Audited Consolidated Financial Statements

eliminating racism
empowering women
ywca
San Francisco & Marin

June 30, 2021

Quigley & Miron

YWCA of San Francisco & Marin
Audited Consolidated Financial Statements
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June 30, 2021 and 2020

Quigley & Miron

Certified Public Accountants

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of YWCA of San Francisco & Marin (Association), a nonprofit organization, and affiliate, which comprise the consolidated statement of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, consolidated functional expenses, and consolidated cash flows for the years 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of YWCA of San Francisco & Marin as of June 30, 2021 and 2020, and the changes in its consolidated net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Quigley & Miron

Los Angeles, California
April 15, 2022

YWCA of San Francisco & Marin
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 685,593	$ 557,144
Investments—Note 4	1,393,054	1,099,692
Accounts receivable	21,700	4,604
Grants receivable		130,000
Notes receivable	142,800	
Prepaids expense and deposits	100,403	153,676
Total Current Assets	**2,343,550**	**1,945,116**
Non-Current Assets		
Beneficial interest in designated beneficiary fund at the Marin Community Foundation—Note 6	2,802,993	2,334,687
Beneficial interest in board-designated endowment at the San Francisco Community Foundation—Note 6	3,250,772	2,547,665
Property and equipment, net—Note 8	5,715,794	5,968,158
Restricted cash deposits	803,281	492,236
Total Non-Current Assets	**12,572,840**	**11,342,746**
Total Assets	**$ 14,916,390**	**$ 13,287,862**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 63,205	$ 88,346
Accrued expenses	64,088	60,240
Tenant security deposits	38,031	37,433
Mortgage payable, current portion—Note 10	185,656	181,439
Deferred revenue	53,396	47,252
Total Current Liabilities	**404,376**	**414,710**
Noncurrent Liabilities		
Mortgage payable, long term portion, less unamortized financing costs of $31,129 and $36,028 at June 30, 2021 and 2020, respectively—Note 10	3,897,903	4,078,660
Total Noncurrent Liabilities	**3,897,903**	**4,078,660**
Total Liabilities	**4,302,279**	**4,493,370**
Net Assets		
Without donor restrictions		
Undesignated	4,542,973	3,705,015
Board-designated beneficiary fund	2,802,993	2,334,687
Board-designated endowment fund	3,250,772	2,547,665
Total Net Assets without Donor Restrictions	**10,596,738**	**8,587,367**
With donor restrictions—Note 15	17,373	207,125
Total Net Assets	**10,614,111**	**8,794,492**
Total Liabilities and Net Assets	**$ 14,916,390**	**$ 13,287,862**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin
Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Public Support and Revenue			
Contributions and grants	$ 11,043	$ 37,423	$ 48,466
In-kind conributions	48,535		48,535
Government grant	63,936		63,936
Rental income	2,351,770		2,351,770
Interest and dividend income	16,436		16,436
Other income	2,124		2,124
Total Public Support and Revenue	**2,493,844**	**37,423**	**2,531,267**
Net assets released from restrictions	227,175	(227,175)	
Total Public Support, Revenue, and Releases from Restrictions	**2,721,019**	**(189,752)**	**2,531,267**
Expenses			
Program services	1,712,280		1,712,280
General and administrative	681,148		681,148
Fundraising	9,653		9,653
Total Expenses	**2,403,081**		**2,403,081**
Change in Net Assets From Operating Activities	**317,938**	**(189,752)**	**128,186**
Nonoperating Activities			
Investment returns, net	1,691,433		1,691,433
Total Nonoperating Activities	**1,691,433**		**1,691,433**
Change in Net Assets	**2,009,371**	**(189,752)**	**1,819,619**
Net Assets at Beginning of Year	**8,587,367**	**207,125**	**8,794,492**
Net Assets at End of Year	**$ 10,596,738**	**$ 17,373**	**$ 10,614,111**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin
Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Public Support and Revenue			
Contributions and grants	$ 54,077	$ 331,059	$ 385,136
Rental income	1,964,935		1,964,935
Program fees	50,852		50,852
Interest and dividend income	25,480		25,480
Other income	4,161		4,161
Total Public Support and Revenue	**2,099,505**	**331,059**	**2,430,564**
Net assets released from restrictions	504,697	(504,697)	
Total Public Support, Revenue, and Releases from Restrictions	**2,604,202**	**(173,638)**	**2,430,564**
Expenses			
Program services	1,982,282		1,982,282
General and administrative	814,020		814,020
Fundraising	60,846		60,846
Total Expenses	**2,857,148**		**2,857,148**
Change in Net Assets From Operating Activities	**(252,946)**	**(173,638)**	**(426,584)**
Nonoperating Activities			
Investment returns, net	64,292		64,292
Rental income	273,702		273,702
Total Nonoperating Activities	**337,994**		**337,994**
Change in Net Assets	**85,048**	**(173,638)**	**(88,590)**
Net Assets at Beginning of Year	**8,502,319**	**380,763**	**8,883,082**
Net Assets at End of Year	**$ 8,587,367**	**$ 207,125**	**$ 8,794,492**

