



DOWNTOWN **WOMEN'S** CENTER

Every woman housed

Consolidated Financial Statements

December 31, 2021

With Summary Comparative Information for 2020

and

With Supplementary Information

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Downtown Women's Center:

Opinion

We have audited the accompanying consolidated financial statements of Downtown Women's Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Downtown Women's Center as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Downtown Women's Center 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.

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Downtown Women's Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards and Government Auditing Standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Downtown Women's Center'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 Downtown Women's Center'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.

Report on Summarized Comparative Information

We have previously audited the Downtown Women's Center 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards and supplementary schedules, which include the consolidating statements and single asset reports, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards* and the requirements of the *Audited Financial Statement Handbook for Multifamily Housing of the California Department of Housing and Community Development and the California Housing Finance Agency*, we have also issued a report dated September 20, 2022 on our consideration of Downtown Women’s Center’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing and not to provide an opinion on the effectiveness of Downtown Women’s Center’s internal control over financial reporting or on compliance. The report is an integral report of an audit performed in accordance with *Government Auditing Standards* and the requirements of the *Audited Financial Statement Handbook for Multifamily Rental Housing of the California Department of Housing and Community Development and the California Housing Finance Agency*, in considering Downtown Women’s Center’s internal control over financial reporting and compliance.



Long Beach, California
September 20, 2022

DOWNTOWN WOMEN'S CENTER

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

ASSETS

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
ASSETS				
Cash and cash equivalents	\$ 2,537,807	\$ -	\$ 2,537,807	\$ 3,164,863
Investments	2,327,044	2,216,653	4,543,697	3,985,791
Accounts receivable, net	3,570,451	-	3,570,451	2,008,001
Promises to give, net	-	1,543,835	1,543,835	463,728
Prepays and other assets	168,659	-	168,659	31,571
Restricted cash	1,842,040	-	1,842,040	1,780,619
Property and equipment, net	<u>22,874,439</u>	<u>5,480,000</u>	<u>28,354,439</u>	<u>29,008,659</u>
TOTAL ASSETS	<u>\$ 33,320,440</u>	<u>\$ 9,240,488</u>	<u>\$ 42,560,928</u>	<u>\$ 40,443,232</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,566,623	\$ -	\$ 1,566,623	\$ 1,094,958
Line of credit	-	-	-	1,245,000
Loans payable	18,590,838	-	18,590,838	18,763,338
PPP loan advance	<u>-</u>	<u>-</u>	<u>-</u>	<u>928,781</u>
Total Liabilities	<u>20,157,461</u>	<u>-</u>	<u>20,157,461</u>	<u>22,032,077</u>

COMMITMENTS AND CONTINGENCIES

(Notes 10 and 12)

NET ASSETS	<u>13,162,979</u>	<u>9,240,488</u>	<u>22,403,467</u>	<u>18,411,155</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,320,440</u>	<u>\$ 9,240,488</u>	<u>\$ 42,560,928</u>	<u>\$ 40,443,232</u>

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

DOWNTOWN WOMEN'S CENTER

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
SUPPORT AND REVENUE:				
Support:				
Grant income	\$ 7,848,419	\$ 3,628,654	\$ 11,477,073	\$ 8,778,337
Contributions	5,755,464	-	5,755,464	3,192,652
Special event income (net of direct expense of \$44,266 and \$171,042)	371,173	-	371,173	623,305
In-kind support	512,771	-	512,771	414,623
Debt forgiveness	172,500	-	172,500	172,500
Total Support	14,660,327	3,628,654	18,288,981	13,181,417
Other Revenue:				
Net investment return	570,057	-	570,057	148,617
Rental income	903,948	-	903,948	1,037,264
Social enterprise income	269,790	-	269,790	319,144
Payroll protection program forgiveness	928,781	-	928,781	-
Other revenue	1,228	-	1,228	95,520
Net assets released from restrictions	1,445,028	(1,445,028)	-	-
Total Other Revenue	4,118,832	(1,445,028)	2,673,804	1,600,545
Total Support and Other Revenue	18,779,159	2,183,626	20,962,785	14,781,962
EXPENSES				
Program services	14,966,124	-	14,966,124	11,687,571
Fundraising	897,010	-	897,010	879,996
Management and general	1,107,339	-	1,107,339	901,187
Total Expenses	16,970,473	-	16,970,473	13,468,754
CHANGE IN NET ASSETS	1,808,686	2,183,626	3,992,312	1,313,208
NET ASSETS, BEGINNING OF YEAR	11,354,293	7,056,862	18,411,155	17,097,947
NET ASSETS, END OF YEAR	\$ 13,162,979	\$ 9,240,488	\$ 22,403,467	\$ 18,411,155

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

DOWNTOWN WOMEN'S CENTER

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	Program Services				Fundraising	Management and General	Total	
	Health and Wellness	Housing	Other	Total			2021	2020
Salaries	\$ 2,298,880	\$ 3,684,204	\$ 1,184,795	\$ 7,167,879	\$ 577,028	\$ 287,942	\$ 8,032,849	\$ 6,670,254
Benefits and payroll taxes	483,531	893,703	322,736	1,699,970	107,934	52,448	1,860,352	1,590,614
In-kind - Program Supplies	484,069	-	-	484,069	28,702	-	512,771	414,623
Housing	37,257	1,962,349	22,845	2,022,451	5,321	-	2,027,772	585,452
Facilities and Maintenance	379,079	575,173	207,260	1,161,512	12,905	85,989	1,260,406	1,152,421
Health and Wellness	161,972	133,576	71,488	367,036	3,081	31,814	401,931	437,567
Consulting	181,609	196,481	138,827	516,917	85,686	11,484	614,087	470,219
Social Enterprise Store Expenses	963	3,629	245,364	249,956	10,524	598	261,078	276,493
Travel and Transportation	5,354	32,732	6,535	44,621	312	317	45,250	36,982
Insurance	32,373	49,730	16,350	98,453	6,999	16,836	122,288	101,859
Printing and Postage	13,861	20,984	6,938	41,783	26,841	6,977	75,601	98,012
Miscellaneous	43,325	45,260	21,923	110,508	4,588	3,134	118,230	104,850
Office Supplies	8,503	17,863	4,280	30,646	2,695	2,384	35,725	21,405
Conferences and Training	34,354	61,310	25,817	121,481	12,147	13,418	147,046	74,046
Meals and Entertainment	1,146	1,794	609	3,549	948	439	4,936	11,001
Workforce Development	205	2,693	17,637	20,535	-	-	20,535	31,923
Taxes, Licenses, Permits	-	-	6,622	6,622	-	-	6,622	33,161
Technology	55	-	-	55	8,390	180,406	188,851	174,906
Accounting and Legal	-	3,459	10,708	14,167	25	275,397	289,589	185,780
Interest Expense	-	-	-	-	-	53,036	53,036	89,568
Bank Fees	-	-	-	-	980	69,324	70,304	88,634
Total expenses before depreciation	4,166,536	7,684,940	2,310,734	14,162,210	895,106	1,091,943	16,149,259	12,649,770
Depreciation and amortization	84,610	684,220	35,084	803,914	1,904	15,396	821,214	818,984
Total expenses	<u>\$ 4,251,146</u>	<u>\$ 8,369,160</u>	<u>\$ 2,345,818</u>	<u>\$ 14,966,124</u>	<u>\$ 897,010</u>	<u>\$ 1,107,339</u>	<u>\$ 16,970,473</u>	<u>\$ 13,468,754</u>
2021 Percentage of total expenses	25.1%	49.3%	13.8%	88.2%	5.3%	6.5%	100.0%	
2020 Percentage of total expenses	28.4%	43.1%	15.3%	86.8%	6.5%	6.7%		100.0%

