

YWCA OF SAN FRANCISCO & MARIN
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017



YWCA OF SAN FRANCISCO & MARIN

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Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
YWCA of San Francisco & Marin

We have audited the accompanying consolidated financial statements of YWCA of San Francisco & Marin (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of YWCA of San Francisco & Marin and affiliate as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brokstein & Associates CPAs LLP

Brokstein & Associates CPAs LLP
Pleasant Hill, CA
October 8, 2018



YWCA OF SAN FRANCISCO & MARIN
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 254,583	\$ 453,317
Contracts, grants and donations receivable	275,250	5,000
Other receivables	9,123	6,211
Prepaid expenses	104,388	98,315
Total Current Assets	643,344	562,843
INVESTMENTS	6,418,085	6,097,888
PROPERTY AND EQUIPMENT		
Land	1,008,408	1,008,408
Buildings and improvements	10,571,711	10,301,145
Furniture and equipment	185,805	185,805
Collection acquired March 1, 2013	83,318	83,318
	11,849,242	11,578,676
Less accumulated depreciation	(5,647,491)	(5,413,729)
	6,201,751	6,164,947
OTHER ASSETS		
Intangibles, net of accumulated amortization	7,930	15,249
Deposits	728,281	866,793
	736,211	882,042
TOTAL ASSETS	\$ 13,999,391	\$ 13,707,720
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 184,591	\$ 70,095
Mortgage payable (current portion)	173,289	169,353
Accrued expenses	55,088	55,072
Interest payable	8,906	9,231
Compensated absences payable	94,697	62,453
Security deposits	36,600	35,984
Deferred revenue	2,027	8,408
Contributions received in advance	-	104,917
Total Current Liabilities	555,198	515,513
MORTGAGE PAYABLE, less current portion and unamortized debt issuance costs of \$45,825 and \$50,724	4,427,619	4,596,009
NET ASSETS		
Unrestricted	8,744,914	8,589,531
Temporarily restricted	271,660	6,667
Total Net Assets	9,016,574	8,596,198
TOTAL LIABILITIES AND NET ASSETS	\$ 13,999,391	\$ 13,707,720

See accompanying notes and independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 362,547	\$ 271,660	\$ 634,207
Rental income	2,161,045	-	2,161,045
Program fees	21,896	-	21,896
Interest income	1,337	-	1,337
Investment income	203,479	-	203,479
Other income	35,304	-	35,304
Unrealized investment gains	263,847	-	263,847
	<u>3,049,455</u>	<u>271,660</u>	<u>3,321,115</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT			
EXPENSES AND LOSSES			
Advocacy Program	146,199	-	146,199
FiftyPlus Employment Program	402,300	-	402,300
Marin Women's Hall of Fame Program	79,605	-	79,605
Resident Activities and Computer Center	9,469	-	9,469
YWCA Apartments	1,567,965	-	1,567,965
General and administrative	408,666	-	408,666
Fundraising	286,535	-	286,535
	<u>2,900,739</u>	<u>-</u>	<u>2,900,739</u>
TOTAL EXPENSES	2,900,739	-	2,900,739
Net assets released from restrictions	6,667	(6,667)	-
	<u>155,383</u>	<u>264,993</u>	<u>420,376</u>
CHANGE IN NET ASSETS	155,383	264,993	420,376
NET ASSETS, BEGINNING OF YEAR	8,589,531	6,667	8,596,198
	<u>\$ 8,744,914</u>	<u>\$ 271,660</u>	<u>\$ 9,016,574</u>
NET ASSETS, END OF YEAR	\$ 8,744,914	\$ 271,660	\$ 9,016,574