See notes to consolidated financial statements.

YWCA of San Francisco &
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services				General		
	Fifty-Plus	Advocacy and Other	Apartment Services	Total	and Administrative	Fundraising	Total
Salaries	$	$ 9,976	$ 164,142	$ 174,118	$ 87,224	$	$ 261,342
Employee benefits	170	3,779	57,574	61,523	31,273		92,796
Payroll taxes	98	896	22,539	23,533	11,977		35,510
Total Personnel Expenses	**268**	**14,651**	**244,255**	**259,174**	**130,474**		**389,648**
Advertising and promotion	350			350			350
Amortization					4,899		4,899
Apartment operating and maintenance expenses			428,691	428,691			428,691
Apartment rental expenses					3,763		3,763
Depreciation			235,472	235,472	28,209		263,681
Dues and subscriptions					3,025		3,025
Equipment rental and maintenance	5,426			5,426	356		5,782
Food	6			6			6
Insurance	1,382	161	119,297	120,840	465	285	121,590
Interest expense					96,558		96,558
Miscellaneous	1,608			1,608	1,388		2,996
Mortgage insurance premium					18,890		18,890
Occupancy	48,673	7		48,680	29		48,709
Office expense	1,500			1,500	54,911		56,411
Printing	12			12	320		332
Professional fees	309,866	39,577		349,443	337,861	9,368	696,672
Property taxes and licenses			2,532	2,532			2,532
Service Coordinator expense			45,081	45,081			45,081
Telephone	476			476			476
Travel and meetings	131			131			131
Utilities			212,858	212,858			212,858
Total Expenses	**$ 369,698**	**$ 54,396**	**$ 1,288,186**	**$ 1,712,280**	**$ 681,148**	**$ 9,653**	**$ 2,403,081**

See notes to consolidated financial statements.