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

DOWNTOWN WOMEN'S CENTER

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,992,312	\$ 1,313,208
Adjustments to reconcile change in net assets to net cash from operating activities:		
Stock donations received	(136,098)	(50,011)
Unrealized gain on investments	(445,267)	(31,961)
Forgiveness of loan	(172,500)	(172,500)
Forgiveness on PPP loan	(928,781)	-
Depreciation and amortization	821,214	818,984
Changes in:		
Accounts receivable	(1,562,450)	(734,543)
Promises to give, net	(1,080,107)	520,248
Prepays and other assets	(137,088)	(10,260)
Accounts payable and accrued expenses	471,665	420,465
Net Cash Provided By Operating Activities	822,900	2,073,630
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,484,356	547,382
Purchases of investments	(2,460,897)	(547,274)
Purchase of property and equipment	(166,994)	(448,619)
Net Cash Used In Investing Activities	(143,535)	(448,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit	(1,245,000)	(490,000)
Proceeds on PPP loan advance	-	928,781
Net Cash Provided By (Used In) Financing Activities	(1,245,000)	438,781
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(565,635)	2,063,900
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	4,945,482	2,881,582
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ 4,379,847	\$ 4,945,482
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 53,036	\$ 89,568
Income taxes	\$ -	\$ -

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 – Organization and Purpose

The Downtown Women's Center (DWC) is the only organization in Los Angeles focused exclusively on serving and empowering women experiencing homelessness and formerly homeless women. DWC envisions a Los Angeles with every woman housed and on a path to personal stability. Its mission is to end homelessness for women in greater Los Angeles through housing, wellness, employment, and advocacy.

Founded in 1978, DWC was the first permanent supportive housing provider for women in the U.S. It has become a nationally recognized model because its wraparound services fulfill immediate and critical needs, while providing more intensive and long-term solutions to ending homelessness for women. The organization now reaches over 5,700 women annually and provides a wide array of resources all in one place to remove barriers to accessing support, including:

- **Basic Needs and Resources:** For women living on the streets or in night-to-night shelters, DWC's Day Center provides warm meals and other essential services such as access to phones, mail, laundry, and showers.
- **On-Site Housing and Supportive Services:** With 119 units of permanent supportive housing in two residences, DWC is one of the largest housing centers for women in the nation and continues to create innovative and successful housing models focused on ending women's homelessness.
- **Community-Based Housing Services:** Through partnerships with the Los Angeles County Department of Health Services and grants from corporations and private foundations, Los Angeles Homeless Services Agency, the Governor's Office of Emergency Services, and private foundations, DWC provides housing and supportive services to female veterans and their families, women with severe physical and mental health concerns, and survivors of domestic violence. Our case managers work individually with women to connect them with housing and resources throughout Los Angeles County.
- **Health and Wellness:** DWC offers individual and group counseling, medical care, mental health services, preventive screenings, trauma recovery services, and enrichment activities focused on overall health and social connectedness.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 – Organization and Purpose (Continued)

- **Job Readiness and MADE by DWC:** DWC offers education, job readiness, and employment placement resources aimed at breaking the cycles of unemployment and homelessness, along with two innovative social enterprise boutiques through which job training opportunities are provided.
- **Advocates Program:** This training program empowers formerly homeless women to become successful advocates for themselves and for other women experiencing homelessness. DWC Advocates participate in press interviews, public policy meetings, lobby visits with legislators, fundraising events, and press conferences. Our Domestic Violence Homeless Services Coalition also continues to convene, organize, advocate, and teach in order to meet our underlying goal of effecting the system's change to better serve the needs of DV survivors experiencing homelessness.
- **Public Education and Volunteer Program:** DWC conducts outreach and public education efforts on the root causes of and solutions to women's homelessness along with engaging over 5,000 individuals annually to volunteer their time to support DWC's direct service, fundraising, and advocacy efforts.
- **Measuring Impact:** DWC is measuring how it moves the needle on ending the cycle of homelessness, so that the organization can continue to offer unique and successful programs and share their practices with the community.

DWC serves women who are homeless, formerly homeless, and extremely low-income. They participate in program offerings at the DWC Day Center or are served by our housing programs. The women reflect the multi-ethnic diversity of Los Angeles and come from a variety of backgrounds. Many are dealing with the effects of extreme stress and difficulty of life on the streets. Almost one hundred percent of them live significantly below the poverty line with little or no income, and the majority are overcoming histories of domestic violence and sexual assault, physical and mental illness, major depression and trauma, and/or long-term homelessness. This year included a marked increase in the number of trans women and transitional age youth (TAY) served by the Center.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 – Organization and Purpose (Continued)

In 2021, DWC achieved the following milestones:

- Served 5,700 women throughout all of the DWC programs.
- DWC's Day Center creates a safe space for women to receive an array of services including meals, showers, phone/computer/mail services, case management, permanent housing, healthcare, and employment placements. In 2021, the Day Center:
 - Served 3,679 women overall
 - Provided 206,000 nutritious meals
 - Provided 1,644 case management sessions to ensure that each woman has an individualized service plan tailored to her needs.
 - Provided Trauma Recovery Center Services to 183 women
 - Offered primary medical care, women's health services, STD screenings, and physical health assessments to 1,020 women
 - Provided mental health assessments to 375 women.
 - Helped 72 women secure employment
- DWC updated all employment coordinators to mobile employment coordinators (MEC). An MEC was also assigned to housing programs.
- MADE by DWC supported 36 women with job training, providing more than 10,800 hours of job training, hiring 8 LA:RISE graduates.
- MADE by DWC produced more than 11,000 products.
- In order to create employment pathways to health professions and improve access to COVID-19 vaccinations, DWC introduced a Vaccine Ambassador Program. Over the course of 2021, the program hired 12 vaccine ambassadors, hosted 82 outreach events and 133 vaccine clinics, and vaccinated 1,320 members of the community.
- DWC's owned and operated permanent supportive housing served 119 women with a retention rate of 98-99%. The high retention rate is due to wrap around services including a full-time registered nurse and increased occupational therapy services.
- DWC's community housing programs, including Housing Justice, Recover Rehousing, Domestic Violence Housing, Veterans Rapid Rehousing, CES Rapid Rehousing, and Housing for Health, served 668 women and housed 220 women—an increase of 63% over 2020.
- DWC's Project Roomkey site, pioneered in 2020 and demobilized in December of 2021, served 212 women. At the time of the site's closing, DWC had identified exit destinations for 100% of participants.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 – Organization and Purpose (Continued)

