

**Audited Financial Statements  
and Supplementary Information**

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**

**June 30, 2021**

**Quigley & Miron**

# Quigley & Miron

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U.S. Department of Housing and Urban Development

Attached is the financial report of YWCA Apartments, Inc., HUD Project No. 121-11146 for the year ended June 30, 2021.



Los Angeles, California  
September 25, 2021

Employer Identification No.:  
Engagement Partner:

32-0530003  
Tony Fukuhara  
**Quigley & Miron**  
3550 Wilshire Boulevard, Suite 1660  
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 HUD Project No. 121-11146  
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## Independent Auditor's Report

Board of Directors  
**YWCA Apartments, Inc.**  
San Francisco, California

### Report on the Financial Statements

We have audited the accompanying financial statements of YWCA Apartments, Inc. HUD Project No. 121-11146 which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements referred to above present fairly, in all material respects, the financial position of YWCA Apartments, Inc. HUD Project No. 121-11146 as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued reports dated September 25, 2021, on our consideration of YWCA Apartments, Inc.'s internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YWCA Apartments, Inc.'s internal control over financial reporting and compliance.



Los Angeles, California  
September 25, 2021

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Statement of Financial Position  
 June 30, 2021

**Assets**

**Current Assets**

1120 Cash—operations	\$ 540,140
1120 Petty cash	300

**1120 Total Cash—Operations** 540,440

1130/1130N Tenant/member accounts receivable (Coops)	5,387
1200 Prepaid expenses	74,709

**1100T Total Current Assets** 620,536

**Other Cash on Deposit**

1191 Tenant security deposits—Note 3	34,352
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**1191 Total Tenant Security Deposits** 34,352

**HUD-Restricted Deposits**

1310 Escrow deposits	17,463
1320 Replacement reserves—Note 3	566,465
1340 Residual receipts reserve—Note 4	185,001

**1300T Total Restricted Deposits** 768,929

**Property and Equipment, Net**

1420 Building and building equipment (fixed)	8,239,199
1440 Building equipment (portable)	10,320
1450 Furniture for Project/tenant use	152,610
1460 Furnishings	541,306
1465 Office furniture and equipment	28,997

**1400T Total Property and Equipment** 8,972,432

1495 Less accumulated depreciation	4,705,271
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**1400N Property and Equipment, Net** 4,267,161

**1000T Total Assets** \$ 5,690,978

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Statement of Financial Position — *Continued*  
 June 30, 2021

**Liabilities and Net Assets**

**Current Liabilities**

2110	Accounts payable—operations	\$ 122,361
2120	Accrued wages payable	53,594
2131	Accrued interest payable—Section 236	7,886
2170	Mortgage payable, current portion—Note 5	185,656
2210	Prepaid revenue—Tenant prepaid rent	533

**2122T Total Current Liabilities** 370,030

**Deposits**

2191	Tenant security deposits—Note 4	31,525
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**Long-term Liabilities**

2320	Mortgage payable, long-term portion—Note 5	3,897,903
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**2300T Total Long-term Liabilities** 3,897,903

**2000T Total Liabilities** 4,299,458

**Net Assets Without Donor Restrictions**

3131	Net assets without donor restrictions	1,391,520
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**3131/3130 Total Net Assets Without Donor Restrictions** 1,391,520

**2033T Total Liabilities and Net Assets** \$ 5,690,978

See notes to the financial statements.

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Statement of Activities  
 Year Ended June 30, 2021

**Net Assets Without Donor Restrictions**

Revenue		
Rental income—Notes 9 and 10	\$	2,260,235
Financial		612
Other		2,124
		<hr/>
	<b>Total Revenue</b>	<b>2,262,971</b>
Expenses		
Rental operations		1,288,186
Management and general		692,002
		<hr/>
	<b>Total Expenses</b>	<b>1,980,188</b>
		<hr/>
	<b>Increase in Net Assets Without Donor Restrictions</b>	<b>282,783</b>
		<hr/>
	<b>Increase in Net Assets</b>	<b>282,783</b>
		<hr/>
<b>Net Assets at Beginning of Year</b>		<b>1,108,737</b>
		<hr/>
	<b>Net Assets at End of Year</b>	<b>\$ 1,391,520</b>
		<hr/> <hr/>

See notes to financial statements.