YWCA of San Francisco &
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				General and Admin-istrative	Fundraising	Total
	Fifty-Plus	Advocacy and Other	Apartment Services	Total			
Salaries	$ 139,364	$ 69,027	$ 195,460	$ 403,851	$ 106,582	$ 15,976	$ 526,409
Employee benefits	46,407	8,137	70,514	125,058	42,013	2,622	169,693
Payroll taxes	14,144	6,609	31,051	51,804	17,987	1,399	71,190
Total Personnel Expenses	**199,915**	**83,773**	**297,025**	**580,713**	**166,582**	**19,997**	**767,292**
Amortization					5,509		5,509
Apartment operating and maintenance expenses			361,008	361,008			361,008
Apartment rental expenses					8,772		8,772
Provision of doubtful accounts					1,000		1,000
Depreciation		28,751	234,784	263,535			263,535
Dues and subscriptions	1,948			1,948	3,693		5,641
Equipment rental and maintenance	3,064	584		3,648	652	90	4,390
Food	284	1,741		2,025	302	583	2,910
Insurance	6,098	2,175	70,029	78,302	6,808	3,866	88,976
Interest expense					100,799		100,799
Miscellaneous	571			571	6,600		7,171
Mortgage insurance premium					19,698		19,698
Occupancy	41,863	5,950		47,813	907	1,418	50,138
Office expense	10,997	2,150		13,147	58,705	1,978	73,830
Printing	5,832			5,832			5,832
Professional fees	172,471	139,235		311,706	431,211	32,750	775,667
Property taxes and licenses			4,040	4,040			4,040
Service Coordinator expense			90,287	90,287			90,287
Telephone	4,680	450		5,130	108		5,238
Travel and meetings	9,406	318		9,724	2,674	164	12,562
Utilities			202,853	202,853			202,853
Total Expenses	**$ 457,129**	**$ 265,127**	**$ 1,260,026**	**$ 1,982,282**	**$ 814,020**	**$ 60,846**	**$ 2,857,148**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 1,819,619	$ (88,590)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	263,681	263,535
Amortization of intangible assets		611
Amortization of debt service costs	4,899	4,898
Realized and unrealized gains on investments	(1,737,783)	(109,483)
Changes in operating assets:		
Accounts receivable	(17,096)	17,162
Grants receivable	130,000	212,000
Prepaid expense and deposits	53,273	8,185
Changes in operating liabilities:		
Accounts payable	(25,141)	(50,210)
Accrued expenses	3,848	(18,281)
Tenant security deposits	598	1,435
Deferred revenue	6,144	47,252
Net Cash Provided by Operating Activities	**502,042**	**288,514**
Cash Flows from Investing Activities		
Purchases of furniture and equipment	(11,317)	(38,619)
Disbursement of loan to YTS	(142,800)	
Proceeds from sale and maturities of investments	47,767	
Reinvestment of interest and dividends from beneficial interest in designated beneficiary fund	(15,660)	(7,287)
Proceeds from withdrawals from beneficial interest in designated beneficiary fund	114,345	
Proceeds from withdrawals from beneficial interest in designated endowment fund	126,556	124,312
Net Cash Provided by Investing Activities	**118,891**	**78,406**
Cash Flows from Financing Activities		
Principal payments on notes payable	(181,439)	(177,205)
Net Cash Used in Financing Activities	**(181,439)**	**(177,205)**
Increase in Cash, Cash Equivalents, and Restricted Cash	**439,494**	**189,715**
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	**1,049,380**	**859,665**
Cash, Cash Equivalents, and Restricted Cash at End of Year	**$ 1,488,874**	**$ 1,049,380**
Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	$	$
Interest	$ 91,660	$ 95,901

See notes to consolidated financial statements.

Note 1—Organization

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

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

<u>Nature of Activities</u>—The programs of the Association include the following:

- The Fifty-Plus Employability Program offers job readiness and job placement services for women over the age of 50 who seek stable employment with a sustainable, living wage. Services include career assessments, job research and interview training, networking techniques, and computer classes.
- The Advocacy Program recognizes that lasting change requires changing the system in addition to changing the lives of individuals. The Association provides education on issues to community and advocates for changes in public policy in order to advance their mission and values. The Association has chosen to advocate for issues that have a direct impact on their clients. Advocacy is focused on achieving economic stability through improving the employment climate by eliminating age discrimination in employment and eradicating structural and racial discrimination.
- The Project provides 97 units of affordable housing, subsidized by HUD, to adults over age 65 or with disabilities. As of March 2021, the Project's property management is subcontracted to John Stewart Company.
- The Resident Activities program provides enrichment activities for the Project's residents.

Note 2—Summary of Significant Accounting Policies

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

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

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

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

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

Recently Adopted Accounting Principles:

Revenue Recognition—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on a retrospective basis for the year ended June 30, 2021, which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the years ended June 30, 2021 and 2020.

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 are 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. The Association elected to adopt ASU No. 2016-18 on a retrospective basis for the year ended June 30, 2020 and has adjusted the presentation of these statements accordingly.

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

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

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

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary June 30, 2021. Generally, the Association's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

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

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.