- DWC proposed and secured LA County support for the Every Woman Housed Action Plan, a strategy that seeks to provide housing for 600 women and 52 families experiencing homelessness in the Skid Row Community (as of the 2020 Point in Time Count). Since the start of the program, 58 women have been placed in housing.
- DWC continues to partner with Daylight Community Development and GTM Holdings, LLC to develop 98 units of permanent supportive housing on the parking lot adjacent to the San Pedro building. The project is named the San Pedro Campus.
- DWC authored SB 678 in collaboration with the office of California State Senator Susan Rubio. The bill enabled DWC to promote the needs and experiences of unaccompanied women experiencing homelessness as well as foster relationships with policy makers.
- DWC reintroduced in-person and virtual volunteering in a limited capacity. Over 2200 volunteers provided support to on-site and community housing programs, the day center, the kitchen, human resources, workforce development, and MADE by DWC.

NOTE 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The Downtown Women's Center Housing, LLC (LLC), a wholly owned subsidiary of DWC, is a sole member California limited liability corporation formed to hold title to real estate and similar property purchased by DWC.

DWC SP2 LLC (SP2), a wholly owned subsidiary of DWC, is a sole member California limited liability corporation formed to develop and hold title to real estate. During 2021 and 2020, SP2 made payments totaling \$398,070 and \$71,930, respectively for a future development project, which is expected to be completed in 2024. SP2 will hold a minority interest in the limited partnership that is developing the property. SP2 has agreed to lend \$500,000 to the project, which is expected to be repaid in full. The \$470,000 is considered an advance on the \$500,000 loan, and is included in accounts receivable in the accompanying consolidated statement of financial position.

The accompanying consolidated financial statements include DWC, the LLC, and SP2 (collectively, the Center). All material intercompany accounts and transactions have been eliminated upon consolidation.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets and revenue are classified based upon the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that are temporary in nature that will be met by actions of the Center or the passage of time. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity.

As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Comparative Totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements. Significant items subject to such estimates and assumptions include useful lives of property and equipment, the valuation of long-lived assets, investments, accounts receivable, and promises to give.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Center considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Realized gains and losses are computed as the difference between the beginning-of-year fair value, or cost for current year acquisitions, and sales proceeds. Unrealized gains and losses are the current year appreciation and depreciation in investments held at year-end. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities.

The Center's investments are exposed to various risks, such as market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Accounts Receivable

Accounts receivable are stated at the amount the Center expects to collect from balances outstanding at year-end. The Center records a provision for bad debts at such time as collectability cannot be reasonably assured. At December 31, 2021, accounts receivable were considered fully collectible.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment is recorded at the estimated fair value at the date of donation. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets. Major improvements and replacements of property are capitalized. Maintenance, repairs, and minor improvements and replacements are expensed. Larger property donations for which there is a reasonable basis to measure value, and purchases over \$5,000, are capitalized and depreciated.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions

All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions that increases those net asset classes. When a donor's stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported in the consolidated statement of activities as net assets released from restrictions.

Contributions, including endowment gifts and pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the pledges are expected to be received. Amortization of the discounts is included in contribution revenue. The Center uses an interest rate of 2% to compute the discount on multi-year pledges. Conditional promises to give are not included as support until the conditions are substantially met.

Legacies and Bequests

The Center has been named a beneficiary in a number of bequests. Bequests are not recognized as support until all of the following conditions are met: the demise of the testator; the amount of the bequest is known; and the Center is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

Contributions In-Kind

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions In-Kind (Continued)

The Center recorded in-kind support totaling \$512,771 for donated food, clothing and household items, furnishings, equipment and holiday items and professional services during the year ended December 31, 2021. Donated volunteer services other than professional services are not reflected in the accompanying consolidated financial statements; however, in 2021, more than 2,200 volunteers donated approximately 5,900 hours valued at an estimated \$176,700. (The value of volunteer time is calculated by The Independent Sector based on the average hourly earnings of all production and non-supervisory workers on private non-farm payrolls - as determined by the Bureau of Labor Statistics.)

Social Enterprise Income

Social enterprise income is recognized at a point in time when products are sold at the Center's boutiques. Revenue is measured as the amount of total consideration received in exchange for providing the product.

A performance obligation is a promise to transfer a distinct good to the customer. For social enterprise transactions, the Center provides products at specified rates, such as for food, drinks, or handmade products.

The Center did not have any receivables, contract assets, or contract liabilities arising from transactions with social enterprise customers.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities based upon the relative benefit received. Expenses are allocated on a square footage basis or on the basis of estimates of time and effort.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Tax Status

DWC is a nonprofit organization and, therefore, is not subject to federal or state income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. This exemption is for all income taxes except for those assessed on unrelated business income, of which there is none.

The LLC and SP2 are limited liability corporations and have elected to be treated as partnerships for federal income tax purposes and, accordingly, the income or loss of the LLC will be recorded on the return of its member(s). The LLC and SP2 are exempt from California franchise tax under California Revenue and Taxation Code Section 23701(d). As a result, no provision for income tax has been recorded on these consolidated financial statements.