**YWCA Apartments, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	<b>Rental Operations</b>	<b>Management and General</b>	<b>Total</b>
Payroll	\$ 164,142	\$ 87,224	\$ 251,366
Employee benefits	57,574	30,594	88,168
Payroll taxes	22,539	11,977	34,516
<b>Total Payroll Expenses</b>	<b>244,255</b>	<b>129,795</b>	<b>374,050</b>
Amortization of debt financing costs		4,899	4,899
Depreciation	235,472		235,472
Interest expense		96,558	96,558
Management fee		82,276	82,276
Mortgage insurance premium/service charge		18,890	18,890
Office expenses		54,911	54,911
Operating and maintenance	428,691		428,691
Other expenses		1,388	1,388
Professional fees		56,086	56,086
Property and liability insurance	119,297		119,297
Property taxes and licenses	2,532		2,532
Rent expenses		247,199	247,199
Service coordinator expense	45,081		45,081
Utilities	212,858		212,858
<b>Total Expenses</b>	<b><u>\$ 1,288,186</u></b>	<b><u>\$ 692,002</u></b>	<b><u>\$ 1,980,188</u></b>

See notes to financial statements.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Statement of Cash Flows**  
**Year Ended June 30, 2021**

**Cash Flows from Operating Activities**

Rental income	\$ 2,255,381
Financial receipts	612
Other operating receipts	2,124
Administrative expense	(441,860)
Utilities	(212,858)
Operating and maintenance expense	(631,319)
Taxes and insurance	(201,795)
Tenant security deposit liability	598
Service Coordinator	(45,081)
Interest on mortgage	(96,906)
Mortgage insurance premium	(18,890)

**Net Cash Provided by Operating Activities** 610,006

**Cash Flows from Investing Activities**

Purchases of fixed assets	(11,317)
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**Net Cash Used in Investing Activities** (11,317)

**Cash Flows from Financing Activities**

HUD-insured mortgage principal payments	(181,439)
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**Net Cash Used in Financing Activities** (181,439)

**Net Increase in Cash, Cash Equivalents, and Restricted Cash** 417,250

**Cash, Cash Equivalents, and Restricted Cash at Beginning of Year** 926,471

**Cash, Cash Equivalents, and Restricted Cash at End of Year** \$ 1,343,721

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Statement of Cash Flows—*Continued*  
 Year Ended June 30, 2021

**Reconciliation of Increase in Net Assets to Net Cash  
 Provided by Operating Activities:**

Increase in net assets	\$ 282,783
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	235,472
Amortization of debt issuance cost	4,899
(Increase) decrease in operating assets:	
Tenant/member accounts receivable (Coops)	(5,387)
Prepaid expenses	42,718
Increase (decrease) in operating liabilities:	
Accounts payable	45,961
Accrued liabilities	2,777
Accrued interest payable	(348)
Tenant security deposit liability	598
Prepaid revenue	533
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 610,006</u></b>

**Supplementary Information**

Income taxes paid	<u>\$</u>
Interest paid	<u>\$ 96,906</u>

See notes to financial statements.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 1—Organization and Summary of Significant Accounting Policies**

Organization—YWCA Apartments, Inc., HUD Project No. 121-11146 (the Project), a California non-profit corporation incorporated on July 5, 1979, operates a 98-unit apartment complex for elderly and disabled persons located in San Francisco, California. The Project is operated under Section 207, pursuant to Section 223(f) of the National Housing Act. The Project is regulated by the U.S. Department of Housing and Urban Development (HUD) as to rent charges and operating methods.

The Project is also subject to Section 8 Housing Assistance Payments (HAP) agreements with HUD, and a significant portion of the Project's rental income is received from HUD. The current HAP contract subsidized 97 of the 98 units and carries a ten-year term expiring on December 31, 2030.

Basis of Accounting—The Project uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Project's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Project 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 Project. These net assets may be used at the discretion of the Project'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 Project 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 Project 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. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. None of the Project's net assets are subject to donor-imposed restrictions and therefore are classified as net assets without donor restrictions. Income is recognized when earned and expenses when incurred.

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 program services related to the day-to-day management and operation of the apartment complex. The Project did not engage in any reportable nonoperating activities during the year ended June 30, 2021.

Income Taxes—The Project is a non-profit corporation exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and corresponding California provisions. Accordingly, no provision for income taxes is made. In addition, the Project has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

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, 2021. Generally, information returns are open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—The Project considers cash without donor restrictions to be cash and cash equivalents. Certificates of deposit are valued at original purchase cost, which when combined with accrued interest receivable, approximates fair market value at June 30, 2021. Restricted cash consists of tenant security deposits, escrow deposits, and fund reserves.