	2021	2020
Cash and cash equivalents	$ 685,593	$ 557,144
Restricted cash deposits		
Tenant security deposits	34,352	33,579
Escrow deposits	17,463	22,245
Replacement reserves	566,465	411,831
Residual receipts reserve	185,001	24,581
Total Restricted Cash Deposits	**803,281**	**492,236**
Total Cash, Cash Equivalents, and Restricted Cash Deposits	**$ 1,488,874**	**$ 1,049,380**

Restricted cash deposits presented on the consolidated statements of financial position at June 30, 2021 and 2020 include escrow deposits, replacements reserve funds, and residual receipts funds that are separately maintained by the YWCA Apartments, as required by HUD, totaling $803,281 and $492,236 at June 30, 2021 and 2020, respectively. Disbursements are subject to HUD's prior written approval.

Grants Receivable—Grants receivable consist of balances from local foundations and local government agencies. The Association has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2021.

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.

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

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

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

Depreciation— The Association uses the straight-lined method over the estimated useful lives of five to ten years for furniture and equipment and ten to seventy-five years for buildings and improvements. Depreciation expense for the years ended June 30, 2021 and 2020 was $263,681 and $263,535, respectively.

Paid Time Off—Paid time off represents amounts earned, but not taken, as of the end of the fiscal year. The paid time off balance as of June 30, 2021 and 2020 was $2,757 and $39,127, respectively, and is included in accrued expenses in the statement of financial position. All payroll related activities after March 2021 are recorded by the John Stewart Company (See Note 19).

Concentration of Credit Risk—Financial instruments which potentially subject the Association to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and accounts and grants receivables. The Association 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. The Association had determined that no allowance for potential losses due to uncollectible receivables was necessary at June 30, 2021 and 2020.

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

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

Rental Income—Rental income is recognized in the period in which the tenant occupies the apartment. Included in rental income are tenant assistance payments provided by HUD totaling $1,861,220 and $1,708,413 for the years ended June 30, 2021 and 2020, respectively.

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

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

Functional Allocation of Expenses—The costs of providing the various programs and student activities have been summarized on a functional basis in the statement of activities. All expenses are charged directly to the related program or supporting service.

Advertising Costs—Advertising costs are expensed as incurred. Advertising cost for the year ended June 30, 2021 totaled $350. There were no advertising costs for the year ended June 30, 2020.

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

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

Note 3—Availability and Liquidity

The Association's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $590,000). The following represents the availability and liquidity of the Association's financial assets at June 30, 2021 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	$	591,095
Investments		1,393,054
Accounts receivable		21,700
Current Availability of Financial Assets	**$**	**2,005,849**

Additionally, the Association established a board-designated beneficiary fund and a board-designated endowment fund (see Note 6) totaling $6,053,765 at June 30, 2021 that could be made available to meet any unforeseen circumstances.

Note 4—Investments

In April 2006, the Association's governing board of directors established a mutual fund investment with The Investment Fund for Foundations (TIFF) by transferring $900,000 from the Association's operating account. The TIFF Multi-Asset Fund account was opened for the purpose of diversifying the Association's investment portfolios. The board of directors has the ability to withdraw the funds at its discretion. The fair value of the investment at June 30, 2021 and 2020 was $1,393,054 and $1,099,692, respectively.

Note 5—Notes Receivable

On April 6, 2021, the Association entered into an agreement to loan $272,000 to YWCA Third Street, Inc. (YTS), to assist with tenant improvements of the Lytton property. YTS is a related party through the legal integration between the Association and YWCA Silicon Valley, which recently changed its legal name to YWCA Golden Gate Silicon Valley (YWCA GGSV). The loan is interest free, has no maturity date, and the repayment of the loan is on a cash flow basis. The outstanding balance at June 30, 2021 is $142,800. See Note 19 for other related party transactions.

Note 6—Beneficial Interests in Community Foundation Assets

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

Marin Community Foundation (MCF)—In June 2002, the governing board of directors (Board) of the Association established a Designated Beneficiary Fund with the Marin Community Foundation (MCF) for the benefit of the Association. The Board has the ability to withdraw funds at its discretion. The Board of Trustees (Trustees) of MCF has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgement of the Trustees, such restriction of condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by MCF.

Note 6—Beneficial Interests in Community Foundation Assets—*Continued*

The fund is managed by 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, 2021 and 2020 was $2,802,993 and $2,334,687, respectively.

