

**Audited Consolidated Financial Statements
and Other Information**

**YWCA Golden Gate Silicon Valley
and Related Entities**

June 30, 2020

Quigley & Miron

YWCA Golden Gate Silicon Valley and Related Entities
Audited Consolidated Financial Statements and Other Information
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Independent Auditor's Report

Board of Directors
YWCA Golden Gate Silicon Valley and Related Entities
San Jose, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of YWCA Golden Gate Silicon Valley, a nonprofit organization, and its related entities, YWCA Third Street, Inc., YWCA San Francisco & Marin, and YWCA Apartments, which comprise the consolidated statement of financial position as of June 30, 2020, and 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.

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, including 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.

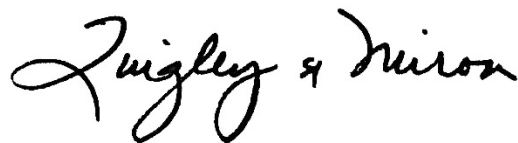
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated 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 consolidated financial statements.

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

Board of Directors
YWCA Golden Gate Silicon Valley
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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of YWCA Golden Gate Silicon Valley and its related entity as of June 30, 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.

A handwritten signature in black ink that reads "Ziegler & Miron". The signature is written in a cursive, flowing style.

Campbell, California
April 30, 2021

YWCA Golden Gate Silicon Valley and Related Entities
Consolidated Statement of Financial Position
June 30, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 3,537,066
Investments—Note 4	2,382,189
Accounts receivable, net—Note 5	112,137
Government grants receivable	2,783,975
Advances to SBW LLC—Note 17	67,646
Pledges receivable	298,165
Prepaid expenses and other assets	277,790
Total Current Assets	9,458,968

Noncurrent Assets

Fixed assets—Note 8	
Land, property, and equipment	21,438,972
Accumulated depreciation	(9,313,417)
Fixed Assets, Net	12,125,555
Beneficial interest in designated beneficiary fund at the Marin Community Foundation—Note 6	2,334,687
Beneficial interest in board-designated endowment at the San Francisco Foundation—Note 5	2,547,665
Restricted cash deposits	492,236
Security deposits	5,120
Endowment cash restricted in perpetuity—Note 13	92,679
Total Noncurrent Assets	17,597,942

Total Assets \$ 27,056,910

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 906,024
Accrued expenses	1,003,419
Tenant Security deposits	37,433
Deferred revenue	422,889
YWCA Third Street loan payable, current portion—Note 10	35,000
SBA PPP advance—Note 12	475,889
Mortgage payable, current portion	181,439
Total Current Liabilities	3,062,093

Noncurrent Liabilities

YWCA Third Street loan payable—Note 10	461,465
Mortgage payable, long term portion, less unamortized financing costs of \$36,028 and \$40,926 at June 30, 2020 and 2019, respectively—Note 9	4,078,660
Total Noncurrent Liabilities	4,540,125

Total Liabilities 7,602,218

Net Assets

Without donor restrictions	10,764,105
With donor restrictions—Note 13	8,690,587
Total Net Assets	19,454,692

Total Liabilities and Net Assets \$ 27,056,910

See notes to consolidated financial statements.

YWCA Golden Gate Silicon Valley and Related Entities
Consolidated Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Public Support and Revenue			
Contributions			
Contributions and grants	\$ 1,168,832	\$ 1,709,190	\$ 2,878,022
In-kind	142,852		142,852
Government grants	7,388,270	503,000	7,891,270
SBA PPP grant—Note 12	767,705		767,705
Special events—Note 14			
Gross revenue	543,240		543,240
Less cost of direct benefits to donors	(204,344)		(204,344)
Special Events, Net	338,896		338,896
Total Support	9,806,555	2,212,190	12,018,745
Rental income	2,238,637		2,238,637
Program service fees	1,809,238		1,809,238
Interest and dividend income	39,333	141,485	180,818
Income from investment in SBW LLC—Note 17	(5,795)		(5,795)
Miscellaneous income	4,307		4,307
Total Revenue	4,085,720	141,485	4,227,205
Net assets released from restrictions	2,041,451	(2,041,451)	
Total Public Support and Revenue, and Releases from Restrictions	15,933,726	312,224	16,245,950
Expenses			
Program services	13,050,825		13,050,825
Supporting services			
Management and general	1,776,880		1,776,880
Fund development	716,676		716,676
Total Expenses	15,544,381		15,544,381
Change in Net Assets from Operating Activities	389,345	312,224	701,569
Nonoperating Activities			
Investment return, net—Note 4	67,724	171,313	239,037
Total Nonoperating Activities	67,724	171,313	239,037
Change in Net Assets	457,069	483,537	940,606
Net Assets at Beginning of Year	10,307,036	8,207,050	18,514,086
Net Assets at End of Year	\$ 10,764,105	\$ 8,690,587	\$ 19,454,692

See notes to consolidated financial statements.