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

Cash and cash equivalents		
Petty cash	\$	300
Cash—operations		540,140
		<hr/>
	<b>Total Cash</b>	<b>540,440</b>
Restricted cash		
Tenant security deposits		34,352
Escrow deposits		17,463
Replacement reserves		566,465
Residual receipts reserve		185,001
		<hr/>
	<b>Total Restricted Cash</b>	<b>803,281</b>
		<hr/>
	<b>Total Cash, Cash Equivalents, and Restricted Cash</b>	<b>\$ 1,343,721</b>

Property and Equipment—Property and equipment are stated at purchased cost or, for donated items, at fair value as of the date received. The straight-line method of accounting is used for computing depreciation on its property and equipment over lives between five and seventy-five years. Maintenance and repairs are charged to expense when incurred. Expenditures for additions and improvements over \$1,000 are capitalized.

Amortization—The Project capitalizes the costs of mortgage refinancing. Refinancing costs are amortized on a straight-line basis over an estimated useful life of fifteen years.

Distributions—The Project's regulatory agreement with HUD stipulates, among other things, that the Project will not make distributions of assets or income to any of its officers or directors.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Financial Statements—Continued**

**Note 1—Organization and Summary of Significant Accounting Policies—Continued**

Concentrations of Credit Risk—The Corporation maintains its cash in bank deposit accounts in high credit quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at financial institutions for up to \$250,000. At times, in the normal course of business, such cash balances are in excess of the FDIC insurance limits, but management deems the risk of loss due to these concentrations to be minimal.

Current Vulnerability Due to Certain Concentrations—The Project's sole asset is a 98-unit apartment complex. The Project's operations are concentrated in the multifamily real estate market. In addition, the Project operates in a heavily-regulated environment. The operations of the Project are subject to the administrative directives, 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 administrative burden, to comply with a change.

Functional Expenses—The costs of providing the various program and administrative services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the rental operations and management and general services benefitted. Payroll, employee benefits, and payroll taxes are allocated based on time and effort. All other expenses are charged directly to either rental operations, or management and general, as applicable.

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.

**Note 2—Availability and Liquidity**

Financial assets available at June 30, 2021 for general expenditure, that is, without donor or other restrictions limiting their use within one year, are comprised of the following:

Cash—Operations	\$ 540,440
Tenant/member accounts receivable (Coops)	<u>5,387</u>
<b>Current Availability of Financial Assets</b>	<b><u>\$ 545,827</u></b>

The Project operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. In addition, the Project has established and funded a replacement reserve and residual receipts reserve, as described in Notes 3 and 4, and an escrow reserve. The Project may draw down from the replacement reserve and residual receipts reserve, with prior approval from HUD, for capital projects and unforeseen repairs and maintenance. The escrow reserve, totalling \$17,463 at June 30, 2021, is comprised of funds set aside per the requirements of the mortgage lender to pay for property taxes and property insurance annually.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Financial Statements—Continued**

**Note 3—HUD-Restricted Deposits**

Under the terms of the regulatory agreement, the Project is required to set aside specified amounts for the replacement of property and other project expenditures as approved by HUD. Disbursements are subject to approval by HUD. HUD-restricted funds, which totaled \$751,466 at June 30, 2021, are held in separate accounts and generally are not available for operating purposes. At June 30, 2020 there was an unspent cash balance of \$118,161, which was approved by HUD during the year ended June 30, 2019 for kitchen cabinet replacement (per HUD Form 5250 approval). The funds were transferred back to the replacement reserve account on September 23, 2020 as the Project has not been able to complete the renovation work due to COVID-19 (see Note 13), contractor availability, and inability to properly relocate tenants for the work to be performed.

Tenant security deposits are held in a separate bank account in the name of the Project. The account increased by \$773 during the year ended June 30, 2021.

**Note 4—Residual Receipts Account**

Use of the residual receipts account is contingent upon HUD's prior written approval. At June 30, 2021, the residual receipts fund balance is \$185,001.

**Note 5—Mortgages Payable—HUD**

The HUD-insured mortgage note is payable in monthly installments for principal and interest of \$23,195 through July 2039, the remaining term of the loan that was refinanced during the year ended June 30, 2013. Interest is charged at 2.30%. The balance due as of June 30, 2021 is \$4,114,688. The mortgage note is secured by the Project's leasehold interest. The net amount due at June 30, 2021 is as follows:

Mortgage note payable to PNC Bank, secured by Project's real property, bearing interest at 2.3%, requiring monthly payments of \$23,195 including principal and interest, maturing in July 2039	\$ 4,114,688
<b>Total Mortgage Note Payable</b>	<b>4,114,688</b>
Less current portion	(185,656)
<b>Mortgage Note Payable, Long-Term</b>	<b>3,929,032</b>
Less amortized financing cost	
Gross financing costs	(73,480)
Amortized financing cost	42,351
<b>Amortized Financing Cost, Net</b>	<b>(31,129)</b>
<b>Mortgage Note Payable, Net</b>	<b>\$ 4,083,559</b>

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Financial Statements—Continued**

**Note 5—Mortgages Payable—HUD—Continued**

Maturities on mortgages payable—HUD at June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 185,656
2023	189,971
2024	194,387
2025	198,905
2026	203,529
Thereafter	<u>3,142,240</u>
	4,114,688
Less unamortized deferred financing costs	<u>(31,129)</u>
	<b>Total \$ <u>4,083,559</u></b>

In accordance with the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification 835-30, the Project presents 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 an expense in the statement of activities for the year ended June 30, 2021.