<u>San Francisco Foundation (SFF)</u>—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 the Association. Distributions from the fund are made in accordance with the spending policy of 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, SFF has the power to vary the terms, provided the Association is notified. The fund is invested in an endowment pool, is valued at fair market value, and is classified and reported as net assets without donor restrictions since the fund resulted from an internal designation and is not donor-restricted. The fair value of the SFF fund at June 30, 2021 and 2020 was $3,250,772 and $2,547,665, respectively.

Note 7—Fair Value Measurements

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

<u>Level 1</u>—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Association at the measurement date.

<u>Level 2</u>—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.

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

The Association utilizes a practical expedient, Net Asset Value (NAV) per share (or its equivalent) for measuring the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Association has an investment with the TIFF Multi-Asset Fund, as described previously, which is classified at NAV as a practical expedient during the year ended June 30, 2021.

Note 7—Fair Value Measurements—*Continued*

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in board-designated beneficiary fund at the Marin Community Foundation	$ 2,802,993	$	$	$ 2,802,993
Beneficial interest in board-designated endowment at the San Francisco Foundation	3,250,772			3,250,772
Subtotals	**6,053,765**			**6,053,765**
NAV, as a practical expedient TIFF Multi-Asset Fund	1,393,054			
Total at NAV	**1,393,054**			
Total Assets at Fair Value	**$ 7,446,819**	**$**	**$**	**$ 6,053,765**

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in board-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	**4,882,352**			**4,882,352**
NAV, as a practical expedient TIFF Multi-Asset Fund	1,099,692			
Total at NAV	**1,099,692**			
Total Assets at Fair Value	**$ 5,982,044**	**$**	**$**	**$ 4,882,352**

The Association's beneficial interests at the Marin Community Foundation and the San Francisco Foundation are considered to be Level 3 investments as they lack the necessary observable inputs for Level 1 or 2 disclosure. At June 30, 2021, investments carried at NAV as a practical expedient had no unfunded commitments or illiquid investments. The investments carried at NAV as a practical expedient are redeemable at least quarterly, and have a redemption notice period of up to 30 days.

Note 7—Fair Value Measurements—*Continued*

A reconciliation of the Association's Level 3 assets for the year ended June 30, 2021 is as follows:

	SFF	MCF	Total
Balance at beginning of year	$ 2,547,665	$ 2,334,687	$ 4,882,352
Investment returns			
Investment gain	829,663	566,991	1,396,654
Investment management fees	(27,038)	(19,145)	(46,183)
Investment Returns, Net	**802,625**	**547,846**	**1,350,471**
Interest and dividends		15,660	15,660
Total Investment Return	**802,625**	**563,506**	**1,366,131**
Transfers out of Level 3			
Amounts appropriated for expenditure	(99,518)	(95,200)	(194,718)
Balance at End of Year	**$ 3,250,772**	**$ 2,802,993**	**$ 6,053,765**

Return on investments and beneficial interests for the year ended June 30, 2021 is as follows:

	TIFF	SFF	MCF	Total
Investment returns				
Investment gains	$ 341,129	$ 829,663	$ 566,991	$ 1,737,783
Investment management fees	(167)	(27,038)	(19,145)	(46,350)
Investment Returns, Net	**340,962**	**802,625**	**547,846**	**1,691,433**
Interest and dividend income			15,660	15,660
Total Return on Investment	**$ 340,962**	**$ 802,625**	**$ 563,506**	**$ 1,707,093**

Return on investments and beneficial interests for the year ended June 30, 2020 was as follows:

	TIFF	SFF	MCF	Total
Investment returns				
Investment gain (loss)	$ 58,692	$ 56,594	$ (5,803)	$ 109,483
Investment management fees		(27,306)	(17,885)	(45,191)
Investment Returns, Net	**58,692**	**29,288**	**(23,688)**	**64,292**
Interest and dividend income			25,173	25,173
Total Return on Investment	**$ 58,692**	**$ 29,288**	**$ 1,485**	**$ 89,465**

Note 8—Property and Equipment

Property and equipment for the years ended June 30, 2021 and 2020 consists of the following:

	2021	2020
Land	$ 1,008,408	$ 1,008,408
Buildings and Improvements	10,209,725	10,201,359
Furniture and equipment	755,963	753,012
Collection acquired March 1, 2013	83,318	83,318
Total Property and Equipment	12,057,414	12,046,097
Less accumulated depreciation	(6,341,620)	(6,077,939)
Property and Equipment, Net	**$ 5,715,794**	**$ 5,968,158**

Depreciation expense for the year ended June 30, 2021 and 2020 was $263,681 and $263,535, respectively.