See accompanying notes and independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 446,997	\$ 4,167	\$ 451,164
Rental income	2,090,399	-	2,090,399
Program fees	22,980	-	22,980
Interest income	1,217	-	1,217
Investment income	92,584	-	92,584
Other income	7,156	-	7,156
Unrealized investment gains	698,811	-	698,811
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	3,360,144	4,167	3,364,311
EXPENSES AND LOSSES			
Advocacy Program	113,437	-	113,437
FiftyPlus Employment Program	405,910	-	405,910
Marin Women's Hall of Fame Program	48,699	-	48,699
Resident Activities and Computer Center	7,372	-	7,372
YWCA Apartments	1,674,075	-	1,674,075
General and administrative	322,739	-	322,739
Fundraising	279,917	-	279,917
TOTAL EXPENSES	2,852,149		2,852,149
Net assets released from restrictions	11,667	(11,667)	-
CHANGE IN NET ASSETS	519,662	(7,500)	512,162
NET ASSETS, BEGINNING OF YEAR	8,069,869	14,167	8,084,036
NET ASSETS, END OF YEAR	\$ 8,589,531	\$ 6,667	\$ 8,596,198

See accompanying notes and independent auditor's reports.



YWCA OF SAN FRANCISCO & MARIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Advocacy	FiftyPlus Employment	Marin Women's Hall of Fame	Resident Activities & Computer Center	YWCA Apartments	Total Programs	General & Administrative	Fundraising	Total
Advertising/ promotion/recruit	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ -	\$ 600
Board expense	-	-	-	-	-	-	1,012	-	1,012
Building maintenance & repairs	288	1,699	144	-	188,021	190,152	4,648	576	195,376
Conferences and meetings	472	166	2	-	11,773	12,413	476	240	13,129
Depreciation & amortization	4,339	13,225	207	-	206,779	224,550	9,712	6,819	241,081
Dues and subscriptions	3,364	1,258	4	-	9,648	14,274	1,512	1,289	17,075
Dues to YWCA USA	895	2,605	41	-	6,208	9,749	1,872	1,425	13,046
Fingerprinting	-	-	-	-	-	-	40	-	40
Insurance	1,803	5,244	82	-	53,714	60,843	7,434	2,868	71,145
Interest/finance expense	-	-	871	-	135,079	135,950	401	-	136,351
Investment fees	6,979	21,270	332	-	-	28,581	15,620	10,967	55,168
Mileage expense	1,267	422	-	-	430	2,119	4,439	45	6,603
Office supplies	257	748	305	-	12,989	14,299	1,040	844	16,183
Payroll tax & payroll expense	75,515	184,851	11,987	693	372,520	645,566	264,180	186,149	1,095,895
Personnel fringe expenses	14,442	57,719	1,834	-	100,369	174,364	58,510	28,505	261,379
Postage and delivery	7	20	149	-	-	176	128	764	1,068
Printing and reproduction	70	4,167	1,113	-	-	5,350	1,294	5,211	11,855
Professional fees/contract	18,468	47,948	504	-	31,345	98,265	23,527	17,650	139,442
Program expenses	6,795	2,047	50,728	8,776	-	68,346	1,280	1,369	70,995
Rent & other occupancy expenses	8,940	52,748	10,842	-	-	72,530	5,364	17,881	95,775
Security contract	61	363	31	-	203,723	204,178	37	123	204,338
Small equipment	-	69	-	-	2,256	2,325	-	-	2,325
Taxes licenses & permits	-	63	-	-	7,505	7,568	521	-	8,089
Telephone & internet services	1,176	4,064	425	-	23,318	28,983	1,544	2,314	32,841
Travel and training	1,061	1,004	4	-	4,058	6,127	2,875	1,496	10,498
Utilities	-	-	-	-	198,230	198,230	1,200	-	199,430
	<u>\$ 146,199</u>	<u>\$ 402,300</u>	<u>\$ 79,605</u>	<u>\$ 9,469</u>	<u>\$ 1,567,965</u>	<u>\$ 2,205,538</u>	<u>\$ 408,666</u>	<u>\$ 286,535</u>	<u>\$ 2,900,739</u>

See accompanying notes and independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017