The fair value of the mortgage payable is estimated based on the current rates offered to the Project for debt of the same remaining maturities. At June 30, 2021, the fair value of the mortgage payable approximates the amounts recorded in the financial statements.

**Note 6—Operating Leases**

The Project leases property owned by YWCA of San Francisco & Marin under an operating lease that runs through December 2, 2062. The lease requires an annual payment of the greater of 8.5% of the prior year's actual gross residential and commercial income, or 67.7% of the prior year's actual net cash flows to equity (after debt service payments but before lease payments). The total expense under the agreement for the year ended June 30, 2021 is \$184,924.

The Project leases child care space to two commercial tenants under operating leases with terms of six months and five years, respectively. The Project was the recipient of the rents up until February 28, 2021. As of March 1, 2021, the Project entered into a management agreement for the commercial tenants with YWCA Golden Gate Silicon Valley and the management agent receives a monthly rent equivalent for management fees.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Financial Statements—Continued**

**Note 6—Operating Leases—Continued**

The following is a schedule by remaining years of future minimum rentals on the leases at June 30, 2021:

<u>Year Ending June 30,</u>	
2022	\$ 119,268
2023	121,410
2024	124,068
<b>Total</b>	<b><u>\$ 364,746</u></b>

**Note 7—Related Parties**

All board members of the Project are part of the Executive Committee board of YWCA Golden Gate Silicon Valley. YWCA Golden Gate Silicon Valley provided management agent services to the Project through February 28, 2021 and, through that date, YWCA Golden Gate Silicon Valley's administrative staff payroll and benefit costs were allocated to the Project based upon their time spent working for the Project. YWCA Golden Gate Silicon Valley paid the payroll and benefit costs and the Project reimbursed YWCA Golden Gate Silicon Valley for its share of the costs. Effective March 1, 2021, management agent services for the Project are provided by John Stewart Company, under a management agreement dated December 22, 2020. All administrative staff costs are paid to John Stewart Company under said agreement.

At June 30, 2021, the Project has a liability to the YWCA of San Francisco & Marin in the amount of \$16,750, included in accounts payable, for the June 30, 2021 ground lease costs.

**Note 8—Management Contract**

The Project paid a management fee to the YWCA of San Francisco & Marin through February 28, 2021. This was based on a percentage of income. The management fee was 4.34% of residential and miscellaneous income collected, and 5.96% of commercial income collected. The management fee was capped at \$70 per residential unit. Effective March 1, 2021, management fees were paid to John Stewart Company. The management fee paid to John Stewart as of March 1, 2021, is \$58 per unit per month for management services and \$11 per unit per month for bookkeeping services, for a maximum of \$69 per unit per month. The management fee for the year ended June 30, 2021 is \$82,276.

**Note 9—Rent Increases**

Under the regulatory agreement, the Project may not increase rents charged to tenants without HUD approval.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Financial Statements—Continued**

**Note 10—Free Rent Units**

The Project's on-site manager unit was vacant during the year ended June 30, 2021. The apartment is designated as non-revenue-producing by HUD (Form HUD-92458); therefore, no rent income or expense is recorded for the unit in the financial statements for the year.

**Note 11—Defined Contribution Plan**

The Project maintained a 401(a) employer-sponsored cash balance defined contribution plan (Plan) through February 28, 2021. The Plan covered all employees of the Project 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 did not need to be consecutive. During the year ended June 30, 2021, the Project contributed \$19,100 to the Plan. Effective March 1, 2021, the Plan was terminated upon the change to John Stewart Company as the managing agent.

**Note 12—Recent Accounting Pronouncement**

Leases—In February 2016, FASB issued Accounting Standards Update (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, 2021, with early adoption permitted. The Project is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

**Note 13—Risks and Uncertainties**

In early March 2020, the COVID-19 virus was declared a global pandemic. Since then, 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. The pandemic has had an impact on the Project's overall operations; management is continuing to monitor the situation.

