Audited Consolidated Financial Statements

eliminating racism
empowering women
ywca
San Francisco & Marin

June 30, 2022

Quigley & Miron

YWCA of San Francisco & Marin and Subsidiary
Audited Consolidated Financial Statements

Table of Contents

June 30, 2022 and 2021

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 and Subsidiary
San Francisco, California

Opinion

We have audited the accompanying consolidated financial statements of YWCA of San Francisco & Marin (Association), a nonprofit organization, and its subsidiary, YWCA Apartments, Inc, which comprise the consolidated statement of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, consolidated functional expenses, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association as of June 30, 2022 and 2021, and the changes in its consolidated net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Association's subsidiary, YWCA Apartments, Inc., for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on September 28, 2022.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date 0that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Quigley & Miron

Los Angeles, California
May 17, 2023

YWCA of San Francisco & Marin and Subsidiary
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 790,845	$ 685,593
Investments—Note 4	1,173,680	1,393,054
Accounts receivable	16,395	21,700
Grants receivable	4,146	
Notes receivable—Note 5		142,800
Prepaids expense and deposits	114,967	100,403
Receivable from affiliate—Note 19	157,314	
Total Current Assets	**2,257,347**	**2,343,550**
Non-Current Assets		
Beneficial interest in designated beneficiary fund at the Marin Community Foundation—Note 6	2,423,041	2,802,993
Beneficial interest in board-designated endowment at the San Francisco Community Foundation—Note 6	2,780,851	3,250,772
Property and equipment, net—Note 8	5,452,432	5,715,794
Restricted cash deposits	1,181,431	803,281
Total Non-Current Assets	**11,837,755**	**12,572,840**
Total Assets	**$ 14,095,102**	**$ 14,916,390**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable—Note 19	$ 60,251	$ 63,205
Acrued expenses—Note 19	76,024	64,088
Tenant security deposits	36,130	38,031
Mortgage payable, current portion—Note 10	189,971	185,656
Deferred revenue	1,920	53,396
Total Current Liabilities	**364,296**	**404,376**
Noncurrent Liabilities		
Mortgage payable, long term portion—Note 10	3,712,831	3,897,903
Total Noncurrent Liabilities	**3,712,831**	**3,897,903**
Total Liabilities	**4,077,127**	**4,302,279**
Net Assets		
Without donor restrictions		
Undesignated	4,796,710	4,542,973
Board-designated beneficiary fund	2,423,041	2,802,993
Board-designated endowment fund	2,780,851	3,250,772
Total Net Assets without Donor Restrictions	**10,000,602**	**10,596,738**
With donor restrictions—Note 15	17,373	17,373
Total Net Assets	**10,017,975**	**10,614,111**
Total Liabilities and Net Assets	**$ 14,095,102**	**$ 14,916,390**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin and Subsidiary
Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Public Support and Revenue			
Contributions and grants	$ 9,909	$ 5,000	$ 14,909
In-kind contributions—Note 9	52,802		52,802
Government grant	53,035		53,035
Rental income	2,609,875		2,609,875
Interest and dividend income	25,641		25,641
Other income	31,815		31,815
Total Public Support and Revenue	**2,783,077**	**5,000**	**2,788,077**
Net assets released from restrictions	5,000	(5,000)	
Total Public Support, Revenue, and Releases from Restrictions	**2,788,077**		**2,788,077**
Expenses			
Program services	1,997,471		1,997,471
General and administrative	394,186		394,186
Fundraising	305		305
Total Expenses	**2,391,962**		**2,391,962**
Change in Net Assets From Operating Activities	**396,115**		**396,115**
Nonoperating Activities			
Investment returns, net	(992,251)		(992,251)
Total Nonoperating Activities	**(992,251)**		**(992,251)**
Change in Net Assets	**(596,136)**		**(596,136)**
Net Assets at Beginning of Year	**10,596,738**	**17,373**	**10,614,111**
Net Assets at End of Year	**$ 10,000,602**	**$ 17,373**	**$ 10,017,975**

See notes to consolidated financial statements.