	Advocacy	FiftyPlus Employment	Marin Women's Hall of Fame	Resident Activities & Computer Center	YWCA Apartments	Total Programs	General & Administrative	Fundraising	Total
Advertising/promotion/recruitment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840	\$ 165	\$ 1,005
Board expense	30	-	-	-	-	30	1,850	-	1,880
Building maintenance & repairs	56	2,505	225	-	173,219	176,005	1,273	56	177,334
Conferences and meetings	3,332	25	-	-	6,030	9,387	1,309	132	10,828
Depreciation & amortization	4,631	12,647	1,395	-	205,003	223,676	10,471	6,193	240,340
Dues and subscriptions	3,270	972	-	-	5,139	9,381	1,150	886	11,417
Dues to YWCA USA	940	2,299	292	-	9,908	13,439	2,032	1,156	16,627
Fingerprinting	-	-	-	-	-	-	25	42	67
Insurance	1,947	4,741	595	-	52,214	59,497	7,326	2,329	69,152
Interest/finance expense	-	6	29	-	144,770	144,805	266	970	146,041
Investment fees	6,444	17,599	1,941	-	-	25,984	14,571	8,618	49,173
Mileage expense	350	656	-	-	1,850	2,856	3,301	56	6,213
Office supplies	56	1,519	144	-	18,143	19,862	1,743	692	22,297
Payroll tax & payroll expense	69,244	178,537	14,715	778	473,342	736,616	197,946	165,947	1,100,509
Personnel fringe expenses	11,827	68,440	5,567	-	120,581	206,415	46,449	20,735	273,599
Postage and delivery	-	23	55	-	-	78	244	1,353	1,675
Printing and reproduction	615	2,588	873	-	-	4,076	2,612	6,577	13,265
Professional fees/contract	6,228	31,173	6,846	258	41,765	86,270	13,983	11,221	111,474
Program expenses	643	3,652	563	6,336	-	11,194	8,379	48,711	68,284
Rent & other occupancy expenses	2,171	71,653	14,538	-	-	88,362	2,171	2,171	92,704
Security contract	15	483	59	-	198,254	198,811	17	15	198,843
Small equipment	-	-	-	-	1,561	1,561	231	-	1,792
Taxes licenses & permits	-	63	-	-	9,413	9,476	508	-	9,984
Telephone & internet services	726	6,258	862	-	22,320	30,166	1,880	1,320	33,366
Travel and training	912	71	-	-	4,033	5,016	962	572	6,550
Utilities	-	-	-	-	186,530	186,530	1,200	-	187,730
	<u>\$ 113,437</u>	<u>\$ 405,910</u>	<u>\$ 48,699</u>	<u>\$ 7,372</u>	<u>\$ 1,674,075</u>	<u>\$ 2,249,493</u>	<u>\$ 322,739</u>	<u>\$ 279,917</u>	<u>\$ 2,852,149</u>

See accompanying notes and independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Change in net assets	\$ 420,376	\$ 512,162
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	233,762	233,020
Amortization	7,319	7,319
Unrealized loss (gain) on investment	(263,847)	(698,811)
(Increase) decrease in:		
Contracts and grants receivable	(270,250)	(1,167)
Other receivables	(2,912)	(4,687)
Deferred leasing fees	-	-
Prepaid expenses	(6,073)	(37,594)
Increase (decrease) in:		
Accounts payable	114,496	34,433
Accrued expenses	16	27,057
Compensated absences payable	32,244	(18,064)
Security deposits payable	616	1,875
Deferred revenue	(6,381)	(505)
Contributions received in advance	(104,917)	66,498
Interest payable	(325)	(317)
Net cash provided by operating activities	154,124	121,219
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Increase (decrease) in restricted deposits	138,512	(29,224)
Investments	(56,350)	525,366
Purchase of equipment	(270,566)	(112,262)
Net cash provided (used) by investing activities	(188,404)	383,880
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Payment on mortgage	(164,454)	(160,607)
Net cash used by financing activities	(164,454)	(160,607)
NET INCREASE (DECREASE) TO CASH	(198,734)	344,492
CASH AT BEGINNING OF YEAR	453,317	108,825
CASH AT END OF YEAR	\$ 254,583	\$ 453,317
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 109,056	\$ 112,900
Income taxes paid	\$ -	\$ -

See accompanying notes and independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 1: ORGANIZATION, NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1878, the YWCA of San Francisco & Marin (the “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. was formed for the purpose of obtaining a loan under Section 207, pursuant to Section 223(f) of the National Housing Act to convert the property to an affordable housing project regulated by the U.S. Department of Housing and Urban Development (HUD). The project is subsidized under Section 8 Housing Assistance Payments Contracts by HUD.