**Note 14—Subsequent Events**

Management evaluated all activities of YWCA Apartments, Inc. through September 25, 2021, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Supplementary Information Required by HUD  
 Statement of Activities  
 Year Ended June 30, 2021

**Net Assets Without Donor Restrictions**

**Revenues**

**Rents**

5120 Rent	\$ 358,725
5121 Tenant assistance payments	1,861,220
5140 Rent revenue—stores and commercial	77,740
<b>5100T Total Rents Revenue</b>	<b>2,297,685</b>
5220 Vacancies—apartments	(37,450)
<b>5200T Total Vacancies</b>	<b>(37,450)</b>
<b>5152N Net Rental Revenue</b>	<b>2,260,235</b>

**Financial**

5410 Financial revenue—Project operations	175
5440 Revenue from investments—replacement reserve	437
<b>5400T Total Financial Revenue</b>	<b>612</b>

**Other**

5910 Laundry and vending	1,568
5990 Miscellaneous revenue	556
<b>5900T Total Other Revenue</b>	<b>2,124</b>
<b>5000T Total Revenue</b>	<b>2,262,971</b>

**Expenses**

**Administrative**

6203 Conventions and meetings	703
6250 Other renting expenses	247,199
6310 Office salaries	14,487
6311 Office expenses	54,911
6320 Management fee	82,276
6330 Manager or superintendent salaries	196,794
6340 Legal expense	9,158
6350 Audit expense	22,478
6351 Bookkeeping fees/accounting services	24,450
6390 Miscellaneous administrative expenses	685
<b>6263T Total Administrative Expense</b>	<b>653,141</b>

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Supplementary Information Required by HUD—Continued  
 Statement of Activities—Continued  
 Year Ended June 30, 2021

Expenses—Continued

Utilities

6450 Electricity	\$ 29,985
6451 Water	62,060
6452 Gas	47,834
6453 Sewer	72,979

**6400T Total Utilities Expense** 212,858

Operating and Maintenance

6510 Payroll	40,085
6515 Supplies	1,304
6520 Contracts	144,246
6525 Garbage and trash removal	41,904
6530 Security payroll/contract	241,237

**6500T Total Operating and Maintenance Expense** 468,776

Taxes and Insurance

6710 Real estate taxes	955
6711 Payroll taxes (Project's share)	34,516
6720 Property and liability insurance (hazard)	119,297
6722 Workers' compensation	12,682
6723 Health insurance and other employee benefits	75,486
6790 Miscellaneous taxes, licenses, permits and insurance	1,577

**6700T Total Taxes and Insurance** 244,513

Financial

6820 Interest on first mortgage payable	96,558
6850 Mortgage insurance premium/service charge	18,890

**6800T Total Financial Expense** 115,448

**6900:6990 Other Service Expenses: Service Coordinator expenses** 45,081

**6000T Total Cost of Operations Before Depreciation** 1,739,817

**5060T Profit Before Depreciation** 523,154

6600 Depreciation	235,472
6610 Amortization expense	4,899

**5060N Operating Profit (Loss)** 282,783

**3247 Change in Net Assets Without Donor Restrictions** 282,783

**3250 Change in Total Net Assets from Operations** \$ 282,783

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Supplementary Information Required by HUD—Continued**  
**Statement of Activities—Continued**  
**Year Ended June 30, 2021**

**Additional information required:**

<b>S1000-010</b> Total mortgage principal payments required during the audit year (12 monthly payments). This applies to all direct loans and HUD-held and fully-insured mortgages. Any HUD approved second mortgages are included in the figures.	<b>\$ 181,439</b>
<b>S1000-020</b> Total of 12 monthly deposits in the audit year into the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.	<b>\$ 36,036</b>
<b>S1000-030</b> Replacement reserves, or residual receipts and releases which are included as expense items on this statement of activities.	<b>\$</b>
<b>S1000-040</b> Project improvement reserve releases under the flexible subsidy program that are included as expense items on this statement of activities.	<b>\$</b>

See notes to financial statements.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Supplementary Information Required by HUD—Continued**  
**Statement of Changes in Net Assets**  
**Year Ended June 30, 2021**

<b>S1100-050/S1100-060 Net Assets Without Donor Restrictions at June 30, 2020</b>	<b>\$ 1,108,737</b>
<b>3247/3250 Change in Net Assets Without Donor Restrictions</b>	<b>282,783</b>
	<hr/>
<b>3131 Net Assets Without Donor Restrictions at June 30, 2021</b>	<b>1,391,520</b>
	<hr/>
<b>3130 Total Net Assets at June 30, 2021</b>	<b>\$ 1,391,520</b>
	<hr/> <hr/>

See notes to financial statements.