The Center recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Center is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

Subsequent Events

The Center has evaluated subsequent events through September 20, 2022, the date the consolidated financial statements were available to be issued for the year ended December 31, 2021.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is intended to improve financial reporting on leasing transactions. This standard requires a lessee to record on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by lease terms of more than 12 months. In June 2020, the FASB issued ASU 2020-05, which deferred the mandatory effective date to years beginning after December 15, 2021 (2022 for the Center), with early adoption permitted. The Center is currently evaluating the impact the adoption of this ASU will have on its consolidated financial statements.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Center is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 3 – Financial Assets and Liquidity Resources

The total financial assets held by the Center at December 31, 2021 and the amounts of those financial assets that could be made available for general expenditures, that is, without donor, lender, or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, are summarized in the following table:

Financial Assets at December 31, 2021	
Cash and cash equivalents	\$ 2,537,807
Restricted cash	1,842,040
Investments	4,543,697
Accounts receivable	3,570,451
Promises to give	<u>1,543,835</u>
TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2021	14,037,830
Less Amounts Not Available to Be Used within One Year, Due to:	
Lender Requirements:	
Restricted cash reserves	(1,842,040)
Donor-Imposed Restrictions:	
Promises to give with purpose or time restrictions	(1,543,835)
Funds held with purpose restrictions	<u>(2,216,653)</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 8,435,302</u>

DOWNTOWN WOMEN’S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 – Financial Assets and Liquidity Resources (Continued)

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of Downtown Women’s Center’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, Downtown Women’s Center has a line of credit of \$2,500,000, of which the entire amount was unused and available at December 31, 2021.

NOTE 4 – Restricted Cash

The Center is required under terms of various notes payable agreements to maintain reserves for property maintenance, operating expense shortfalls, or any discontinuance of rent subsidies received by the Center. The funds are required to be held in an interest-bearing account, earnings retained, and are not available for current use.

Restricted cash balances as of December 31, 2021 consists of the following:

<u>Lender</u>	<u>Reserve Requirements</u>	<u>Reserve Purpose</u>	<u>Amount</u>
MHP	\$850 per unit at the San Pedro Street Home	Replacement	\$ 615,566
Housing Authority	\$607 per unit at the Los Angeles Street Home or amounts required by senior financing	Replacement	28,832
MHP	\$150,237 initial funding, plus annual operating surpluses	Operating	169,742
MHP	\$504,806, plus annual funding of \$80,000 until the reserve reaches \$1,027,900	Transition	<u>1,027,900</u>
Total Restricted Cash for Lender Reserves			<u>\$ 1,842,040</u>

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 – Restricted Cash (Continued)

The Home Funds and CRA notes payable agreements (as described in Note 10) also contain provisions for replacement, operating and transition reserves. The agreements require minimum funding equal to or less than the MHP required reserves and additional funding only in periods of cash flow in excess of operating expenses.

NOTE 5 – Investments

Investments at December 31, 2021 consists of the following:

	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 1,405,847	\$ 1,348,442
Equities	<u>2,368,234</u>	<u>3,195,255</u>
	<u>\$ 3,774,081</u>	<u>\$ 4,543,697</u>

NOTE 6 – Fair Value Hierarchy

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Center groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 – Fair Value Hierarchy (Continued)

The following table presents assets at December 31, 2021 that are measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments				
Fixed income	\$ 1,348,442	\$ -	\$ -	\$ 1,348,442
Equities	3,195,255	-	-	3,195,255
Total	\$ 4,543,697	\$ -	\$ -	\$ 4,543,697

NOTE 7 – Promises to Give

The Center anticipates collection of outstanding pledges receivable at December 31, 2021 as follows:

Receivable in one year	\$ 1,181,191
Receivable in two to five years	365,116
	1,543,307
Less discount to present value	(2,472)
Net unconditional promises to give	\$ 1,543,835

NOTE 8 – Property and Equipment

Property and equipment at December 31, 2021 consists of the following:

		Estimated Useful Lives
Land	\$ 6,070,500	
Building and improvements	29,812,880	39.5 years
Furniture and equipment	967,002	5-20 years
Software and website	68,500	3 years
	36,918,882	
Less accumulated depreciation and amortization	(8,564,443)	
	\$ 28,354,439	

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 8 – Property and Equipment (Continued)

San Pedro Street Home

In February 2009, the city of Los Angeles donated land and a building (the San Pedro Street Home) to be used by the Center to expand program services. The six-story San Pedro Street Home is located at 434, 438, and 442 South San Pedro Street, Los Angeles, California. The Center completed the renovation of this building in December 2010, which provides seventy-one units of permanent, supportive, affordable housing, a drop-in day center, a social enterprise/job-training program, and the only medical and mental health clinic specializing in women's health on Skid Row. The completed rehabilitation created a new home for the Center and has resulted in a significant increase in both the housing offered and the number of women served by the Center.

In conjunction with the development of the San Pedro Street Home, an Agreement Containing Covenants Affecting Real Property was recorded by the city of Los Angeles restricting occupancy of the residential units for a period of at least 55 years to women who are homeless or at risk of homelessness and the total monthly rental charges affordable to persons at the very low income level or below. The Center reports the land value for the San Pedro Street Home as with donor restricted asset due to the nature of this restriction on use imposed at the time of donation.

Los Angeles Street Home

Also included in buildings and improvements are costs relating to the Center's renovation of its Los Angeles Street Home located at 325 and 333 Los Angeles Street, Los Angeles, California, which was completed in November 2012. The renovation of the facility includes an additional forty-eight residential units and serves chronically homeless women, providing a pathway out of homelessness and into personal stability. As part of the renovation project, the Center also opened the MADE by DWC Resale Boutique which provides quality products for sale to the Los Angeles community while providing on-the-job vocational education and training to the women that it serves.

NOTE 9 – Line of Credit

The Center has a line of credit agreement with a bank whereby it may borrow up to \$2,500,000 at the greater of 2.5% per year, or the prime rate as it exists (3.25% at December 31, 2021) minus 0.5%. The line of credit commitment expires March 31, 2023. At December 31, 2021, there was no balance outstanding on the line of credit.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 – Loans Payable

Loans payable at December 31, 2021 consists of the following:

CRA Permanent Loan	\$ 1,552,500
Housing Authority Loan – San Pedro Street Home	2,000,000
Housing Authority Loan – Los Angeles Street Home	1,395,282
Home Fund Loan	4,847,914
AHP Loan – San Pedro Street Home	420,000
AHP Loan – Los Angeles Street Home	390,000
MHP Loan	<u>7,985,142</u>
	<u>\$ 18,590,838</u>

The Center has entered into construction and permanent loan agreements with various lending and government entities. The City of Los Angeles Community Redevelopment Agency (CRA) loaned the Center \$950,000 (CRA Preconstruction Loan) for predevelopment costs associated with the development of a new site in 2010. Subsequent to the acquisition of the property, the CRA agreed to provide additional construction and permanent financing up to \$3,450,000 (CRA Permanent Loan) inclusive of the CRA Preconstruction Loan. The loan is secured by a second lien deed of trust, subordinate to the MHP loan on the San Pedro Street Home property and rights to plans with interest at 3%. Interest and principal payments are to be repaid in annual installments in the form of service credits, as defined by the agreement, for a period of twenty years. DWC has recognized a service credit as debt forgiveness in the accompanying consolidated statement of activities in the amount of \$172,500 for the year ended December 31, 2021. While the Los Angeles Housing and Community Investment Department, which is managing all CRA loans, has not formally approved the payment, management believes they have fulfilled the requisite duties outlined in the agreement to earn the service credit for the year ended December 31, 2021. At December 31, 2021, the CRA Permanent Loan balance was \$1,552,500.