YWCA Silicon Valley and Related Entity
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services											Supporting Services					Totals	
	Child Care Services	Support Services	Curated Pathways to Innovation	Linda Haskell Endowment Fund	Social & Racial Justice	Housing Services	YWCA Third Street	Clinical Services	Fifty Plus	CPI	Advocacy	Apartment Services	Total Program Services	Management and General	Fund Development	Special Events		Total Supporting Services
Salaries	\$1,341,814	\$2,256,747	\$ 283,054	\$ 67,957	\$ 647,690	\$ 863,588	\$	\$ 449,380	\$ 190,294	\$ 31,364	\$ 37,663	\$ 195,460	\$ 6,365,011	\$ 674,449	\$ 501,258	\$	\$1,175,707	\$ 7,540,718
Employee benefits	181,477	182,385	6,968	6,405	44,343	80,092		41,534	56,231	2,415	5,722	70,514	678,086	94,601	34,428		129,029	807,115
Payroll taxes	103,682	174,171	22,755	5,280	49,881	67,347		34,574	17,503	2,913	3,696	31,051	512,853	61,005	39,537		100,542	613,395
Total Payroll-Related Expense	1,626,973	2,613,303	312,777	79,642	741,914	1,011,027		525,488	264,028	36,692	47,081	297,025	7,555,950	830,055	575,223		1,405,278	8,961,228
Client assistance	200	115,103	9,242		53	1,201,393							1,325,991					1,325,991
Professional fees and contract services	94,298	103,334	257,409	97,444	27,348	58,929	26,392	10,339	84,391		8,227		768,111	485,644	6,893		492,537	1,260,648
Subrecipient awards		817,733				12,396							830,129	25,956			25,956	856,085
Occupancy	153,328	121,892	9,974	243	22,703	51,398	1,987	20,017	53,807		5,950	202,853	644,152	39,883	13,047		52,930	697,082
Depreciation	37,511	53,088	6,804		8,152	7,483	6,410	13,184			28,751	234,784	396,167	9,273	9,337		18,610	414,777
Apartment operating and maintenance												361,008	361,008					361,008
Supplies	65,925	78,902	1,167		26,804	39,555	310	5,003					217,666	8,800	1,757		10,557	228,223
Insurance	12,483	7,805	2,760		5,403	5,403		5,403	6,098		2,175	70,029	117,559	40,140	7,400		47,540	165,099
Telephone	9,444	90,669	3,540		8,142	15,794		12,819	5,176		450		146,034	10,269	3,993		14,262	160,296
In-kind services and supplies	15,301	127,551											142,852					142,852
Minor equipment		66,845	8		12,595	15,409		16,064					110,921	11,768	3,858		15,626	126,547
Interest														103,297			103,297	103,297
Equipment rental and maintenance	16,396	8,299	2,929	995	5,974	17,923	21,299	5,868	3,245		584		83,512	10,791	3,841		14,632	98,144
Service coordinator expense												90,287	90,287					90,287
Miscellaneous	1,011	2,427	10		413	23			855		1,741		6,480	32,445	43,440		75,885	82,365
Local transportation	3,585	31,772	7,649	125	10,140	11,169	90	3,023					67,553	5,218	2,151		7,369	74,922
Office expenses									10,997		2,150		13,147	58,705	1,978		60,683	73,830
Publicity and promotion	4,711	33,610	647	18	7,307	811		1,059					48,163	6,763	17,268		24,031	72,194
Dues and subscriptions	9,837	6,316	2,380		4,789	4,676		4,921	1,948				34,867	22,745	5,720		28,465	63,332
Conferences, conventions, and meetings		19,405	212		4,873	1,236		1,944	9,406	61	257		37,394	10,699	1,354		12,053	49,447
Outside printing and artwork	735	3,654	17		7,030	1,623	886	66	5,832				19,843	4,465	16,634		21,099	40,942
Taxes and licenses	2,158	9,299				1,155	14,878	52				4,040	31,582	3,336	320		3,656	35,238
Bad debt														21,000			21,000	21,000
Mortgage insurance premiums														19,698			19,698	19,698
Apartment rental expenses														8,772			8,772	8,772
Postage	138	918	19		92	233		49	8				1,457	1,649	2,462		4,111	5,568
Amortization														5,509			5,509	5,509
Cost of direct benefits to donors																204,344	204,344	204,344
Total Expenses by Function	2,054,034	4,311,925	617,544	178,467	893,732	2,457,636	72,252	625,299	445,791	36,753	97,366	1,260,026	13,050,825	1,776,880	716,676	204,344	2,697,900	15,748,725
Less expenses included with revenues on the statement of activities																		
Less cost of direct benefits to donors																(204,344)	(204,344)	(204,344)
Total Expenses	\$2,054,034	\$4,311,925	\$ 617,544	\$ 178,467	\$ 893,732	\$2,457,636	\$ 72,252	\$ 625,299	\$ 445,791	\$ 36,753	\$ 97,366	\$1,260,026	\$13,050,825	\$1,776,880	\$ 716,676	\$	\$2,493,556	\$ 15,544,381

See notes to consolidated financial statements.

YWCA Golden Gate Silicon Valley and Related Entities
Consolidated Statement of Cash Flows
Year Ended June 30, 2020

Cash Flows from Operating Activities

Change in net assets	\$ 940,606
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	414,777
Amortization of intangible assets	611
Amortization of debt service costs	4,898
Realized and unrealized gains on investments	(330,383)
Changes in operating assets and liabilities:	
Accounts receivable, net	56,771
Government grants receivable	(1,779,484)
Pledges receivable	185,308
Prepaid expenses and other assets	11,444
Accounts payable	713,250
Accrued expenses	459,678
Grant payable	(13,318)
Tenant security deposits	1,435
Deferred revenue	209,726
SBA PPP advance	475,889

**Net Cash Provided by
Operating Activities** **1,351,208**

Cash Flows from Investing Activities

Proceeds from sale of investments	4,398,227
Reinvestment of interest and dividends from beneficial interest in designated endowment fund	(7,287)
Proceeds from withdrawals from beneficial interest in designated endowment fund	124,312
Purchases of property and equipment	(3,952,034)

**Net Cash Provided by
Investing Activities** **563,218**

Cash Flows from Financing Activities

Repayment of notes payable	(177,205)
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**Net Cash Used in
Financing Activities** **(177,205)**

**Increase in
Cash, Cash Equivalents, and Restricted Cash** **1,737,221**

Cash, Cash Equivalents, and Restricted Cash at Beginning of Year **2,384,760**

Cash, Cash Equivalents, and Restricted Cash at End of Year **\$ 4,121,981**

Supplementary Disclosures

Income taxes paid	\$
Interest paid	<u>\$ 101,092</u>

See notes to consolidated financial statements.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements
June 30, 2020

Note 1—Organization

The Young Women’s Christian Association of Silicon Valley, dba YWCA Silicon Valley (YWCA-SV), a nonprofit California corporation, was formed in May 1914 with a mission to empower women, children, and families, and to eliminate racism, hatred, and prejudice. YWCA-SV is affiliated with the National YWCA USA organization, that assesses dues annually based on certain criteria. YWCA-SV’s board also controls a related organization, YWCA Third Street, Inc. (YTS), which was formed in 1990 to manage air rights for a parcel of land located in San Jose, California.