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Supplementary Information Required by HUD—*Continued*  
 Statement of Cash Flows  
 Year Ended June 30, 2021

**Cash Flows from Operating Activities**

S1200-010 Rental receipts	\$ 2,255,381
S1200-020 Financial receipts	612
S1200-030 Other operating receipts	2,124
<b>S1200-040 Total Receipts</b>	<b>2,258,117</b>
S1200-050 Administrative expense	(359,584)
S1200-070 Management fee	(82,276)
S1200-090 Utilities	(212,858)
S1200-100 Salaries and wages	(246,169)
S1200-110 Operating and maintenance expense	(385,150)
S1200-120 Real estate taxes	(955)
S1200-140 Property and liability insurance	(119,297)
S1200-150 Miscellaneous taxes and insurance	(81,543)
S1200-160 Tenant security deposits	(175)
S1200-170 Other operating expenses: Service Coordinator	(45,081)
S1200-180 Interest on mortgage	(96,906)
S1200-210 Mortgage insurance premium	(18,890)
<b>S1200-230 Total Disbursements</b>	<b>(1,648,884)</b>
<b>S1200-240 Net Cash Provided by Operating Activities</b>	<b>609,233</b>

**Cash Flows from Investing Activities**

Deposits into reserve for replacement for HUD monthly required deposits	(36,036)
Deposits into reserve for replacement—interest income	(437)
Deposits into reserve for replacement to replace unused prior year withdrawals	(118,161)
<b>S1200-250 Net Deposits to Reserve for Replacement</b>	<b>(154,634)</b>
Deposits into escrow deposit reserve	(80,171)
Withdrawals from escrow deposit reserve	84,953
<b>S1200-255 Net Deposits to Debt Service Reserve</b>	<b>4,782</b>
Deposits into residual receipts	(160,420)
<b>S1200-260 Net Deposits to Residual Receipts</b>	<b>(160,420)</b>
Purchases of fixed assets	(11,317)
<b>S1200-330 Net Purchase of Fixed Assets</b>	<b>(11,317)</b>
<b>S1200-350 Net Cash Used in Investing Activities</b>	<b>(321,589)</b>

**Cash Flows from Financing Activities**

S1200-360 HUD-insured mortgage principal payments	(181,439)
<b>S1200-460 Net Cash Used in Financing Activities</b>	<b>(181,439)</b>
<b>S1200-470 Net Increase in Cash and Cash Equivalents</b>	<b>106,205</b>
S1200-480 Cash and Cash Equivalents at Beginning of Year	434,235
<b>S1200T Cash and Cash Equivalents at End of Year</b>	<b>\$ 540,440</b>

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Supplementary Information Required by HUD—*Continued*  
 Statement of Cash Flows—*Continued*  
 Year Ended June 30, 2021

**Reconciliation of Increase in Net Assets to Net Cash  
 Provided by Operating Activities:**

Increase in net assets	\$ 282,783
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
6600 Depreciation	235,472
6610 Amortization of debt issuance cost	4,899
(Increase) decrease in operating assets:	
S1200-490 Tenant/member accounts receivable (Coops)	(5,387)
S1200-520 Prepaid expenses	42,718
S1200-530 Cash restricted for tenant security deposits	(773)
Increase (decrease) in operating liabilities:	
S1200-540 Accounts payable	45,961
S1200-560 Accrued liabilities	2,777
S1200-570 Accrued interest payable	(348)
S1200-580 Tenant security deposits held in trust	598
S1200-590 Prepaid revenue	533
<b>S1200-610 Net Cash Provided by Operating Activities</b>	<b><u>\$ 609,233</u></b>

**Supplementary Information**

Income taxes paid	\$
Interest paid	<u>\$ 96,906</u>

See notes to financial statements.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Supplementary Information Required by HUD—Continued**  
**Year Ended June 30, 2021**

Accounts and Notes Receivable (Other Than From Regular Tenants)—None

Delinquent Tenant Accounts Receivable—None

Mortgage Escrow Deposits—The Project has \$17,463 in escrow deposits at June 30, 2021.

Tenant Security Deposits—Tenant security deposits are held in an account at Citibank by John Stewart on behalf of the Project. At June 30, 2021, the account consisted of \$34,352 in cash. Interest earned on the account does inure to the tenants.