In June 2009, the Center obtained financing from the Housing Authority of the County of Los Angeles (Housing Authority). The Housing Authority agreement provides for advances up to \$2,000,000 (Housing Authority Loan - San Pedro Street Home), secured by a fourth-lien position deed of trust on the San Pedro Street Home property, subject to interest at 3%.

Interest and principal repayments are due to the Housing Authority at 6.74% of residual receipts as defined by the agreement, of the leasing activities for the property payable through March 2065. It is not anticipated that the Center will have any residual receipts on the operation of the San Pedro Street Home that will activate the requirement to make cash repayments on the Housing Authority San Pedro Street Home Loan. At December 31, 2021, the Housing Authority San Pedro Street Home Loan balance was \$2,000,000.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 – Loans Payable (Continued)

In March 2012, the Center obtained financing from the Housing Authority. The Housing Authority agreement provides for advances up to \$1,395,282 (Housing Authority Loan - Los Angeles Street Home), secured by a deed of trust on the Los Angeles Street Home property, subject to interest at 3%. Principal repayments are to be made in annual installments of 50% of residual receipts, as defined by the agreement, for the operating year that is two years prior through June 1, 2066. It is not anticipated that the Center will have any residual receipts on the operation of the Los Angeles Street Home that will activate the requirement to make cash repayments on the Housing Authority Los Angeles Street Home Loan. At December 31, 2021, the outstanding balance was \$1,395,282.

The Center has a note payable to the City of Los Angeles Home Fund (Home Fund Loan). The Home Fund Loan is secured by a third-lien position deed of trust on the San Pedro Street Home property, subject to interest at 5%. Interest and principal repayments are due to the city of Los Angeles at 26.92% of the residual receipts of the project as defined by the agreement, payable through June 2066. It is not anticipated that the Center will have any residual receipts on the operation of the San Pedro Street Home that will activate the requirement to make cash payments on the Home Fund Loan. At December 31, 2021, the Home Fund Loan balance was \$4,847,914.

The Center has obtained financing from the Federal Home Loan Affordable Housing program (AHP Loan – San Pedro Street Home) to finance construction on the San Pedro Street Home. The loan is secured by a deed of trust with assignment of rents, security agreement and fixture filing and is subordinate to the MHP, CRA Preconstruction and Permanent Loans, Housing Authority Loan, and Home Fund Loan. The loan will be forgiven in November 2026 upon the Center fulfilling the restricted use requirements as defined in the agreement. At December 31, 2021, the AHP Loan – San Pedro Street Home balance was \$420,000.

In October 2013, the Center obtained financing from the Federal Home Loan Affordable Housing Program (AHP Loan – Los Angeles Street Home) for renovations at its Los Angeles Street Home. The loan is secured by a deed of trust with assignment of rents, security agreement, fixture filing and is subordinate to the Housing Authority Los Angeles Street Home Loan. The loan will be forgiven in November 2027 upon the Center fulfilling the restricted use requirements as defined in the agreement. At December 31, 2021, the loan balance was \$390,000.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 – Loans Payable (Continued)

In March 2012, the Center received proceeds in the amount of \$7,985,142 from the California Department of Housing and Community Development's Multifamily Housing Program (MHP), of which \$6,716,686 was used to fund repayment of a bank construction loan balance and related accrued interest. The MHP loan is secured by a first-lien position deed of trust and assignment of rents on the San Pedro Street Home. The loan is subject to interest at 3% per annum and matures March 2067. The Center is required to make payments in an amount equal to the lesser of the full amount of interest accruing on the unpaid principal amount advanced for the preceding 12-month period, or the amount determined by MHP, to be necessary to cover the costs of continued monitoring of the compliance of the Center's MHP Program. These payments are required should the Center have net cash flow as described in the agreement. It is not anticipated that the Center will have net cash flow from operations. In addition, the Center must make annual payments recorded as reductions in contingent interest equal to .42% of the principal balance. Annual payments made during the year ended December 31, 2021 were \$33,538. At December 31, 2021, the loan balance was \$7,985,142.

Certain loans payable contain provisions for interest accrual and payment should the Center generate residual receipts or net cash flow from operations. The Center does not anticipate generating income from operations requiring repayment of the accrued interest, but future repayment is reasonably possible.

Contingent interest payable associated with the forgivable debt as of December 31, 2021 is summarized below:

Housing Authority-San Pedro Street Home Loan	\$ 714,943
Housing Authority-Los Angeles Street Home Loan	386,777
Home Fund Loan	2,826,752
MHP Loan	<u>2,044,102</u>
Total contingent interest payable	<u>\$ 5,972,574</u>

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 11 – PPP Loan Advance

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of the coronavirus COVID-19 as an international pandemic. Because of the severity and global nature of the COVID-19 pandemic, it is reasonably possible that the estimates in the consolidated financial statements will change in the near term and the effect of such change could be material. The impact on the Center's business could be significant and have a material impact on its consolidated financial position and operating results. There is significant uncertainty and management is in the process of evaluating the potential future impact on the Center and the consolidated financial statements.

On April 15, 2020, the Center received a Paycheck Protection Program (PPP) loan totaling \$928,781 under the Coronavirus Aid Relief and Economic Security (CARES) Act. Under the terms of the PPP, the loan is unsecured, has a 2-year term, and accrues interest at 1%. The loan is structured to be forgiven if the proceeds are used for their intended purpose, which includes employee wages, benefits, payroll taxes and rent, utilities and mortgage interest for the covered period. In June 2021, the Center received notification from the Small Business Administration that the loan was forgiven in full. The Center recognized the forgiveness as income on the consolidated statement of activities for the year ended December 31, 2021.

NOTE 12 – Commitments

Operating Leases

The Center leases certain office equipment under an operating lease expiring June 2024. Future minimum rental payments are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 63,564
2023	20,577
2024	<u>4,992</u>
	<u>\$ 89,133</u>

Rental expense for the year ended December 31, 2021 was \$67,648.

DOWNTOWN WOMEN’S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 13 – Rental Subsidy

The Center entered into an agreement with the Housing Authority that provides a rental subsidy to the Center for select units in its San Pedro Street Home through December 2025. The Housing Authority distributes funding provided by federal Housing and Urban Development (HUD). The Housing Authority provides housing assistance payments (HAP) for units designated for families receiving supportive services. There are currently 66 units that are designated for use by HAP recipients. During the year ended December 31, 2021, the Center received \$669,377 in HAP payments which is included on the consolidated statement of activities in rental income.