YWCA of San Francisco & Marin (YWCA SFM) is a community-based organization serving women, girls, and their families throughout life. YWCA SFM works for peace, justice, dignity and equality through service, action, advocacy, and leadership development, and is dedicated to eliminating racism, empowering women, and promoting peace, justice, freedom and dignity for all. YWCA SFM owns a property in San Francisco, California that was originally designed by architect Julia Morgan in 1932 as a low-cost hotel for women. In 1979, the YWCA SFM incorporated the property as YWCA Apartments (the Project) 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, and holds real estate and operates HUD Section 8 housing for seniors and disabled residents.

On July 1, 2019, the boards of YWCA-SV and YWCA SFM voted to integrate their operations while remaining separate 501(c)3 entities, with YWCA-SV, renamed as YWCA Golden Gate Silicon Valley (YWCA GGSV), acting as the controlling entity. Through this reorganization, the program service area of the combined entities creates a wider geographic region allowing for greater mission impact, and the promotion of a common set of goals and vision for the future. YWCA GGSV is the lead programmatic entity over the four counties of this expanded geographic boundary. Management of YWCA SFM and its related entity is provided by YWCA GGSV employees through a management services agreement.

YWCA GGSV offers a broad range of services to a diverse constituency. Through staff and volunteers, collaboration with other agencies, government grants, and with the assistance of public and private contributions, YWCA GGSV is able to provide services throughout Silicon Valley in the following major program areas:

Child Care Services Department

Providing families with affordable, quality child care is crucial to achieving YWCA GGSV’s mission; access to child care is central to women’s empowerment, and access to education for children is key to achieving equality. YWCA GGSV’s early learning curriculum is rooted in the agency’s values, and centers on building a community that promotes peace and justice. Serving families for more than 60 years, YWCA GGSV operates child care centers for almost 240 children each year, ranging in age from 6 weeks to 12 years. Each of YWCA GGSV’s licensed centers is staffed with enthusiastic individuals trained in cultural diversity and responsiveness.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 1—Organization—Continued

Support Services and Housing Departments

YWCA GGSV's Support Services and Housing Departments provide an integrated continuum of crisis response and prevention services for sexual assault, domestic violence and human trafficking survivors, with 24-hour crisis lines and crisis intervention, shelter, transitional, and supportive housing programming, counseling, advocacy, legal services, and community education. YWCA GGSV believes that gender inequality, racism, and violence are mutually compounding and fueled by untreated trauma, unconscious beliefs, and systemic inequality. The mission framework of YWCA GGSV allows for the adoption of capacity building and systems change approaches to eliminate racism and empower women, as well as provide needed crisis intervention services. To ensure systems change, YWCA GGSV provides prevention and community education to change societal and cultural norms; advocates with policy makers and influencers; and engages with community partners to ensure collective impact.

The provision of a quality, integrated multi-service offers a safe, welcoming environment where individuals and survivors can receive critical services that provide the tools to establish violence-free relationships and safe living environments. Services include: a 24-hour toll-free bilingual (English/Spanish) crisis hotline and crisis intervention services; counseling and therapy; legal advocacy services; emergency shelter; rapid re-housing services; services for children; case management; and community education and training. These vital services reduce the number of Santa Clara County women and children living in danger of domestic violence, sexual assault, and human trafficking

Healing Center/Clinical Services and Training Program

The Counseling Clinic strives to provide a safe and supportive environment for children, adults, families, and couples on their unique pathway to healing. The Counseling Clinic offers a variety of counseling interventions with a strong focus on working with trauma survivors of child abuse, domestic violence, sexual assault and human trafficking and treating trauma related symptoms for adults, children, teens, couples, families, and groups. The Counseling Clinic is offered at the Linda Haskell Center and at the satellite office in Sunnyvale. No individual is turned away due to lack of pay and 114 clients were served at the Healing Center. The Therapist Training Program is in depth training on working with folks in our communities that have experienced trauma in their lives with a focus on trauma informed, strength based, client driven interventions. Training topic include working clinically with Sexual Assault, Domestic Violence, Human Trafficking, the neurobiology of trauma, processing trauma somatically, working with LGBTQ+ communities, working with families/couples and vicarious trauma and resiliency. YWCA GGSV provides on-campus counseling in order to aid students in their journey of healing from a wide range of life issues including but not limited to depression, anxiety, self-esteem issues, PTSD, and other symptoms of trauma, grief and loss, relationship problems, and parenting challenges. YWCA GGSV provides school-based counseling services to 9-12 school sites that include elementary, middle school, and high school campuses. In the 2019/2020 school year we provided 361 student counseling and a held a total of 2708 sessions. The ARISE Program provides mobile, high quality, trauma-informed bilingual therapy services to children, young adults and families for who have experienced some sort of trauma /crisis in their lives. We provided therapy for 88 clients. The VALOR Program is an Early Intervention Prostitution Program (EIPP) for individuals who have been arrested for prostitution. The program is a way to assist those arrested for prostitution to connect with non-judgmental, trauma informed clinicians that are able to provide information and support for those working to have the charges dropped. We had 31 participants in this program. The First Offender Prostitution Program (hereafter, "FOPP") is an intervention for men who solicit, agree to engage in or engage in any act of prostitution. The FOPP is a one-day, 5-hour long program that includes education on sex trafficking, recruitment, impact of trauma and sex addiction for a total of 88 participants.

TechGYRLS

The purpose of *TechGYRLS* is to provide STEM and computer science education to girls in underserved areas, from elementary through high school. In the 2018-2019 school year, *TechGYRLS* phased out as students actively participate in Curated Pathways to Innovation.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 1—Organization—Continued

Curated Pathways™ to Innovation

Curated Pathways to Innovation™ is a game-changing model driving a collect impact approach to engaging young women and underrepresented minorities in science, technology, engineering, mathematics, and computer science, in Silicon Valley and beyond, through the use of a web-based application that guides and incents students' success through gamification, analytics, and a recommendation algorithm: a "virtual coach." Curated Pathways was piloted in 2017-2018 at Ocala STEAM Academy in Alum Rock Union Elementary School District and Overfelt High School in East Side Union High School District, engaging 957 students to start their personal education and career pathway through the online application. In 2019-20, the Curated pathways reached 2,358 students.