Nature of Activities

The programs of the Association during the fiscal years ended June 30, 2018 and 2017 include the following:

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 the 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 racial discrimination.

The FiftyPlus Employment Support Program offers job readiness and job placement services for women over the age of 50 who seek stable employment with a sustainable, living wage. Services include career assessments, job search and interview training, networking techniques, and computer classes.

The Marin Women’s Hall of Fame collection was acquired by the Association in March, 2013. The Marin Women’s Hall of Fame (MWHF) program’s mission is to identify, recognize, and record for posterity the lives and accomplishments of Marin Women who have made a lasting impact on the County. During Women’s History Month (March) each year, women of accomplishment are inducted into the Marin Women’s Hall of Fame. During the fiscal years ended June 30, 2018 and June 30, 2017 five women, each year, were inducted into the Marin Women’s Hall of Fame.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 1: ORGANIZATION, NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Activities (Continued)

The YWCA Apartments provides 97 units of affordable housing, subsidized by HUD, to adults over age 65 or with disabilities.

The Resident Activities program provides enrichment activities for YWCA Apartments' residents. The Computer Learning Center program, which is open to the public as well as residents of the apartments. Both the Resident Activities and the CLC programs are supported by fundraising designated specifically for these programs.

Consolidated Financial Statement Presentation

The Association has presented its consolidated financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association has no permanently restricted net assets as of June 30, 2018 and June 30, 2017.

Basis of Consolidation

The consolidated financial statements include the accounts of the Association and YWCA Apartments, Inc. The organizations have common control since some officers of the Association's Board of Directors sit on the YWCA Apartments, Inc.'s Board of Directors. There is also an element of economic interest since the Association holds significant resources used in the production of income by YWCA Apartments, Inc. All material inter-organizational transactions have been eliminated in the consolidated presentation.

Functional Allocation of Expenses

Expenditures incurred in connection with program operations have been summarized on a functional basis in the statements of activities. Indirect expenses are allocated monthly based on the ratio of actual payroll expenses specific to each program.

Reclassifications

Certain reclassifications have been made to the consolidated financial statement presentation for the fiscal year ended June 30, 2017 to correspond to the current year's format. There have been no modifications to net assets or change in net assets resulting from these reclassifications.

See independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 1: ORGANIZATION, NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all temporary cash investments with a maturity of three months or less to be cash equivalents. The cash deposits to be used for tax and insurance, reserves for replacements, and tenant security deposits are not included as cash in the statement of cash flows.

Investments

Investments are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional.

The Association uses the allowance method to determine uncollectible promises receivable, if any. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services

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

See independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 1: ORGANIZATION, NATURE OF ACTIVITIES AND 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 unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of five to ten years for furnishings and equipment and ten to seventy-five years for buildings and improvements. Depreciation expense for the fiscal years ended June 30, 2018 and 2017 is \$233,762 and \$233,020, respectively.

Amortization

Debt issuance costs and leasing agent fees are capitalized and amortized on a straight line basis over the life of the related contracts, fifteen years and five years, respectively.

Collections

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 to 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 statements of net assets. The collection is not depreciated because the assets are considered to have indefinite useful lives.

Distributions

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

See independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Years Ended June 30, 2018 and 2017

NOTE 1: ORGANIZATION, NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association and YWCA Apartments, Inc. are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (and corresponding California statute). Accordingly, no provision for income taxes is included in these statements.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks for up to \$250,000 per corporation. The cash accounts of the Association were within FDIC insurance limits as of June 30, 2018 and in excess of FDIC insurance limits by \$118,780 as of June 30, 2017. The cash accounts of the YWCA Apartments, Inc. were within FDIC insurance limits as of June 30, 2018 and 2017.

NOTE 3: CONTRIBUTIONS RECEIVABLE AND OTHER RECEIVABLES

Contracts, grants and donations receivable consist of the following unconditional promises to give as of June 30, 2018:

AARP Foundation	\$ 15,000
First Republic Bank	10,000
Marin Community Foundation	248,250
Various individual donations	<u>2,000</u>
	<u>\$ 275,250</u>

Contracts, grants and donations receivable consist of the following unconditional promises to give as of June 30, 2017:

AARP Foundation	\$ 2,000
Various individual donations	<u>3,000</u>
	<u>\$ 5,000</u>

Other receivables of \$9,123 and \$6,211 at June 30, 2018 and 2017, respectively, consist of tenant rents that are noninterest-bearing and other miscellaneous receivables.

See independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 3: CONTRIBUTIONS RECEIVABLE AND OTHER RECEIVABLES (CONTINUED)

The Association considers all receivables at June 30, 2018 and 2017 to be fully collectible. As of June 30, 2018, receivables of \$158,373 are due within one year, and receivables of \$126,000 are due within one to five years. As of June 30, 2017, all receivables are due within one year. An allowance for uncollectible amounts is not deemed to be necessary.

NOTE 4: INVESTMENTS

Investments consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
MCF Equity and Fixed Income Pools (designated beneficiary fund)	\$ 2,610,117	\$ 2,464,192
TSFF Endowment Pool (board-designated endowment)	2,627,917	2,532,925
TIFF Multi-Asset Fund	<u>1,180,051</u>	<u>1,100,771</u>
	<u>\$ 6,418,085</u>	<u>\$ 6,097,888</u>

A summary of return on investments consists of the following for the fiscal years ended June 30:

	<u>2018</u>	<u>2017</u>
Dividends	\$ 203,479	\$ 92,584
Net unrealized gain (loss)	263,847	698,811
Investment and administration fees	<u>(55,168)</u>	<u>(49,174)</u>
	<u>\$ 412,158</u>	<u>\$ 742,221</u>

Designated Beneficiary Fund

The governing board of directors of the Association established a Designated Beneficiary Fund with the Marin Community Foundation (MCF) in June, 2002 for the benefit of the Association. The Association's Board of Directors has the ability to withdraw funds at their discretion. The Board of Trustees (the "Board") of the MCF has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization, if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the needs of the community served by the MCF. The fund is managed by the MCF and is invested in MCF's equity and fixed income pools.



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 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4: INVESTMENTS (CONTINUED)

Designated Beneficiary Fund (Continued)

The MCF fund is classified and reported as unrestricted net assets of the Association. Composition of and changes in net assets of the MCF fund for the fiscal years ended June 30 are as follows:

	2018	2017
Designated beneficiary fund net assets, beginning of year	\$ 2,464,192	\$ 2,527,274
Investment income	31,604	27,686
Net appreciation (depreciation)	133,745	259,313
Amounts appropriated for expenditure	-	(331,113)
Investment and admin fees	(19,424)	(18,968)
Designated beneficiary fund net assets, end of year	\$ 2,610,117	\$ 2,464,192

Board-Designated Endowment

During the fiscal year ended June 30, 2003, the governing board of the Association transferred \$350,000 to the San Francisco Foundation (TSFF) to create an endowment fund to support the Association. Distributions from the fund are made in accordance with the spending policy of TSFF 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, TSFF 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 unrestricted net assets since the fund resulted from an internal designation and is not donor-restricted.

The Association has adopted investment and spending policies for endowment assets that attempt to protect the real purchasing power of the fund over time and produce regular and consistent income for the Association's operations. Monies of the endowment fund 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 fund balance.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 4: INVESTMENTS (CONTINUED)

Board-Designated Endowment (Continued)

Composition of and changes in endowment net assets for the fiscal years ended June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Board-designated endowment net assets, beginning of year	\$ 2,532,925	\$ 2,270,744
Investment income	10,675	12,140
Net appreciation (depreciation)	212,023	368,612
Amounts appropriated for expenditure	(91,961)	(89,112)
Investment and admin fees	<u>(35,745)</u>	<u>(29,459)</u>
Board-designated endowment net assets, end of year	<u>\$ 2,627,917</u>	<u>\$ 2,532,925</u>

Mutual Fund Investment

In April, 2006, the governing board of directors of the Association established a mutual fund investment with The Investment Fund for Foundations (TIFF) by transferring \$900,000 from the 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 funds at their discretion.