Accounts Payable (Other Than Trade Creditors)—None

Repair and Replacement Reserves (A/C 1320)—In accordance with the provisions of the regulatory agreement, restricted cash is to be used for repair and replacement of property with the approval of HUD. Activity in such accounts during the year ended June 30, 2021 is summarized as follows:

<b>1320P</b>	<b>Balance at July 1, 2020:</b>	<b>\$ 411,831</b>
	Monthly deposits per HUD requirements:	
1320DT	\$3,003 for 12 months	36,036
	<b>1320DT Total</b>	<b><u>36,036</u></b>
1320INT	Interest income	437
1320ODT	Other deposits: re-deposit of unspent prior year withdrawal	<u>118,161</u>
	<b>1320 Balance at June 30, 2021</b>	<b><u><u>\$ 566,465</u></u></b>
1320R	Deposits suspended or waived indicator:	NO

Residual Receipts (A/C 1340)—In accordance with the provisions of regulatory agreement, residual receipts activity in such accounts during the year ended June 30, 2021 is summarized as follows:

<b>1340P</b>	<b>Balance at July 1, 2020:</b>	<b>\$ 24,581</b>
1340DT	Transfers of surplus deposits	<u>160,420</u>
	<b>1340 Balance at June 30, 2021</b>	<b><u><u>\$ 185,001</u></u></b>

Accrued Property Taxes (A/C 2150)—None

Identity of Interest Companies—None

Loans (Other Than Insured Mortgages) and Notes Payable—None

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Supplementary Information Required by HUD—Continued**  
**Year Ended June 30, 2021**

Changes in Ownership Interests—No ownership changes occurred during the period covered by the financial statements.

Comments on Balance Sheet Items—None

Distributions Paid to the Owners—None

Unauthorized Distributions Paid to the Owners—None

Compensation Paid to Officers and Directors—Salaries and wages were not paid to any of the officers or directors.

Donations, Subsidy Payments, and Founder's Fees—Section 8 rent subsidy payments of \$1,861,220 were received during the year ended June 30, 2021.

Computation of Surplus Cash, Distributions, and Residual Receipts

1120 Cash—operations	\$ 540,140
1120 Petty Cash	300
1191 Tenant deposits	34,352
	<hr/>
<b>S1300-010 Cash</b>	<b>574,792</b>
	<hr/>
<b>S1300-040 Total Cash</b>	<b>574,792</b>
<b>Current Obligations</b>	
S1300-050 Accrued mortgage interest payable	7,886
S1300-075 Accounts payable (due within 30 days)	122,361
S1300-080 Mortgage payable (due within 30 days)	15,309
S1300-100 Accrued expenses	61,480
2210 Prepaid revenue	533
2191 Tenant security deposits	31,525
	<hr/>
<b>S1300-140 Total Current Obligations</b>	<b>239,094</b>
	<hr/>
<b>S1300-150 Surplus Cash (Deficiency)</b>	<b>\$ 335,698</b>
	<hr/>
<b>S1300-120 Deposit Due Residual Receipts</b>	<b>\$ 335,698</b>
	<hr/> <hr/>

Statement of Cash Receipts and Disbursements—This statement is not necessary as the statement of cash flows is presented on the direct method basis and includes each line of the receipts/disbursements statement.

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Supplementary Information Required by HUD—Continued  
 Schedule of Changes in Fixed Asset Accounts  
 Year Ended June 30, 2021

	Property and Equipment				Accumulated Depreciation					Net Book Value 6/30/21	
	Balance 7/1/20	Additions	Reclass	Disposals	Balance 6/30/21	Balance 7/1/20	Additions	Reclass	Disposals		Balance 6/30/21
1420 Building and building equipment (fixed)	\$ 8,230,833	\$ 8,366	\$	\$	\$ 8,239,199	\$ 4,152,598	\$ 165,293	\$	\$	\$ 4,317,891	\$ 3,921,308
1440 Building equipment (portable)	10,320				10,320	1,858	413			2,271	8,049
1450 Furniture for Project/tenant use	149,659	2,951			152,610	32,116	13,947			46,063	106,547
1460 Furnishings	541,306				541,306	281,012	53,797			334,809	206,497
1465 Office furniture and equipment	28,997				28,997	2,215	2,022			4,237	24,760
<b>Totals</b>	<b>\$ 8,961,115</b>	<b>\$ 11,317</b>	<b>\$</b>	<b>\$</b>	<b>\$ 8,972,432</b>	<b>\$ 4,469,799</b>	<b>\$ 235,472</b>	<b>\$</b>	<b>\$</b>	<b>\$ 4,705,271</b>	<b>\$ 4,267,161</b>

YWCA Apartments, Inc.  
 HUD Project No. 121-11146  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>		
S3300-020 Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects Direct Award	14.155	\$ 4,260,099
<b>Total CFDA No. 14.155</b>		<b>4,260,099</b>
<b>Section 8 Project-Based Cluster</b>		
S3300-020 Section 8 Housing Assistance Payments Program Direct Award	14.195	1,861,220
<b>Total Section 8 Project-Based Cluster CFDA Nos. 14.182, 14.195, 14.249, and 14.856</b>		<b>1,861,220</b>
<b>S3300-500 Total Federal Awards</b>		<b>\$ 6,121,319</b>

See accompanying notes to schedule of expenditures of federal awards.