The programs of YWCA SFM 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. YWCA SFM provides education on issues to community and advocates for changes in public policy in order to advance their mission and values. YWCA SFM 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.
- 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.
- YWCA GGSV, with YWCA SFM programmatically led CPI, a web-based app. CPI™ acts as a "virtual guidance counselor" and uses machine learning, artificial intelligence and gamification to guide and incent students – they can select activities that engage and motivate while building their curated STEM+C pathways. The Project plans to broaden participation in STEM+C programs and prepare students for the 21st Century workforce by utilizing an explicit, adaptive system enabled through technology to define and customize alternative STEM+C pathways, and to advise, lead, and track students in their continuing development. The CPI™ pilot project has been developing and testing a longitudinal advisory and tracking system, harnessing a networked community partnership, accountably impacting student choices, and transparently disseminating effective strategies in STEM+C student and career development.

Note 2—Summary of Significant Accounting Policies

Consolidated Financial Statement Presentation—The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of YWCA Silicon Valley and YWCA San Francisco & Marin (together referred to as YWCA GGSV). Significant intercompany accounts and transactions were eliminated upon consolidation. YWCA GGSV recognizes contributions, including unconditional promises to give, as revenue in the period received. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of YWCA GGSV and changes therein are classified 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 YWCA GGSV. These net assets may be used at the discretion of YWCA GGSV's management and the board of directors.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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 YWCA GGSV 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 YWCA GGSV 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 consolidated statement of activities as net assets released from restrictions.

Measure of Operations—The consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of YWCA GGSV's program 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.

Recently Adopted Accounting Standards

Contributions—In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities (NFPs) will account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. YWCA GGSV adopted ASU No. 2108-08 for the year ended June 30, 2020. The adoption of ASU No. 2018-08 had no material impact on the consolidated 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. No new disclosures are required. YWCA GGSV adopted ASU No. 2016-18 for the year ended June 30, 2020. The adoption of ASU No. 2016-18 had no material impact on the consolidated financial statements.

Income Taxes—YWCA GGSV and the YWCA SFM are both exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), from California income taxes under Section 23701(d) of the California Bank and Corporation Tax Law and has been determined YWCA GGSV and the YWCA SFM are not private foundations. 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 at June 30, 2020 or 2019. Generally, YWCA GGSV's and the YWCA SFM's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Cash, Cash Equivalents, and Restricted Cash—For purposes of the consolidated statement of cash flows, YWCA GGSV considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of financial position that sum to the total of the same such amounts shown in the consolidated statement of cash flow.

Cash and cash equivalents	\$ 3,537,066
Restricted cash	
Restricted cash deposits	492,236
Endowment cash restricted in perpetuity	92,679
	<hr/>
Total Restricted Cash	584,915
	<hr/>
Total Cash, Cash Equivalents, and Restricted Cash	\$ 4,121,981

Restricted cash deposits presented on the consolidated statements of financial position at June 30, 2020 include escrow deposits, replacements reserve funds, and residual receipts funds that are separately maintained by the Project, as required by HUD, totaling \$492,236 at June 30, 2020. Disbursements are subject to HUD’s prior written approval.

Accounts Receivable—Accounts receivable are shown net of an allowance of \$2,300 as of June 30, 2020. Bad debts charged to operations during the year ended June 30, 2020 totaled \$20,000.

Pledges Receivable—Pledges receivable represents unconditional promises to give from corporations, foundations and individuals as of June 30, 2020. The carrying amounts for pledges receivable reported in the consolidated statement of financial position approximate fair values, as all amounts are expected to be received or paid within one year, and management has determined that no allowance for potential losses due to uncollectible pledges receivable was necessary at June 30, 2020 as all such receivables are considered to be fully collectible.

Government Grants Receivable—Government grants receivable represents unconditional grants from government agencies not collected as of June 30, 2020. YWCA GGSV has determined that no allowance for potential losses due to uncollectable government grants receivable was necessary at June 30, 2020 as all such receivables are considered to be fully collectible.

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.

Collection—The collection was valued at its fair market value upon the initial donation and is reflected on the statement of financial position under the fixed assets category.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Property and Equipment—Both YWCA GGSV and YWCA SFM capitalize 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, YWCA SFM reports expirations of donor restrictions when the donated or acquired asset are placed into service.

YWCA SFM'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 YWCA SFM created an honoree advisory council to work with the community and oversee the collection. The collection is capitalized on the consolidated statement of financial position. The collection is not depreciated because the assets are considered to have indefinite useful lives.

As further discussed in Note 17, YTS on behalf of YWCA GGSV's Linda Haskell Empowerment Fund purchased property located at 451 Lytton Avenue, Palo Alto, for \$3,750,000.

The California Department of Education (CDE) retains a reversionary interest in certain assets purchased with CDE funds. Title to such assets vests with YWCA GGSV only for the period of time during which YWCA GGSV has a contract with the CDE. In June 2016, YWCA GGSV purchased and capitalized curriculum software totaling \$3,749 as furniture, equipment, and improvements, using CDE funds. Related depreciation expense totaled \$750 for the each of the years ended June 30, 2020 and 2019, respectively.

Depreciation—YWCA GGSV uses the straight-lined method over the estimated useful lives of the asset, ranging from three to forty-five years. YWCA SFM 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. The consolidated total depreciation expense for the year ended June 30, 2020 was \$566,019.