Note 9—Intangible Assets

Intangible assets as of June 30, 2019 total $611, net of deferred leasing fees of $36,597 and related amortization of $35,966. The intangible assets were completely amortized during the year ended June 30, 2020.

Note 10—Mortgages Payable

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

	2021	2020
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	$ 4,114,688	$ 4,296,127
Less current portion	(185,656)	(181,439)
Mortgage Note Payable, Long-Term	**3,929,032**	**4,114,688**
Unamortized financing cost		
Gross financing costs	(73,480)	(73,480)
Amortized financing cost	42,351	37,452
Unamortized Financing Cost, Net	**(31,129)**	**(36,028)**
Mortgage Note Payable, Net	**$ 3,897,903**	**$ 4,078,660**

Note 10—Mortgages Payable—*Continued*

Maturities on mortgages payable in each of the five years subsequent to June 30, 2021 are as follows:

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

Amortization of deferred financing cost totaled $4,899 and $4,898 for the years ended June 30, 2021 and 2020, respectively.

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

Note 11—Retirement Plan

The Association maintains a 401(a) employer-sponsored cash balance defined benefit pension plan. The Plan covers all employees of the Association on the first of the month following completion of 1,000 hours of service in two 12-month periods commencing on the date of employment or anniversary thereof. The two 12-month periods need not be consecutive. The Association contributed $957 and $34,863 during the years ended June 30, 2021 and 2020, respectively. All payroll related activities after March 2021 are recorded by the John Stewart Company (See Note 19).

Note 12—Operating Leases

The Association utilized a facility for its Fifty-Plus Employability Program and Marin Headquarters, located at 4830 Redwood Highway, Suite A-1, San Rafael, California, under a lease that expired July 31, 2019. On September 1, 2019, the Association moved its offices to a new location at 30 N. San Pedro, Suite 170, San Rafael, California, under a three-year lease expiring August 31, 2022, with lease payments currently being paid by YWCA Golden Gate Silicon Valley (YWCA GGSV). The value of this in-kind operating lease totaled $48,535 for the year ended June 30, 2021. Total occupancy expense for the year ended June 30, 2021 and 2020 totaled $48,709 and $50,138, respectively.

Note 12—Operating Leases—*Continued*

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

Year Ending June 30,		
2022	$	51,347
2023		8,613
Total	**$**	**59,960**

The Association owns a property at Austin Street in San Francisco, California, which was originally rented to an unrelated party under a five-year lease beginning August 1, 2014. The lease has since been extended to December 31, 2024. Rental income for the Austin Street property for the years ended June 30, 2021 and 2020 totaled $91,535 and $91,080, respectively.

YWCA Apartments leases office space to two commercial tenants under operating leases with terms of three months and five years, respectively. Rental income for the years ended June 30, 2021 and 2020 totaled $77,740 and $115,400, respectively.

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

Year Ending June 30,		
2022	$	211,834
2023		215,249
2024		189,031
2025		80,562
Total	**$**	**696,676**

Note 13—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, the YWCA Apartments is unable to reduce its concentration risks.

Note 14—Board-Designated Net Assets

Board-designated net assets at June 30, 2021 and 2020 consist of the following:

	2021	2020
Board-designated Beneficiary Fund		
Beneficial interest in the Marin Community Foundation	$ 2,802,993	$ 2,334,687
Board-designated Endowment Fund		
Beneficial interest in the San Francisco Foundation	3,250,772	2,547,665
Totals	**$ 6,053,765**	**$ 4,882,352**

As further discussed in Note 6, the Association maintains board-designated net assets as beneficial interests at the Marin Community Foundation (MCF) and the San Francisco Foundation (SFF).