YWCA of San Francisco & Marin and Subsidiary
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 contributions—Note 9	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 and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				General and Admin-istrative	Fundraising	Total
	Fifty-Plus	Advocacy and Other	Apartment Services	Total			
Salaries	$	$	$ 190,083	$ 190,083	$ 35,907	$	$ 225,990
Employee benefits			39,094	39,094	21,050		60,144
Payroll taxes			16,046	16,046	8,640		24,686
Total Personnel Expenses			**245,223**	**245,223**	**65,597**		**310,820**
Amortization					4,899		4,899
Apartment operating and maintenance expenses			660,192	660,192			660,192
Depreciation			235,341	235,341	28,019		263,360
Dues and subscriptions					3,300		3,300
Equipment rental and maintenance	296	2,705		3,001	1,007		4,008
Insurance			122,762	122,762	6,000		128,762
Interest expense			92,333	92,333			92,333
Mortgage insurance premium			18,063	18,063			18,063
Occupancy	52,802			52,802	79		52,881
Office expense	132		80,432	80,564	32,048		112,612
Professional fees	117,127		90,126	207,253	252,997	305	460,555
Property taxes and licenses			913	913			913
Service Coordinator expense			81,413	81,413			81,413
Taxes, licenses, and fees		109	375	484	59		543
Travel and meetings					181		181
Utilities			197,127	197,127			197,127
Total Expenses	**$ 170,357**	**$ 2,814**	**$ 1,824,300**	**$ 1,997,471**	**$ 394,186**	**$ 305**	**$ 2,391,962**

See notes to consolidated financial statements.

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

	Program Services				General and Admin-istrative	Fundraising	Total
	Fifty-Plus	Advocacy and Other	Apartment Services	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 an 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
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 & Marin and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (596,136)	$ 1,819,619
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	263,360	263,681
Amortization of debt service costs	4,899	4,899
Loss on disposal of fixed assets	2	
Realized and unrealized (gains) and losses on investments	941,127	(1,737,783)
Changes in operating assets:		
Accounts receivable	5,305	(17,096)
Grants receivable	(4,146)	130,000
Prepaid expense and deposits	(14,564)	53,273
Receivable from affiliate	(157,314)	
Changes in operating liabilities:		
Accounts payable	(2,954)	(25,141)
Accrued expenses	11,936	3,848
Tenant security deposits	(1,901)	598
Deferred revenue	(51,476)	6,144
Net Cash Provided by Operating Activities	**398,138**	**502,042**
Cash Flows from Investing Activities		
Purchases of furniture and equipment		(11,317)
Disbursement of loan to YTS		(142,800)
Proceeeds of repayment of loan to YTS	142,800	
Purchases of investments	(192,226)	
Proceeds from sale and maturities of investments	189,628	47,767
Reinvestment of interest and dividends from beneficial interest in designated beneficiary fund	(22,559)	(15,660)
Proceeds from withdrawals from beneficial interest in designated beneficiary fund	18,485	114,345
Proceeds from withdrawals from beneficial interest in designated endowment fund	134,792	126,556
Net Cash Provided by Investing Activities	**270,920**	**118,891**
Cash Flows from Financing Activities		
Principal payments on notes payable	(185,656)	(181,439)
Net Cash Used in Financing Activities	**(185,656)**	**(181,439)**
Increase in Cash, Cash Equivalents, and Restricted Cash	**483,402**	**439,494**
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	**1,488,874**	**1,049,380**
Cash, Cash Equivalents, and Restricted Cash at End of Year	**$ 1,972,276**	**$ 1,488,874**
Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	$	$
Interest	$ 92,333	$ 91,660

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. In June 2019, the Board approved the legal integration of YWCA of San Francisco & Marin and YWCA Apartments with YWCA Golden Gate Silicon Valley of which represents the 'parent' organization.