Government Grants—YWCA GGSV receives government grants that are based on expenses incurred or a fixed rate once services are performed. The grants become unconditional and recognized as contributions when the corresponding service has been provided according to the agreement and expenses incurred, subject to the grant limit, if any. Under fixed rate grants, YWCA GGSV agrees to provide certain services in specified quantities at a prescribed rate per unit of service provided. Certain grants have provisions for annual settlements to provide for recovery of costs for service capacity required to be provided, but not utilized, and for repayment of amounts billed in excess of contract limits. Estimated settlements are accrued by YWCA GGSV as a grant receivable or grant payable for contracts for which cost reports have not been finalized.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Concentration of Credit Risk—Financial instruments which potentially subject YWCA GGSV to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and accounts and grants receivables. YWCA SFM places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash held in investment accounts at securities brokerage firms are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances are in excess of the FDIC and SIPC coverage limits. Management regularly reviews the financial stability of its cash and money market fund depositories and its allocation of investments and deems the risk of loss due to these concentrations to be minimal. Receivables consist of balances due from individuals, local foundations, and corporations.

Accrued Compensation—Full-time employees annually accrue 80 to 160 hours of vacation, depending on length of employment, up to a maximum accrual of 200 to 280 hours. Beginning January 1, 2020, full-time employees annually accrue hours of PTO (Paid Time Off), depending on length and status of employment, up to a maximum accrual of hours. Exceptions to this policy may be granted by the Board of Directors. Vacation and Sick time balances remained for future use but accrual discontinued on December 31, 2019. Upon termination, employees are compensated for unused PTO and remaining Vacation hours. In addition, prior to January 1, 2020, employees received one day of sick leave for each month of employment, up to a maximum accrual of 120 days and remain available. Currently sick time is calculated into PTO. Benefited part-time employees receive the PTO accruals on a prorated basis. Employees are not compensated for unused sick leave upon termination. Part-time employees that are not benefited continue to accrue sick time in accordance with state law.

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 \$1,708,413 for the year ended June 30, 2020.

Program Services Fees—Revenue from program service fees is recognized when services are provided. Amounts received in advance of expenditure are reported as deferred revenue on the consolidated statement of financial position.

Legacies and Bequests—Legacies and bequests may be received by YWCA GGSV under various wills and trust agreements. The amounts are recorded upon legal validation.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Functional Expenses—YWCA GGSV has in place a cost allocation plan employed to allocate indirect expenses to each program on a basis proportionate to the direct staff time or other cost driver used for each program. The following are the methodologies used for expenses that are allocated between programs, general and administrative and fundraising expenses:

<u>Expense</u>	<u>Method of Allocation</u>
Apartment operating and maintenance	Time and effort
Client assistance	Time and effort
Conferences, conventions, and meetings	Time and effort
Depreciation	Square footage
Dues and subscriptions	Time and effort
Employee benefits	Time and effort
Equipment rental and maintenance	Square footage
In-kind services and supplies	Time and effort
Insurance	Square footage
Interest	Square footage
Local transportation	Time and effort
Minor equipment	Time and effort
Miscellaneous	Time and effort
Occupancy	Square footage
Office expenses	Time and effort
Outside printing and artwork	Time and effort
Payroll taxes	Time and effort
Postage	Time and effort
Professional fees and contract services	Time and effort
Publicity and promotion	Time and effort
Salaries	Time and effort
Service coordinator expense	Time and effort
Subrecipient awards	Time and effort
Supplies	Time and effort
Taxes and licenses	Time and effort
Telephone	Square footage

Advertising—YWCA GGSV's policy is to expense advertising costs to operations as incurred.

In-Kind—In-kind contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated professional services and supplies are reflected as contributions in the accompanying consolidated statements at their estimated fair market value at date of notification. For the year ended June 30, 2020, in-kind services and supplies totaled \$142,852.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 3—Availability and Liquidity

The following represents the availability and liquidity of YWCA GGSV's financial assets at June 30, 2020 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$ 3,459,941
Investments	2,382,189
Accounts receivable	112,137
Government grants receivable	2,783,975
Advances to SBW	67,646
Pledges receivable	298,165
	<hr/>
Current Availability of Financial Assets	<u>\$ 9,104,053</u>

YWCA GGSV's goal is generally to maintain financial assets to meet at least 90 days of general operating expenses which are estimated to be \$3,800,000. Included in net assets with restrictions are \$2,268,550 of cash and investments from the Linda Haskell Empowerment fund. The donor agreement allows YWCA GGSV flexibility to use the funds not only for program use but to also to provide for liquidity when needed for working capital purposes.

Note 4—Investments

Investments are carried at fair value, as based on quoted market prices for these instruments. Donated investments are recorded at the estimated fair value at the donation date. Unrealized gains and losses, net of investment management fees, are reported on the consolidated statement of activities. Marketable securities consist of the following at June 30, 2020:

TIFF Multi-Asset Fund	\$ 601,343
Equity securities	269,167
Mutual funds	252,093
Government securities	109,249
ETFs	50,645
Corporate debt securities	1,099,692
	<hr/>
Totals	<u>\$ 2,382,189</u>

Investment returns for the years ended June 30, 2020 consist of the following:

Unrealized losses on investments	\$ (265,791)
Realized gains on investments	596,174
Investment management fees	(91,346)
	<hr/>
Investment Returns, Net	239,037
Interest and dividend income	180,510
	<hr/>
Total Return on Investment	<u>\$ 419,547</u>

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 5—Accounts Receivable, Net

The carrying amounts for accounts receivable reported in the consolidated statement of financial position approximate fair values as all amounts are expected to be received within one year.

The following amounts are reported as receivable as of June 30, 2020:

Accounts receivable	
Program fees and other accounts receivable	\$ 114,437
Less allowance for doubtful accounts	<u>(2,300)</u>
Accounts Receivable, Net	<u>\$ 112,137</u>

Note 6—Fair Value Measurements

In determining the fair value of assets and liabilities, YWCA GGSV utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. YWCA GGSV 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 YWCA GGSV at the measurement date.

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.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

YWCA GGSV may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by YWCA GGSV to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

Following is a description of the valuation methodologies used for assets measured at fair value.

Equity Securities: Valued at the closing price reported on the active market in which the individual securities are traded.

Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

YWCA SFM's beneficial interests at the Marin Community Foundation Fund and the San Francisco Fund are considered to be Level 3 investments as they lack the necessary observable inputs for Level 1 or 2 disclosure.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 6—Fair Value Measurements—Continued

Assets and liabilities measured at fair value on a recurring basis at June 30, 2020 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 601,343	\$ 601,343	\$	\$
Mutual funds	269,167	269,167		
ETFs	252,093	252,093		
Corporate debt securities	109,249		109,249	
Government securities	50,645		50,645	
Beneficial interest in designated beneficiary fund at the Marin Community Foundation	2,334,687			2,334,687
Beneficial interest in board-designated endowment at the San Francisco Foundation	2,547,665			2,547,665
Subtotals	\$ 6,164,849	\$ 1,122,603	\$ 159,894	\$ 4,882,352
NAV, as a practical expedient TIFF Multi-Asset Fund	1,099,692			
Total NAV	1,099,692			
	<u>\$ 7,264,541</u>	<u>\$ 1,122,603</u>	<u>\$ 159,894</u>	<u>\$ 4,882,352</u>

At June 30, 2020, TIFF Multi-Asset Fund was carried at NAV as a practical expedient; these funds 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 YWCA SFM's Level 3 assets for the year ended June 30, 2020 is as follows:

	<u>SFF</u>	<u>MCF</u>	<u>Total</u>
Balance at beginning of year	\$ 2,615,383	\$ 2,333,202	\$ 4,948,585
Investment returns			
Investment gains (losses)	56,594	(5,803)	50,791
Investment management fees	(27,306)	(17,885)	(45,191)
Investment Returns, Net	29,288	(23,688)	5,600
Interest and dividends		25,173	25,173
Total Investment Return	29,288	1,485	30,773
Transfers out of Level 3			
Amounts appropriated for expenditure	(97,006)		(97,006)
Balance at End of Year	<u>\$ 2,547,665</u>	<u>\$ 2,334,687</u>	<u>\$ 4,882,352</u>

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 7—Beneficial Interests in Community Foundation Assets

YWCA SFM has beneficial interests in the following community foundation assets:

Marin Community Foundation (MCF)

The governing board of directors (Board) of YWCA SFM established a Designated Beneficiary Fund with the Marin Community Foundation (MCF) in June 2002 for the benefit of YWCA SFM. 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 or 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, 2020 was \$2,334,687.

San Francisco Foundation (SFF)

During the year ended June 30, 2003, the Board transferred \$350,000 to the San Francisco Foundation (SFF) to create a board-designated endowment fund to support YWCA SFM. Distributions from the fund are made in accordance with the spending policy of the SFF, 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, the SFF has the power to vary the terms, provided YWCA SFM 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 SFF fund at June 30, 2020 was \$2,547,665.

Note 8—Fixed Assets

Fixed assets for the year ended June 30, 2020 consists of the following:

Land and buildings	\$ 9,039,910
Building improvements	11,179,725
Furniture, equipment, and improvements	960,706
Vehicles	175,313
Collection acquired March 1, 2013	83,318
	<hr/>
Total Fixed Assets	21,438,972
Less accumulated depreciation	(9,313,417)
	<hr/>
Fixed Assets, Net	\$ 12,125,555

Depreciation expense for the year ended June 30, 2020 was \$414,777.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 9—Mortgage Payable

The HUD insured mortgage note payable 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	\$ 4,296,127
Less current portion	<u>(181,439)</u>
Mortgage Note Payable, Long-Term	4,114,688
Unamortized financing cost	
Gross financing costs	(73,480)
Amortized financing cost	<u>37,452</u>
Unamortized Financing Cost, Net	<u>(36,028)</u>
Mortgage Note Payable, Net	<u>\$ 4,078,660</u>

Maturities on mortgages payable in each of the years subsequent to June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 181,439
2022	185,656
2023	189,971
2024	194,387
2025	198,905
Thereafter	<u>3,345,769</u>
Total Mortgage Payable	4,296,127
Less unamortized deferred financing costs	<u>(36,028)</u>
Mortgage Payable, Net	<u>\$ 4,260,099</u>

Amortization of deferred financing costs of \$4,898 are reported as part of interest expense in the consolidated statement of activities for the year ended June 30, 2020.

The fair value of the mortgage payable is estimated based on the current rates offered to the YTS for debt of the same remaining maturities. At June 30, 2020, the fair value of the mortgage payable approximates the amounts recorded in the consolidated financial statements.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 10—YWCA Third Street Loan Payable

On August 26, 1993, to facilitate its purchase of property, YTS secured a loan from the city of San Jose, bearing no interest and secured by the underlying property for \$1,144,000. In 1996, YTS assigned all rights under a ground lease to the City of San Jose, with all payments received under this lease to be remitted directly to the City of San Jose and applied against the principal balance, which is estimated to be \$35,000 annually.

The principal balance on the note was \$496,465. The balance remaining on the note, if any, is due and payable in full on August 26, 2023.

The future annual maturities for the notes payable, assuming an estimated \$35,000 is applied each year from the ground lease, are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 35,000
2022	35,000
2023	35,000
2024	35,000
2025	35,000
Thereafter	<u>321,465</u>
Total	<u>\$ 496,465</u>

Note 11—Concentrations

The operations of YWCA Apartments, Inc., 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, YWCA Apartments is unable to reduce its concentration risks.