Note 15—Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Video	$ 17,373	$ 22,399
Fifty-Plus Employability Program		25,283
Ignite		25,000
Computer learning		4,443
Total Subject to Expenditure for Specified Purpose	**17,373**	**77,125**
Subject to time restriction:		
Fifty-Plus Employability Program		130,000
Total Subject to Time Restrictions		**130,000**
Total Net Assets with Donor Restrictions	**$ 17,373**	**$ 207,125**

Note 15—Net Assets with Donor Restrictions—*Continued*

Net assets released from donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Satisfaction of purpose restrictions:		
Fifty-Plus Employability Program	$ 191,706	$ 404,370
Ignite	25,000	25,000
Video	5,026	2,921
Computer learning	4,443	
General operations	1,000	10,000
Move		40,000
Advocacy		11,406
Apt MI		11,000
Total Net Assets Released from Restrictions	**$ 227,175**	**$ 504,697**

Note 16—Endowment

As further discussed in Note 6, the Association has a board-designated endowment fund in which the assets are maintained, in beneficial interest, at the San Francisco Foundation.

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

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

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

The Association has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment assets, while seeking to maintain the purchasing power of those endowment assets over the long-term. Endowment assets are held in a professionally managed account and are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the fund if possible.

Note 16—Endowment—*Continued*

The Association has a policy of appropriating for distribution each year 3% to 5% of its board-designated endowment balance. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effect of inflation. Accordingly, over the long term, the Association expects the current spending policy to maintain or grow the principal endowment amounts. This is consistent with the Association' objective to maintain the principal balances of the endowment assets.

Activity in the Association board-designated endowment fund held at the San Francisco Foundation for the years ended June 30, 2021 and 2020 is as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets at June 30, 2019	**$ 2,615,383**	**$**	**$**	**$ 2,615,383**
Interest and dividends				
Investment returns				
Investment gain	56,594			56,594
Investment fees	(27,306)			(27,306)
Investment Returns, Net	**29,288**			**29,288**
Amounts appropriated for expenditure	(97,006)			(97,006)
Endowment Net Assets at June 30, 2020	**$ 2,547,665**	**$**	**$**	**$ 2,547,665**
Investment returns				
Investment gain	829,663			829,663
Investment fees	(27,038)			(27,038)
Investment Returns, Net	**802,625**			**802,625**
Amounts appropriated for expenditure	(99,518)			(99,518)
Endowment Net Assets at June 30, 2021	**$ 3,250,772**	**$**	**$**	**$ 3,250,772**

Note 17—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. The Association is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

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. The Association is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 18—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. At the time of this reporting, the cumulative financial impact of the pandemic on the Association, if any, cannot be fully determined, therefore, no related adjustments have been made to the consolidated financial statements.

Note 19—Legal Integration with YWCA Golden Gate Silicon Valley

On July 1, 2019, the governing board of directors (Board) of the Association and YWCA GGSV approved to legally integrate. The organizational combination will create a larger geographic region with greater mission impact where the Association can have a common set of goals and vision for the future. During the year ended June 30, 2021, the Association transitioned its Fifty-Plus Employability Program and Advocacy Programming to YWCA GGSV. The Association assets and housing programs remain with this entity. Related party activity during the years ended June 30, 2021 and 2020 consisted of professional fees paid to YWCA GGSV of $500,106 and $452,171, respectively. At June 30, 2021 and 2020 the Association had outstanding payable balances to the YWCA GGSV of $75,862 and $46,129, respectively.

YWCA GGSV provided management agent services to the Project through February 28, 2021 and, through that date, YWCA GGSV's administrative staff payroll and benefit costs were allocated to the Project based upon their time spent working for the Project. YWCA GGSV paid the payroll and benefit costs and the Project reimbursed YWCA GGSV 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.

Note 20—Subsequent Events

Management evaluated all activities of YWCA of San Francisco & Marin through April 15, 2022, which is the date the consolidated financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the consolidated financial statements or disclosure in the notes to the consolidated financial statements.