NOTE 14 – Retirement Plan

The Center has a defined contribution retirement plan covering all eligible employees with one year of service. The Center may make discretionary contributions to the plan. The Center’s contributions to the plan totaled \$20,164 during the year ended December 31, 2021.

NOTE 15 – Net Assets With Donor Restrictions

The activity of net assets with donor restrictions for the year ended December 31, 2021 is as follows:

	<u>Balance at 12/31/20</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance at 12/31/21</u>
Net assets restricted for time or purpose:				
Capital Campaign	\$ 521,211	\$ -	\$ (46,300)	\$ 474,911
Permanent supportive housing and domestic violence	385,171	1,640,000	(587,988)	1,437,183
Housing	219,130	205,000	(203,931)	220,199
Community-based housing	10,000	-	(10,000)	-
Veterans program	39,815	25,000	(6,000)	58,815
Social enterprise programs	4,886	50,000	(31,088)	23,798
Health and wellness	143,609	661,654	(179,623)	625,640
Other	196,540	527,000	(323,598)	399,942
Time restrictions	<u>56,500</u>	<u>520,000</u>	<u>(56,500)</u>	<u>520,000</u>
	1,576,862	3,628,654	(1,445,028)	3,760,488
Donated land, restricted	<u>5,480,000</u>	<u>-</u>	<u>-</u>	<u>5,480,000</u>
	<u>\$ 7,056,862</u>	<u>\$ 3,628,654</u>	<u>\$ (1,445,028)</u>	<u>\$ 9,240,488</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Downtown Women's Center:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Downtown Women's Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Downtown Women's Center's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Downtown Women's Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Downtown Women's Center's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
September 20, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Downtown Women's Center:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Downtown Women's Center's (the Center) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2021. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Center as of and for the year ended December 31, 2021, and have issued our report thereon dated September 20, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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



Long Beach, California
September 20, 2022

DOWNTOWN WOMEN'S CENTER

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures
U. S. Department of Housing and Urban Development		
Continuum of Care Program		
Pass Through:		
Los Angeles Homeless Services Authority	14.267	\$ 411,463
Los Angeles Homeless Services Authority	14.267	<u>1,307,641</u>
		1,719,104
 Los Angeles Homeless Services Authority	 14.231-ESG	 293,368
 LA Rise CDBG-COVID		
Pass Through:		
Economic and Workplace Development Department	14.218	80,945
 U.S. Department of Treasury		
Coronavirus Relief Fund		
Los Angeles Homeless Services Authority	21.019	337,128
 U.S. Department of Justice		
Crime Victim Assistance		
Pass Through:		
California Governor's Office of Emergency Services	16.575	<u>351,349</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,781,894</u>

DOWNTOWN WOMEN'S CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Downtown Women's Center, under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Downtown Women's Center, it is not intended to and does not present the net position, changes in revenue, expenses and net position, or cash flows of Downtown Women's Center.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected in the Schedule represent adjustments or credits resulting from the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – Indirect Cost Rate

Downtown Women's Center has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

DOWNTOWN WOMEN'S CENTER

**SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

The auditors express an unmodified opinion on whether the financial statements of Downtown Women's Center were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – No

Federal Awards

Internal control over major programs

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Type of auditors' report issued on compliance for major programs – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? – No
5. Identification of major programs: Continuum of Care Program (CFDA 14.267)
6. Dollar threshold used to distinguish between type A and type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? – No

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

DOWNTOWN WOMEN'S CENTER

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

	<u>DWC ⁽¹⁾</u>	<u>LLC ⁽¹⁾</u>	<u>San Pedro Street Home</u>	<u>DWC SP2 LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS						
Cash and cash equivalents	\$ 2,355,593	\$ 182,214	\$ -	\$ -	\$ -	\$ 2,537,807
Investments	4,543,697	-	-	-	-	4,543,697
Accounts receivable, net	3,067,880	32,571	-	470,000	-	3,570,451
Promises to give, net	1,543,835	-	-	-	-	1,543,835
Loan receivable	470,000	-	-	-	(470,000)	-
Prepays and other assets	322,084	-	-	-	(153,425)	168,659
Restricted cash	28,832	-	1,813,208	-	-	1,842,040
Property and equipment, net	5,592,592	22,761,847	-	-	-	28,354,439
Allocation of San Pedro						
Street Home assets	8,575,222	(220,598)	(9,384,490)	-	1,029,866	-
Investment in LLC	<u>7,214,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,214,305)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 33,714,040</u>	<u>\$ 22,756,034</u>	<u>\$ (7,571,282)</u>	<u>\$ 470,000</u>	<u>\$ (6,807,864)</u>	<u>\$ 42,560,928</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 1,563,973	153,425	\$ 2,650	\$ -	\$ (153,425)	\$ 1,566,623
Loans payable	<u>1,785,282</u>	<u>16,805,556</u>	<u>-</u>	<u>470,000</u>	<u>(470,000)</u>	<u>18,590,838</u>
Total Liabilities	<u>3,349,255</u>	<u>16,958,981</u>	<u>2,650</u>	<u>470,000</u>	<u>(623,425)</u>	<u>20,157,461</u>
NET ASSETS	<u>30,364,785</u>	<u>5,797,053</u>	<u>(7,573,932)</u>	<u>-</u>	<u>(6,184,439)</u>	<u>22,403,467</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,714,040</u>	<u>\$ 22,756,034</u>	<u>\$ (7,571,282)</u>	<u>\$ 470,000</u>	<u>\$ (6,807,864)</u>	<u>\$ 42,560,928</u>

(1) The assets, liabilities, net assets and member's equity of DWC and LLC presented above are not complete as they exclude amounts allocated to "San Pedro Street Home." Assets, liabilities, net assets and member's equity of San Pedro Street Home have been presented separately according to the single asset prescribed format.