Nature of Activities—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. At the end of the year ended June 30, 2022, all programming has been transferred to YWCA Golden Gate Silicon Valley.
- 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 the John Stewart Company.

Note 2—Summary of Significant Accounting Policies

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

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

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

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of 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 effect on the revenue reported for the year ended June 30, 2021.

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. The Association has adopted ASU No. 2020-07 for the year ended June 30, 2022 on a retrospective basis which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended June 30, 2022 and June 31, 2021.

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, 2022 and 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. Restricted cash deposits include escrow deposits, replacements reserve funds, and residual receipts funds that are separately maintained by the YWCA Apartments, as required by HUD, totaling $1,181,431 and $803,281 at June 30, 2022 and 2021, respectively. Disbursements are subject to HUD's prior written approval.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash deposits reported in the statements of financial position to the sum total of cash, cash equivalents, and restricted cash reported in the statements of cash flows at June 30, 2022 and 2021:

	2022	2021
Cash Accounts Reported in Statements of Financial Position		
Cash and cash equivalents	$ 790,845	$ 685,593
Restricted cash deposits	1,181,431	803,281
Total Cash, Cash Equivalents, and Restricted Cash Reported in Statements of Cash Flows	**$ 1,972,276**	**$ 1,488,874**

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, 2022.

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, 2022 and 2021 was $268,259 and $263,681, respectively.

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 believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments, however, due to the current risk and uncertainties affecting financial institutions (see Note 18), the related impact cannot be reasonably estimated at this time.

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, 2022 and 2021.

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, 2022 and 2021 was $9,416 and $2,757, 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).

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.

In-Kind Contributions—The Association records the value of donated materials and services at their fair value at the date of donation. In-kind services are recognized only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated use of facilities is recorded at the estimated fair value of the free space provided, at the rate of $3.48 per square foot.

Contributed Services—Many individuals volunteer their time and perform a variety of tasks that assist the Association at the resident's facilities. Such donated services are not reflected in the accompanying financial statements as they do not meet the criteria for recognition under current accounting standards.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Rental Income—Tenants are invoiced for monthly rent due on the first of the month. Rental income is recognized at the conclusion of the paid rental period. Tenant leases are renewed on an annual basis. Included in rental income are tenant assistance payments provided by HUD totaling $2,027,144 and $1,861,220 for the years ended June 30, 2022 and 2021, respectively.

Interest and Dividend Income—Interest and dividend income earned on investments is recognized when received and is reported as interest and dividend income under public support and revenue in the statement of activities.

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 and amounted to $0 and $350 for the year ended June 30, 2022 and 2021, respectively.

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

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, 2022 and 2021 to cover operating expenses for the next fiscal year:

	2022	2021
Cash and cash equivalents, less amounts purpose-restricted or not available for use within one year	$ 773,472	$ 668,220
Investments	1,173,680	1,393,054
Accounts receivable	16,395	21,700
Grants receivable	4,146	
Current Availability of Financial Assets	**$ 1,967,693**	**$ 2,082,974**

Additionally, the Association established a board-designated beneficiary fund and a board-designated endowment fund (see Note 6) totaling $5,203,892 and $6,053,765 at June 30, 2022 and 2021, respectively, 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, 2022 and 2021 was $1,173,680 and $1,393,054, respectively.

Note 5—Notes Receivable From Related Party

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, which was recorded at net realizable value, was $142,800. The $142,800 outstanding balance was repaid during the year ended June 30, 2022.

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. 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, 2022 and 2021 was $2,423,041 and $2,802,993, respectively.

San Francisco Foundation (SFF)—During the year ended June 30, 2003, the Board transferred $350,000 to the San Francisco Foundation (SFF) to create a board-designated endowment fund to support 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, 2022 and 2021 was $2,780,851 and $3,250,772, 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.