Note 12—SBA PPP Advance

On April 17, 2020, YWCA GGSV received funding in the amount of \$1,243,594 from the Small Business Administration (SBA) through the Paycheck Protection Program (PPP). YWCA GGSV has elected to treat \$1,243,594 as an advance. The funding is designed to provide a direct incentive for non-profit organizations to keep their workers on the payroll during the global pandemic (see Note 20). As of June 30, 2020, YWCA GGSV has determined that it has met the requirements for forgiveness and has recorded grant income of \$767,705 in the consolidated statement of activities for the year ended June 30, 2020. A balance of \$475,889 remains outstanding and has been recorded as an advance liability in the consolidated statement of financial statement at June 30, 2020.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 13—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended June 30, 2020 consist of the following:

Subject to expenditure for specified purpose:	
Linda Haskell Empowerment Fund	\$ 6,676,356
Support services	696,478
Housing	404,372
Curated Pathways Program	335,305
Domestic Violence High Risk Response Program	54,438
Miscellaneous programs	42,199
Social and Racial Justice	10,911
Susan B. Wilson Scholarship	2,387
Fifty Plus	25,283
Ignite	25,000
Video	22,399
Computer learning	4,443
Subject to time restrictions:	
Housing	97,847
Domestic Violence High Risk Response Program	
Curated Pathways Program	66,231
Fifty Plus	130,000
Subject to appropriation and expenditure:	
Susie B. Wilson Scholarship	4,259
Perpetual in nature:	
Women A.H.E.A.D. Scholarship	56,467
Susie Wilson Scholarship	33,760
General operations	2,452
Total Net Assets With Donor Restrictions	<u>\$ 8,690,587</u>

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 13—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the years ended June 30, 2020 are as follows:

Satisfaction of purpose restrictions:	
Support services	\$ 500,137
Curated Pathways program	403,779
Housing	259,465
Linda Haskell Empowerment fund	179,101
Counseling and clinical services	115,373
Domestic Violence High Risk Response Program	45,562
Fundraising	16,000
Social and Racial Justice	12,475
Miscellaneous programs	4,862
Fifty Plus	404,370
Marin Office Relocation expenses	40,000
Ignite	25,000
Advocacy	11,406
Apt Mission Impact	11,000
General ops	10,000
Video	2,921
	<hr/>
Total Net Assets Released from Donor Restrictions	<u><u>\$ 2,041,451</u></u>

YWCA GGSV's endowments consist of donor-restricted endowment funds which are classified within net assets with donor restrictions and board-designated endowment funds which are classified within net assets without donor restrictions. In accordance with generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law—The Board of Directors' interpretation of the law that underlies YWCA GGSV's net asset classification of donor restricted endowment funds requires the preservation of the fair value of the original gift. As a result of this interpretation, YWCA GGSV classifies as net assets held in perpetuity (i) the original value of gifts donated to the permanent endowment, (ii) the original value of subsequent gifts to the permanent endowment, and (iii) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

Absent explicit direction from the donor regarding the classification of investment income from the endowments, investment income is recorded in net assets with donor restrictions until appropriated for spending.

Return Objects and Risk Parameters—YWCA GGSV has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that achieve constant growth of the distribution amount and the corpus, with a target rate of 8% annual return over a five-year time horizon. Actual returns in any given year may vary from this amount. Management is always evaluating the composition of its investment portfolio based on recommendations from an outside investment advisor. Funds are currently invested in government securities and money markets until this process is complete.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 13—Net Assets with Donor Restrictions—Continued

Strategies Employed for Achieving Objectives—To satisfy its long-term objectives, YWCA GGSV relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). YWCA GGSV targets a diversified asset allocation that places more emphasis on fixed income securities than equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How Investment Objectives Relate to Spending Policy—YWCA GGSV has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment funds while seeking to maintain the purchasing power of the endowment assets. The spending policy authorizes an annual distribution equal to 5% of the market value of the portfolio as of the preceding four quarters. Management has elected not to appropriate funds during the year ended June 30, 2020 due to the re-evaluation of its investment portfolio composition.

Endowment net asset composition consists of the following at June 30, 2020:

	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 4,259	\$ 92,679	\$ 96,938
Endowment Net Assets at June 30, 2020	<u>\$ 4,259</u>	<u>\$ 92,679</u>	<u>\$ 96,938</u>

The changes in endowment net assets for the year ended June 30, 2020 are as follows:

	<u>Net Assets Subject to Time and Use Restrictions</u>	<u>Net Assets Held in Perpetuity</u>	<u>Total</u>
Endowment net assets at June 30, 2019	\$ 4,259	\$ 92,679	\$ 96,938
Endowment Net Assets at June 30, 2020	<u>\$ 4,259</u>	<u>\$ 92,679</u>	<u>\$ 96,938</u>

Note 14—Special Events

Special events are held to raise funds for YWCA-SV's operations and programs; however, revenue is negatively impacted by rescheduling to future fiscal years due to COVID-19 public health directive prohibiting or limiting group sizes. Revenue from special events is presented on the consolidated statement of activities. Revenues and expenses by special event for the year ended June 30, 2020 are as follows:

	<u>Annual Lunch</u>	<u>Tribute to Women</u>	<u>Walk a Mile</u>	<u>Totals</u>
2020:				
Income	\$ 451,293	\$	\$ 91,947	\$ 543,240
Expense	<u>(188,535)</u>	<u>(7,000)</u>	<u>(8,809)</u>	<u>(204,344)</u>
Net	<u>\$ 262,758</u>	<u>\$ (7,000)</u>	<u>\$ 83,138</u>	<u>\$ 338,896</u>

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 15—Retirement Plan

YWCA GGSV maintains a 401(a) employer-sponsored cash balance defined benefit pension plan. The Plan covers all employees of YWCA GGSV 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. YWCA GGSV contributed \$245,833 during the year ended June 30, 2020.

Note 16—Leases

YWCA GGSV has leases with multiple expiration dates between June 30, 2021 and June 30, 2024 for various program facilities. Total expense incurred for rent for the years ended June 30, 2020 was \$369,535.

The future annual minimum lease commitments for these facility leases are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 138,482
2022	67,029
2023	10,253
2024	11,571
	<u>11,571</u>
Total	\$ <u>227,335</u>

YWCA SFM owns a property at Austin Street in San Francisco, California, which is rented to an unrelated party originally 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, 2020 was \$91,080.

The Project 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, 2020 was \$115,400.

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

<u>Year Ending June 30,</u>	
2021	\$ 208,793
2022	211,834
2023	215,249
2024	189,031
2025	80,562
	<u>80,562</u>
Total	\$ <u>905,469</u>

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 17—YWCA Third Street, Inc.