Composition of and changes in the net assets for TIFF fund for the fiscal years ended June 30 are as follows:

	<u>2018</u>	<u>2017</u>
TIFF mutual fund net assets, beginning of year	\$ 1,100,771	\$ 1,126,425
Investment income	161,200	52,757
Net appreciation (depreciation)	(81,920)	71,633
Amounts appropriated for expenditure	-	(149,297)
Investment and admin fees	<u>-</u>	<u>(747)</u>
TIFF mutual fund net assets, end of year	<u>\$ 1,180,051</u>	<u>\$ 1,100,771</u>

See independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 5: FAIR VALUE MEASUREMENTS

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. These types of securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3: Securities that have little to no observable pricing inputs as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

The Association's investments are managed by various foundations for the benefit of the Association (Note 4). The managing foundations may hold investments valued at all three levels of the fair value hierarchy. The valuation techniques and inputs used in measuring fair value of those investments are determined and reported by each foundation.

NOTE 6: DEPOSITS

Deposits presented on the consolidated statements of financial position at June 30, 2018 and 2017 include escrow deposits, replacement reserve funds, and residual receipts funds that are separately maintained by the YWCA Apartments as required by HUD, which total \$688,890 and \$829,446, respectively. Disbursements are subject to HUD's prior written approval.

Deposits also include deposits held for tenants of the YWCA Apartments, in the amounts of \$32,421 and \$30,377, as well as a rental deposit receivable, in the amounts of \$6,970 and \$6,970, as of June 30, 2018 and 2017, respectively.

See independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 7: INTANGIBLE ASSETS

Intangible assets as of June 30, 2018 consist of \$7,930; the net of deferred leasing fees of \$36,597 and related accumulated amortization of \$28,667. Intangible assets as of June 30, 2017 consist of \$15,249; the net of deferred leasing fees of \$36,597 and related accumulated amortization of \$21,348.

Amortization expense is \$7,319 for each of the years ending June 30, 2018 and 2017. Estimated amortization expense is \$7,319 and \$611 for the years ending June 30, 2019 and 2020, respectively. There is no estimated amortization expense for the subsequent three years.

NOTE 8: MORTGAGE PAYABLE

The HUD-insured mortgage note is payable in monthly installments for principal and interest of \$23,195 through July, 2039; the remaining term of the loan that was refinanced during the year ended June 30, 2013. Interest is being charged at 2.30%. The balance due as of June 30, 2018 is \$4,646,733. The mortgage note is secured by the apartment building.

Maturities of the mortgage note in each of the five years subsequent to June 30, 2018, are as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2019	\$ 173,289
2020	177,317
2021	181,439
2022	185,656
2023	189,971
Thereafter	<u>3,739,061</u>
Total principal	4,646,733
Unamortized deferred financing costs	<u>(45,825)</u>
Total	<u>\$ 4,600,908</u>

As of the year ended June 30, 2018, the Association retroactively adopted the amendments to FASB ASC 835-30 under ASU 2015-03. The amendments require the presentation of debt issuance costs as a reduction of the carrying amount of the related debt, and the presentation of the amortization of the debt issuance costs as interest expense.

Long-term debt as of June 30, 2017 was previously reported on the statement of financial position as \$4,646,733 with the associated \$50,724 unamortized debt issuance costs (deferred financing costs) included in other assets. The amortization of the debt issuance costs as of June 30, 2017 was previously reported as an addition to amortization expense of \$4,899.

See independent auditor's report.



YWCA OF SAN FRANCISCO & MARIN
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2018 and 2017

NOTE 8: MORTGAGE PAYABLE (CONTINUED)

Interest/finance expense of \$135,080 reported in the statement of functional expenses for the fiscal year ended June 30, 2018 includes mortgage interest of \$108,667, plus amortization of debt issuance costs of \$4,899, plus mortgage insurance premiums of \$21,514.

Interest/finance expense of \$144,770 reported in the statement of functional expenses for the fiscal year ended June 30, 2017, includes mortgage interest of \$112,522, plus amortization of debt issuance costs of \$4,899, plus mortgage insurance premiums of \$22,013, plus miscellaneous financial expenses of \$5,336.