Note 7—Fair Value Measurements—*Continued*

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

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

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

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, 2022.

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in board-designated beneficiary fund at the Marin Community Foundation	$ 2,423,041	$	$	$ 2,423,041
Beneficial interest in board-designated endowment at the San Francisco Foundation	2,780,851			2,780,851
Subtotals	**5,203,892**			**5,203,892**
NAV, as a practical expedient TIFF Multi-Asset Fund	1,173,680			
Total at NAV	**1,173,680**			
Total Assets at Fair Value	**$ 6,377,572**	**$**	**$**	**$ 5,203,892**

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**

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, 2022, investments carried at NAV as a practical expedient had no unfunded commitments or illiquid investments. The investments carried at NAV as a practical expedient are redeemable at least quarterly, and have a redemption notice period of up to 30 days.

A reconciliation of the Association's Level 3 assets for the year ended June 30, 2022 is as follows:

	SFF	MCF	Total
Balance at beginning of year	$ 3,250,772	$ 2,802,993	$ 6,053,765
Investment returns			
Investment loss	(335,129)	(384,026)	(719,155)
Investment management fees	(32,639)	(18,485)	(51,124)
Investment Returns, Net	**(367,768)**	**(402,511)**	**(770,279)**
Interest and dividends		22,559	22,559
Total Investment Return	**(367,768)**	**(379,952)**	**(747,720)**
Transfers out of Level 3			
Amounts appropriated for expenditure	(102,153)		(102,153)
Balance at End of Year	**$ 2,780,851**	**$ 2,423,041**	**$ 5,203,892**

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, 2022 is as follows:

	TIFF	SFF	MCF	Total
Investment returns				
Investment losses	$ (221,972)	$ (335,129)	$ (384,026)	$ (941,127)
Investment management fees		(32,639)	(18,485)	(51,124)
Investment Returns, Net	**(221,972)**	**(367,768)**	**(402,511)**	**(992,251)**
Interest and dividend income	2,607		22,559	25,166
Total Return on Investment	**$ (219,365)**	**$ (367,768)**	**$ (379,952)**	**$ (967,085)**

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

	TIFF	SFF	MCF	Total
Investment returns				
Investment gain	$ 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**

Note 8—Property and Equipment

Property and equipment for the years ended June 30, 2022 and 2021 consists of the following:

	2022	2021
Land	$ 1,008,408	$ 1,008,408
Buildings and Improvements	10,206,575	10,209,725
Furniture and equipment	750,991	755,963
Collection acquired March 1, 2013	83,318	83,318
Total Property and Equipment	12,049,292	12,057,414
Less accumulated depreciation	(6,596,860)	(6,341,620)
Property and Equipment, Net	**$ 5,452,432**	**$ 5,715,794**

Depreciation expense for the year ended June 30, 2022 and 2021 was $263,360 and $263,535, respectively.

Note 9—In-Kind Contributions

With programmatic work now led by YWCA Golden Gate Silicon Valley, the related office space designated to the Association were paid by YWCA Golden Gate Silicon Valley along with the recording of all program revenues and expenses. As a result, the Association has recorded in-kind contributions to recognize the donated use of facilities. Management's estimates fair value of the space provided to the Association is $3.48 per square feet, amounting to $52,802 and $48,535 for the years ended June 30, 2022 and 2021, respectively. In-kind contributions are reported in the statement of activities under public support and revenue, and in the statement of functional expenses under occupancy. Although the in-kind contributions were received without donor restrictions, the donated facilities were primarily used for the Fifty-Plus program.