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>DWC ⁽²⁾</u>	<u>LLC ⁽²⁾</u>	<u>San Pedro Street Home</u>	<u>Eliminations</u>	<u>Consolidated</u>
SUPPORT AND REVENUE:					
Support:					
Grant income	\$ 11,477,073	\$ -	\$ -	\$ -	\$ 11,477,073
Contributions	5,755,464	-	-	-	5,755,464
Special event income (net of direct expenses of \$44,266)	371,173	-	-	-	371,173
In-kind support	512,771	-	-	-	512,771
Debt forgiveness	-	172,500	-	-	172,500
Total Support	<u>18,116,481</u>	<u>172,500</u>	<u>-</u>	<u>-</u>	<u>18,288,981</u>
Other Revenue:					
Net investment return	569,652	405	-	-	570,057
Rental income	903,948	-	822,264	(822,264)	903,948
Social enterprise income	269,790	-	-	-	269,790
Payroll protection program forgiveness	928,781	-	-	-	928,781
Other revenue	1,228	-	-	-	1,228
Total Other Revenue	<u>2,673,399</u>	<u>405</u>	<u>822,264</u>	<u>(822,264)</u>	<u>2,673,804</u>
Total Support and Other Revenue	<u>20,789,880</u>	<u>172,905</u>	<u>822,264</u>	<u>(822,264)</u>	<u>20,962,785</u>
EXPENSES					
Program services	13,463,725	822,264	1,502,399	(822,264)	14,966,124
Fundraising	807,055	-	89,955	-	897,010
Management and general	996,192	15	111,132	-	1,107,339
Total Expenses	<u>15,266,972</u>	<u>822,279</u>	<u>1,703,486</u>	<u>(822,264)</u>	<u>16,970,473</u>
CHANGE IN NET ASSETS AND MEMBER'S EQUITY	5,522,908	(649,374)	(881,222)	-	3,992,312
EQUITY ADJUSTMENT TO LLC INVESTMENT	(458,054)	-	-	458,054	-
NET ASSETS AND MEMBER'S EQUITY, BEGINNING OF YEAR	<u>25,299,931</u>	<u>6,446,427</u>	<u>(6,692,710)</u>	<u>(6,642,493)</u>	<u>18,411,155</u>
NET ASSETS, END OF YEAR	<u>\$ 30,364,785</u>	<u>\$ 5,797,053</u>	<u>\$ (7,573,932)</u>	<u>\$ (6,184,439)</u>	<u>\$ 22,403,467</u>

(2) The support and other revenue, expenses and member's equity and net assets of DWC and LLC presented above are not complete, as they exclude amounts allocated to "San Pedro Street Home." Support and other revenue, expenses and member's equity and net assets of San Pedro Street Home have been presented separately according to the single-asset prescribed format.

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	DWC	LLC	San Pedro Street Home	DWC SP2 LLC	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ 5,522,908	\$ (649,374)	\$ (881,222)	\$ -	\$ 3,992,312
Adjustments to reconcile change in net assets to net cash from operating activities:					
Stock donations received	(136,098)	-	-	-	(136,098)
Unrealized gain on investments	(445,267)	-	-	-	(445,267)
Forgiveness of loan	-	(172,500)	-	-	(172,500)
Forgiveness on PPP loan	(928,781)	-	-	-	(928,781)
Transfer of San Pedro rental revenue	(822,279)	822,279	-	-	-
Depreciation	190,270	-	630,944	-	821,214
Changes in:					
Accounts receivable	(1,161,994)	(2,386)	-	(398,070)	(1,562,450)
Promises to give, net	(1,080,107)	-	-	-	(1,080,107)
Prepays and other assets	(137,088)	-	-	-	(137,088)
Accounts payable and accrued expenses	471,665	-	-	-	471,665
Net Cash Provided By (Used In)					
Operating Activities	<u>1,473,229</u>	<u>(1,981)</u>	<u>(250,278)</u>	<u>(398,070)</u>	<u>822,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	2,484,356	-	-	-	2,484,356
Purchases of investments	(2,460,897)	-	-	-	(2,460,897)
Purchase of property and equipment	(166,994)	-	-	-	(166,994)
Net Cash Used In Investing Activities	<u>(143,535)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,535)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Net change in line of credit	(1,245,000)	-	-	-	(1,245,000)
SP2 funding	-	-	-	398,070	398,070
San Pedro Street Home funding	(680,313)	(29,457)	311,700	-	(398,070)
Net Cash Provided By (Used In)					
Financing Activities	<u>(1,925,313)</u>	<u>(29,457)</u>	<u>311,700</u>	<u>398,070</u>	<u>(1,245,000)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
	(595,619)	(31,438)	61,422	-	(565,635)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR					
	<u>2,980,044</u>	<u>213,652</u>	<u>1,751,786</u>	<u>-</u>	<u>4,945,482</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR					
	<u>\$ 2,384,425</u>	<u>\$ 182,214</u>	<u>\$ 1,813,208</u>	<u>\$ -</u>	<u>\$ 4,379,847</u>

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT - SCHEDULES OF OPERATING REVENUE
SAN PEDRO STREET HOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Schedule of Operating Revenue		2021	2020
Rent Revenue			
5120	Rent Revenue - Gross Potential	\$ 365,316	\$ 344,544
5121	Tenant Assistance Payments	646,332	680,304
5140	Rent Revenue - Stores & Commercial	-	-
5170	Rent Revenue - Garage & Parking	-	-
5180	Flexible Subsidy Revenue	-	-
5190	Miscellaneous Rent Revenue	-	-
	Miscellaneous - Rent receivable deemed uncollectible	-	-
5100T	Total Rent Revenue	1,011,648	1,024,848
 Vacancies			
5220	Apartments	-	-
5240	Stores & Commercial	-	-
5250	Rental Concessions	189,384	69,486
5270	Garage & Parking Spaces	-	-
5290	Miscellaneous - Rent receivable deemed uncollectible	-	-
5200T	Total Vacancies	189,384	69,486
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)	822,264	955,362
 Financial Revenue			
5410	Financial Revenue-Projects Operations	-	-
5430	Revenue from Investments-Residual Receipts	-	-
5440	Revenue from Investments-Replacement Reserves	-	-
5490	Revenue from Investments-Miscellaneous	-	-
5400T	Total Financial Revenue	-	-
 Other Revenue			
5910	Laundry & Vending Revenue	-	-
5920	Tenant Charges	-	-
5990	Miscellaneous Revenue	-	-
5900T	Total Other Revenue	-	-
5000T	Total Revenue	\$ 822,264	\$ 955,362

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT - SCHEDULES OF OPERATING EXPENSES
SAN PEDRO STREET HOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

		2021	2020
Schedule of Operating Expenses			
Administrative Expenses			
6203	Conventions & Meetings	\$ -	\$ -
6204	Management Consultants	-	-
6210	Advertising & Marketing	-	-
6250	Other Renting Expenses	-	-
6310	Office Salaries	124,077	116,335
6311	Office Expense	7,264	6,494
6312	Office or Model Apartment Rent	-	-
6320	Management Fee	-	-
6330	Manager or Superintendent Salaries	464,743	432,778
6331	Administrative Rent Free Unit	-	-
6340	Legal Expense - Project	-	-
6350	Audit Expense	-	-
6351	Bookkeeping Fees/Accounting Services	-	-
6370	Bad Debts	-	-
6390	Miscellaneous Administrative Expenses		
	6390-10 Description: Technology	18,679	17,729
	6390-20 Description: Consulting	1,854	1,543
	6390-30 Description: Staff Travel and Meals	193	409
	6390-40 Description: Cable Service	1,284	4,490
	6390-50 Description: Mileage and Parking	-	-
	6390-60 Description: Staff Development	1,396	1,142
	6390-70 Description: Dues and Subscriptions	2,545	2,181
6263T	Total Administrative Expenses	622,035	583,101
Utilities Expenses			
6450	Electricity	113,733	88,699
6451	Water	-	-
6452	Gas	2,375	2,036
6453	Sewer	-	-
6400T	Total Utilities Expenses	116,108	90,735