The fair value of the mortgage payable is estimated based on the current rates offered to the YWCA Apartments, Inc. for debt of the same remaining maturities. As of June 30, 2018 and 2017, the fair value of the mortgage payable approximates the amounts recorded in the consolidated financial statements.

NOTE 9: RELATED PARTY TRANSACTIONS

The Association is a member of the 501(c) Agencies Trust (the "Trust"), a national organization providing an unemployment program for nonprofit organizations. The Trust is owned and governed by more than 1,500 organizations operating in 45 states. The Association makes quarterly deposits to the reserve account established with the Trust. The account has an unaudited balance of \$30,829 and \$28,701 as of June 30, 2018 and 2017, respectively.

The Trust Agreement states that upon ninety days written notice to the Trustees, the Association may revoke its participation in the Trust. A portion of the account balance may be retained as a reserve against any unpaid claims or liabilities attributable to the Association's former employees arising or accruing before the ninety-day period ends. The Association has no intention to terminate its participation in the Trust. Deposits of \$2,396 and \$6,031 were made for the years ending June 30, 2018 and 2017, respectively.

NOTE 10: RETIREMENT PLAN

The Association participates in a defined benefit cash balance retirement plan, which is administered through a national organization, YWCA Retirement Fund, which is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The plan is available to employees who meet length of service requirements. Employee after-tax contributions of between 1% and 10% of compensation are optional. Benefits of the plan are based on individual employee account balances.



YWCA OF SAN FRANCISCO & MARIN
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Years Ended June 30, 2018 and 2017

NOTE 10: RETIREMENT PLAN (CONTINUED)

The actuarial present value of accumulated plan benefits and net assets available for benefits relating to the Association's employees is not available because such information is not accumulated for each participating organization. The Association's level of contribution is elected each October. The Association elected to contribute 10% of the participating employees' wages during the fiscal years ended June 30, 2018 and 2017 to the YWCA Retirement Fund. The YWCA Retirement Fund matches the Association's contributions at varying levels depending on the contribution level of the Association. For the fiscal years ended June 30, 2018 and 2017, the YWCA Retirement Fund contributed 4% to the employees' accounts. The total amount contributed by the Association to the plan in the years ended June 30, 2018 and 2017 is \$81,733 and \$82,743, respectively.

NOTE 11: OPERATING LEASES

The Association leases the real property located at 4380 Redwood Highway, Suite A-1, San Rafael, California for use as the facility for its FiftyPlus Employment Program and Marin headquarters. On June 30, 2014, the lease was extended for 5 years through July 31, 2019. The Association also rents storage space on a prepaid semi-annual basis.

Total rent expense for the years ended June 30, 2018 and 2017 amount to \$95,775 and \$92,705, respectively.

The following is a schedule of future minimum annual rental expense under the lease for 4380 Redwood Highway:

<u>Year Ending June 30:</u>	<u>Amount</u>
2019	\$ 90,428
2020	7,554

The Association owns a property at Austin Street in San Francisco, California, which is rented to an unrelated party under a five year lease which began August 1, 2014.

The Austin Street property cost, including land, building, and improvements, at June 30, 2018 and 2017 is \$1,631,701 and \$1,620,074, respectively. The carrying amount of the property at June 30, 2018 and 2017 is \$1,319,359 and \$1,332,044, respectively. The accumulated depreciation for the rental property as of June 30, 2018 and 2017 is \$312,342 and \$288,030, respectively.

Rental income for Austin Street for the years ended June 30, 2018 and 2017 is \$87,557 and \$84,305, respectively.



YWCA OF SAN FRANCISCO & MARIN
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Years Ended June 30, 2018 and 2017

NOTE 11: OPERATING LEASES (CONTINUED)

The following is a schedule of future minimum annual rental income under the lease for Austin Street:

<u>Year Ending June 30:</u>	<u>Amount</u>
2019	\$ 90,809
2020	7,590

NOTE 12: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

NOTE 13: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>6/30/2018</u>	<u>6/30/2017</u>
FiftyPlus	\$ 267,417	\$ 4,167
Computer Learning Center	<u>4,243</u>	<u>2,500</u>
	<u>\$ 271,660</u>	<u>\$ 6,667</u>

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 8, 2018, the date which the consolidated financial statements were available to be issued.

