plus	$	10,000
Computer learning		4,443
Video		24,320
Total subject to expenditure for specified purpose		**38,763**
Subject to time restriction:		
Fifty Plus		292,000
Ignite Program		50,000
Total subject to time restrictions		**342,000**
Total Net Assets with Donor Restrictions	**$**	**380,763**

Net assets released from donor restrictions for the year ended June 30, 2019 are as follows:

Satisfaction of purpose restrictions:		
Fifty Plus	$	341,538
Apt MI		11,230
Advocacy		397
Total	**$**	**353,165**

Note 15—Endowment

As further discussed in Note 5, the Association has a board-designated endowment fund in which the assets are maintained, in beneficial interest, at the San Francisco Community Foundation.

The Association's endowment is subject to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of California. As a result of this interpretation, the Association classified as board-designated net assets (a) the original value of funds designated to the board-designated endowment, and (b) the original value of investment returns earned by the board-designated endowment until those amounts are appropriated for distribution.

In accordance with UPMIFA, the Association considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

The Association has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment assets, while seeking to maintain the purchasing power of those endowment assets over the long-term. Endowment assets are held in a professionally managed account and are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the fund if possible. The Association has a policy of appropriating for distribution each year 3% to 5% of its board-designated endowment balance. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effect of inflation. Accordingly, over the long term, the Association expects the current spending policy to maintain or grow the principal endowment amounts. This is consistent with the Association' objective to maintain the principal balances of the endowment assets.

Note 15—Endowment—*Continued*

Activity in the Association board-designated endowment fund held at the San Francisco Community Foundation for the year ended June 30, 2019 is as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Agency Endowment Net Assets at June 30, 2018	**$ 2,627,917**	**$**	**$**	**$ 2,627,917**
Interest and dividends	6,311			6,311
Investment returns				
Investment gain	107,544			107,544
Investment management fees	(31,179)			(31,179)
Investment Returns, Net	**76,365**			**76,365**
Total Investment Return	**82,676**			**82,676**
Amounts appropriated for expenditure	(95,210)			(95,210)
Agency Endowment Net Assets at June 30, 2019	**$ 2,615,383**	**$**	**$**	**$ 2,615,383**

Note 16—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2019, with early adoption permitted. The Association is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Restricted Cash—In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities will be required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one-line item. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Association is currently evaluating the impact that the adoption of ASU 2016-18 will have on its financial statements.

Note 16—Recent Accounting Pronouncements—*Continued*

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018; early adoption is permitted for fiscal years beginning after December 15, 2016. The guidance permits the use of either a retrospective or cumulative effect transition method. The Association is evaluating whether this will have a material impact on its financial statements

Note 17—Subsequent Events

Management evaluated all activities of YWCA of San Francisco & Marin through January 31, 2020, which is the date the financial statements were available to be issued, and concluded that other than the lease extension discussed in Note 11, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.