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

**Note A—Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of YWCA Apartments, Inc. HUD Project No. 121-11146 under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of YWCA Apartments, Inc. HUD Project No. 121-11146, it is not intended to and does not present the financial position, changes in net assets, or cash flows of YWCA Apartments, Inc. HUD Project No. 121-11146.

**Note B—Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of operations to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**Note C—Indirect Cost Rate**

YWCA Apartments, Inc. HUD Project No. 121-11146 has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note D—Loans with Continuing Compliance Requirements**

The Project's outstanding loan at June 30, 2021 is insured by the U.S. Department of Housing and Urban Development (HUD) under Section 207, pursuant to Section 223(f) of the National Housing Act. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the schedule. The Project received no additional loans during the year. As of June 30, 2021, the balance of the outstanding loan is comprised of the following:

<b>Federal CFDA Number</b>	<b>Federal Program</b>	<b>Outstanding Loans</b>	<b>Loans with Continuing Compliance Requirements</b>
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	\$ 4,083,559	\$ 4,260,099

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2021**

There were no prior year audit findings.

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
**YWCA Apartments, Inc.**  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of YWCA Apartments, Inc., HUD Project No. 121-11146 (the Project), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Project's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Los Angeles, California  
September 25, 2021

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## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
**YWCA Apartments, Inc.**  
Los Angeles, California

### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of YWCA Apartments, Inc., HUD Project No. 121-11146 (Project) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2021. The Project's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Project's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Project's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Project's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Project complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal award programs for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

The Project's management is responsible for establishing and maintaining effective internal control over the types of compliance requirements referred to above. In planning and performing our audit, we considered the Project's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

### Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Los Angeles, California  
September 25, 2021

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of YWCA Apartments, Inc. were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies relating to internal control over financial reporting were identified during the audit.
3. No instances of noncompliance material to the financial statements of YWCA Apartments, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to internal control over major programs were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs of YWCA Apartments, Inc. expresses an unmodified opinion.
6. There were no audit findings that required reporting in this schedule in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a).
7. The programs tested as major programs were the U.S. Department of Housing and Urban Development Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects, CFDA No. 14.155 and the U.S. Department of Housing and Urban Development Section 8 Project-Based Cluster, Section 8 Housing Assistance Payments Program, CFDA Nos. 14.182, 14.195, 14.249, and 14.856.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. YWCA Apartments, Inc. was determined not to be a low-risk auditee.

**B. Findings—Financial Statements Audit**

None

**C. Findings and Questioned Costs—Major Federal Award Program**

None

**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Corrective Action Plan**  
**Year Ended June 30, 2021**

As there were no audit findings or questioned costs for the year ended June 30, 2021, a corrective action plan is not required.



**YWCA Apartments, Inc.**  
**HUD Project No. 121-11146**  
**Certification of Project Owner/Mortgagor**  
**June 30, 2021**

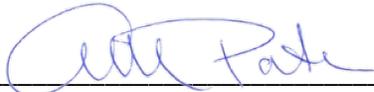
We hereby certify that we have examined the accompanying financial statements and supplemental information of YWCA Apartments, Inc., HUD Project No. 121-11146, and, to the best of our knowledge and belief, the same is complete and accurate.



Adriana Caldera Boroffice, Chief Executive Officer

September 28, 2021

Date



Ann Marie Pate, Chief Financial Officer

September 28, 2021

Date

**Federal Identification No.: 94-2594189**  
**Auditee Telephone: (408) 295-4011**



**YWCA Apartments, Inc.  
HUD Project No. 121-11146  
Certification of Managing Agent  
June 30, 2021**

We hereby certify that we have examined the accompanying financial statements and supplemental information of YWCA Apartments, Inc., HUD Project No. 121-11146, and, to the best of our knowledge and belief, the same is complete and accurate.

\_\_\_\_\_  
Jennifer Lopes, Chief Program Officer  
YWCA of San Francisco & Marin  
Managing agent from July 1, 2020 through February 28, 2021

9/28/2021

\_\_\_\_\_  
Date

**Federal Identification No.: 94-0997420**

\_\_\_\_\_  
Anna Chun, Assistant Vice President  
John Stewart Company  
Managing agent from March 1, 2021 through June 30, 2021

9/28/2021

\_\_\_\_\_  
Date

**Federal Identification No.: 94-2477073**