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

SINGLE ASSET REPORT - SCHEDULES OF OPERATING EXPENSES

SAN PEDRO STREET HOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Continued)

		<u>2021</u>	<u>2020</u>
Schedule of Operating Expenses			
Operating and Maintenance Expenses			
6510	Payroll	23,354	21,737
6515	Supplies	23,776	23,104
6520	Contracts	-	-
6521	Operating & Maintenance Rent Free Unit	-	-
6525	Garbage & Trash Removal	3,924	3,674
6530	Security Payroll/Contracts	32,184	30,667
6531	Security Rent Free Unit	-	-
6546	Heating/Cooling Repairs & Maintenance	-	-
6548	Snow Removal	-	-
6570	Vehicle & Maintenance Equipment Operation & Repairs	-	-
6580	Lease Expense	-	-
6590	Miscellaneous Operations & Maintenance Expenses	<u>39,395</u>	<u>70,396</u>
6500T	Total Operating & Maintenance Expenses	<u>122,633</u>	<u>149,578</u>
Taxes & Insurance			
6710	Real Estate Taxes	-	-
6711	Payroll Taxes	43,553	35,914
6720	Property & Liability Insurance	10,297	7,846
6721	Fidelity Bond Insurance	-	-
6722	Workmen's Compensation	10,408	8,786
6723	Health Insurance & Other Benefits	52,997	65,301
6790	Miscellaneous. Taxes, Licenses, Permits & Insurance	<u>(226)</u>	<u>1,765</u>
6700T	Total Taxes & Insurance Expenses	<u>117,029</u>	<u>119,612</u>
Financial Expenses			
6820	Interest on Mortgage Payable	33,538	33,538
6825	Interest on Other Mortgages	-	-
6890	Miscellaneous Financial Expenses:	-	-
6891	Replacement Reserve Deposit	61,200	61,200
6892	Transition Reserve Deposit	-	-
6800T	Total Financial Expenses	<u>94,738</u>	<u>94,738</u>

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

SINGLE ASSET REPORT - SCHEDULES OF OPERATING EXPENSES

SAN PEDRO STREET HOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Continued)

		<u>2021</u>	<u>2020</u>
Schedule of Operating Expenses			
	Nursing Homes/Assisted Living/Board & Care/ Other Elderly Expenses 6930-6990	-	-
		<u>-</u>	<u>-</u>
	Total Nursing Home/Assisted Living/Board Care/ other Elderly Expenses	-	-
6900T		<u>-</u>	<u>-</u>
6000	Total Cost of Operations before Depreciation	<u>1,072,543</u>	<u>1,037,764</u>
5060T	Operating Profit (Loss) before Depreciation	<u>(250,278)</u>	<u>(82,402)</u>
Depreciation & Amortization Expenses			
6600	Depreciation Expense	630,944	648,814
6610	Amortization Expense	-	-
5060N	Operating Profit (Loss)	<u>(881,222)</u>	<u>(731,216)</u>
Net Entity Expenses			
7142	Interest on Mortgage Payable	-	-
7190	Other Expenses	-	-
	7190-010 Description: Asset Management Fee	-	-
	7190-020 Amount:	-	-
	7190-010 Description: Partnership Management Fee	-	-
	7190-020 Amount:	-	-
7100T	Total Net Entity Expenses	<u>-</u>	<u>-</u>
3250	Change in Total Net Assets from Operations (Net Loss)	<u>\$ (881,222)</u>	<u>\$ (731,216)</u>

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT - RESERVES FOR REPLACEMENTS
AND OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Replacement Reserve Account			San Pedro Street Home Transition Reserve Account	Other Reserve	Tenant Security Deposits	
	San Pedro Street Home Operating Reserve	San Pedro Street Home	Los Angeles Street Home			San Pedro Street Home	Los Angeles Street Home
Annual Required Deposits	\$ -	\$ 61,200	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Balance - January 1, 2021	\$ 169,697	\$ 554,190	\$ 28,829	\$ 1,027,900	\$ -	\$ 2,650	\$ 5,399
Actual Deposits	-	61,200	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	-	50
Interest Earned	73	179	3	-	-	-	-
	<u>169,770</u>	<u>615,569</u>	<u>28,832</u>	<u>1,027,900</u>	<u>-</u>	<u>2,650</u>	<u>5,449</u>
Withdrawals	-	-	-	-	-	-	-
Bank Charges	(28)	(3)	-	-	-	-	-
Other Debits/Reductions	-	-	-	-	-	-	-
Security Deposits Returned	-	-	-	-	-	-	(1,600)
Security Deposits Deducted	-	-	-	-	-	-	-
Interest Paid Upon Move-Out	-	-	-	-	-	-	-
	<u>(28)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,600)</u>
Ending Balance - December 31, 2021	\$ <u>169,742</u>	\$ <u>615,566</u>	\$ <u>28,832</u>	\$ <u>1,027,900</u>	\$ <u>-</u>	\$ <u>2,650</u>	\$ <u>3,849</u>

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT - COMPUTATION OF OPERATING CASH FLOW/
SURPLUS CASH**

FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Cash Flow/Surplus Cash Computations - per HCD/CalHFA Regulatory Agreements
Operating Cash Flow/ Surplus Cash will be distributed according to the HCD Method

	2021	2020
Operating Income		
Total Income	\$ 822,264	\$ 955,362
Interest earned on restricted reserve accounts	(255)	(2,108)
Adjusted operating income	822,009	953,254
Operating Expenses	(1,167,280)	(904,196)
Adjusted net income	(345,271)	49,058
Other Activity		
Interest on mortgage payable	(33,538)	(33,538)
Replacement reserve deposit	(61,200)	(61,200)
Transition reserve deposit	-	-
Total other activity	(94,738)	(94,738)
Operating cash flow/surplus cash	(440,009)	(45,680)
Distributions and loan payments:		
50% to HCD MHP loan	-	-
50% split and paid as follows per Regulatory Agreement:		
54% to HCD MHP loan	-	-
32% to City of Los Angeles Housing Department	-	-
14% to Community Development Commission of the County of LA	-	-
	-	-
Total distributions to owner and lenders	\$ -	\$ -

See Independent Auditors' Report