Note 10—Mortgage Payable

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

	2022	2021
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	$ 3,929,032	$ 4,114,688
Less current portion	(189,971)	(185,656)
Mortgage Note Payable, Long-Term	**3,739,061**	**3,929,032**
Unamortized financing cost		
Gross financing costs	(73,480)	(73,480)
Amortized financing cost	47,250	42,351
Unamortized Financing Cost, Net	**(26,230)**	**(31,129)**
Mortgage Note Payable, Net	**$ 3,712,831**	**$ 3,897,903**

Maturities on mortgages payable in each of the five years subsequent to June 30, 2022 are as follows:

Year Ending June 30,	
2023	$ 189,971
2024	194,387
2025	198,905
2026	203,529
2027	208,260
Thereafter	2,933,980
	3,929,032
Less unamortized deferred financing costs	(26,230)
Total	**$ 3,902,802**

Amortization of deferred financing cost totaled $4,899 and $4,899 for the years ended June 30, 2022 and 2021, 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, 2022, 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 during the year ended June 30, 2021. 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 $52,802 and $48,535 for the years ended June 30, 2022 and 2021, respectively. See Note 9 above for further discussion. Total occupancy expense for the year ended June 30, 2022 and 2021 totaled $52,881 and $48,709, respectively.

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

Year Ending June 30,		
2023	$	8,613
Total	**$**	**8,613**

The Association owns a property on 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, 2022 and 2021 totaled $92,566 and $91,535, 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, 2022 and 2021 totaled $119,706 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,		
2023	$	215,249
2024		189,031
2025		80,562
Total	**$**	**484,842**

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, 2022 and 2021 consist of the following:

	2022	2021
Board-designated Beneficiary Fund		
Beneficial interest in the Marin Community Foundation	$ 2,423,041	$ 2,802,993
Board-designated Endowment Fund		
Beneficial interest in the San Francisco Foundation	2,780,851	3,250,772
Totals	**$ 5,203,892**	**$ 6,053,765**

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, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purpose:		
Video	$ 17,373	$ 17,373
Total Net Assets with Donor Restrictions	**$ 17,373**	**$ 17,373**

Net assets released from donor restrictions for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Satisfaction of purpose restrictions:		
Fifty-Plus Employability Program	$ 5,000	$ 191,706
Ignite		25,000
Video		5,026
Computer learning		4,443
General operations		1,000
Total Net Assets Released from Restrictions	**$ 5,000**	**$ 227,175**

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.

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

Note 16—Endowment—*Continued*

Activity in the Association board-designated endowment fund held at the San Francisco Foundation for the years ended June 30, 2022 and 2021 is as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment Net Assets at June 30, 2020	**$ 2,547,665**	**$**	**$**	**$ 2,547,665**
Interest and dividends				
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**
Investment returns				
Investment loss	(335,129)			(335,129)
Investment fees	(32,639)			(32,639)
Investment Returns, Net	**(367,768)**			**(367,768)**
Amounts appropriated for expenditure	(102,153)			(102,153)
Endowment Net Assets at June 30, 2022	**$ 2,780,851**	**$**	**$**	**$ 2,780,851**

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 to be applied using the modified retrospective approach and 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.

Note 18—Risks and Uncertainties

In March 2023, subsequent to year-end, the shut-down of certain financial institutions raised economic concerns over disruption in the United States (U.S.) banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As noted in Note 1, the Association maintains cash and cash equivalents and investment balances in excess of federally-insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

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, 2022 and 2021 consisted of professional fees paid to YWCA GGSV of $336,024 and $461,026, respectively. At June 30, 2022, the Association had an outstanding receivable balance from the YWCA GGSV of $157,314. At June 30, 2021 the Association had outstanding payable balances to the YWCA GGSV of $75,862 which is included in accounts payable and accrued expenses.

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 the John Stewart Company, under a management agreement dated December 22, 2020. All administrative staff costs are paid to the John Stewart Company under said agreement.

Note 20—Subsequent Events

Management evaluated all activities of YWCA of San Francisco & Marin through May 17, 2023, which is the date the consolidated financial statements were available to be issued, and concluded that, other than the banking crisis described in Note 18, 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.