YWCA Third Street, Inc. (YTS) is a nonprofit, which was formed in 1990 to manage the land and air rights for property located in San Jose, California. YTS is controlled by YWCA GGSV and its directors and officers are comprised of directors and officers of YWCA GGSV. Three parcels were created at this property: YTS currently owns the parcel of land “Land Parcel” and two air rights parcels were created: Floors 1-2 “Services Parcel” currently owned by YWCA GGSV and another for the air rights of floors 3-5 “Housing Parcel.”

In February 2016, YTS and Charities Housing (CH) entered into a memorandum of understanding to acquire, rehabilitate, and refinance the housing project. On December 7, 2017, YTS purchased the housing project for \$2,293,971. On December 11, 2017, YTS sold the housing project to SBWR LP for \$2,871,826. The loss on sale, in part from agreed upon property management fees, of (\$68,145) is included in miscellaneous income in the consolidated statement of activities for the year ended June 30, 2018. The Susie B. Wilson Residence LLC (SBW LLC) is owned in equal percentage by YTS and CH. The Susie B. Wilson Residence Limited Partnership (SBWR LP) was also formed with the general partner being SBW LLC and the current Limited Partner being CH. SBW LLC currently has a .001% interest in SBWR LP and CH has a 99.9% limited partnership interest. The limited partnership interest of 99.99% will be syndicated to a tax credit investor when the Project is re-syndicated and will remove CH as the current limited partner. SBWR LP was formed to acquire the leasehold interest in the air rights parcel owned by YTS and a fee interest in the improvements constituting the Housing Development and undertake the rehabilitation and refinancing and operation of the Project. The limited partners will grant YWCA GGSV an option to purchase and first right of refusal. CH will have a backup option and right of first refusal if YWCA GGSV does not exercise such rights.

Following is condensed financial information for YTS as of and for the year ended June 30, 2020:

Assets

Cash and cash equivalents	\$ 116,154
Property and equipment, net	3,951,141
Other assets	<u>79,594</u>
Total Assets	<u>\$ 4,146,889</u>

Liabilities

Deferred revenue	\$ 17,720
Interfund payable	351,349
YWCA Third Street loan payable	<u>496,465</u>
Total Liabilities	865,534

Net Assets

Without donor restrictions	(481,145)
With donor restrictions	<u>3,762,500</u>
Total Net Assets	<u>3,281,355</u>

Total Assets and Liabilities	<u>\$ 4,146,889</u>
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YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 17—YWCA Third Street, Inc. —Continued

Revenue

Investment income	\$ 66
Lytton rental revenue	88,600
Miscellaneous income	(5,795)
Transfer from YWCA GGSV	<u>3,762,500</u>
Total Revenue	3,845,371

Expenses

Professional fees	26,391
Equipment rent and maintenance	21,299
Taxes and license	14,878
Depreciation and amortization	6,410
Occupancy	1,987
Miscellaneous	<u>1,287</u>
Total Expenses	72,252

Change in Net Assets	<u>\$ 3,773,119</u>
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YTS's investment in SBW LLC is accounted for using the equity method of accounting. At June 30, 2020, the investment balance of \$11,948 is recorded in other assets. The decrease of (\$5,795) over the prior year balance of \$17,743 represents the loss from the partnership which was recorded as other income in the consolidated statement of activities for the year ended June 30, 2020.

In 2020, the Linda Haskell Empowerment Fund used its equity securities to purchase real property located at 451 Lytton Avenue, Palo Alto, in the amount of \$3,750,000 to further establish service presence in the north part of Santa Clara County. YWCA GGSV established an Assignment and Assumption, Funding, and Property Restriction Agreement with YTS, to provide control and oversight of this asset on behalf of YWCA GGSV and the Linda Haskell Empowerment Fund in accordance with the agreement.

Note 18—Contingencies

YWCA GGSV, during the normal course of operating its business, may be subject to various lawsuits, licensing reviews, and government audits. Management believes that losses resulting from these matters, if any, would either be covered under YWCA GGSV's insurance policy or are immeasurable. Management further believes the losses, if any, would not have a material effect on the financial position of YWCA GGSV.

Note 19—Recent Accounting Pronouncements

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, 2019; 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. YWCA GGSV is evaluating whether this will have a material impact on its consolidated financial statements.

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 public business entities with fiscal years beginning after December 15, 2019, and for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. YWCA GGSV is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its consolidated financial statements.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. YWCA GGSV is currently evaluating the impact that the adoption of ASU 2020-07 will have on its consolidated financial statements.

Note 20—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. YWCA GGSV has continued to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on YWCA GGSV, if any, cannot be fully determined, therefore no related adjustment has been made to these consolidated financial statements.

YWCA Golden Gate Silicon Valley and Related Entities
Notes to Consolidated Financial Statements—Continued

Note 21—Legal Integration with YWCA San Francisco & Marin

As discussed in Note 1, on July 1, 2019, the governing board of directors (Board) of the YWCA Golden Gate Silicon Valley and YWCA San Francisco & Marin approved to legally integrate. Subsequent to June 30, 2020, YWCA of San Francisco & Marin will transition its Fifty Plus Empowerment Support and Advocacy program management to the YWCA Golden Gate Silicon Valley. YWCA of San Francisco & Marin assets and housing programs will remain separate from YWCA Golden Gate Silicon Valley. Related party activity during the years ended June 30, 2020 and 2019 consisted of program service fees provided to YWCA San Francisco & Marin amounting to \$452,171 and \$78,047, respectively. At June 30, 2020 and 2019, YWCA Golden Gate Silicon Valley had receivable balances from YWCA San Francisco & Marin of \$46,129 and \$48,217, respectively. YWCA Apartments remains a related party entity of YWCA of San Francisco & Marin, and YWCA Third Street, Inc. remains a related entity of YWCA Golden Gate Silicon Valley.

Note 22—Subsequent Events

Subsequent events were evaluated through April 30, 2021, which is the date the consolidated financial statements were available to be issued, and it was concluded that, other than the program management changes and legal matters described in Note 20, no material subsequent event have occurred that would require adjustment to the consolidated financial statements or disclosure in the notes to the consolidated financial statements.