

640 HERITAGE
PRESERVATION FOUNDATION

FINANCIAL STATEMENTS
DECEMBER 31, 2014

PKF

640 HERITAGE PRESERVATION FOUNDATION

December 31, 2014

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Accountants and
business advisers

Independent Accountant's Review Report

Board of Directors
640 Heritage Preservation Foundation
San Francisco, California

We have reviewed the accompanying statements of financial position of 640 Heritage Preservation Foundation as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A stylized, handwritten-style logo for PKF, with the letters 'PKF' in a dark, ink-like font.

Certified Public Accountants
A Professional Corporation

July 29, 2015

640 HERITAGE PRESERVATION FOUNDATION

Statements of Activities

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support						
Contributions	\$ 210,142	\$ 570,010	\$ 780,152	\$ 119,647	\$ 226,434	\$ 346,081
Contributions - Bliss-Faville Project	-	30,000	30,000	-	15,000	15,000
Special event - Heritage Fair	47,502	137,413	184,915	26,510	-	26,510
Investment return	137	-	137	-	474	474
Net assets released from restrictions	750,277	(750,277)	-	730,000	(730,000)	-
Total revenues, gains and other support	1,008,058	(12,854)	995,204	876,157	(488,092)	388,065
Expenses						
Program services						
Grant to Metropolitan Club	715,000	-	715,000	730,000	-	730,000
Special events:						
Heritage Fair	75,314	-	75,314	-	-	-
Bliss-Faville Project	12,863	-	12,863	-	-	-
Other	4,120	-	4,120	15,562	-	15,562
Total program services	807,297	-	807,297	745,562	-	745,562
Support services						
Management and general	36,750	-	36,750	62,204	-	62,204
Fundraising and development	56,678	-	56,678	40,279	-	40,279
Total support services	93,428	-	93,428	102,483	-	102,483
Total expenses	900,725	-	900,725	848,045	-	848,045
Change in net assets	107,333	(12,854)	94,479	28,112	(488,092)	(459,980)
Net assets - beginning of year	90,416	244,621	335,037	62,304	732,713	795,017
Net assets - end of year	\$ 197,749	\$ 231,767	\$ 429,516	\$ 90,416	\$ 244,621	\$ 335,037

See independent accountant's review report and notes to the financial statements

640 HERITAGE PRESERVATION FOUNDATION

Statements of Cash Flows

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Cash flows from operating activities						
Change in net assets	\$ 107,333	\$ (12,854)	\$ 94,479	\$ 28,112	\$ (488,092)	\$ (459,980)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities						
(Increase) decrease in operating assets						
Due (to)/from	(78)	78	-	-	-	-
Promises to give	(4,070)	-	(4,070)	(1,000)	29,583	28,583
Prepaid expenses	717	-	717	1,472	-	1,472
Increase (decrease) in operating liabilities						
Accounts payable	3,010	-	3,010	2,252	-	2,252
Due to Metropolitan Club	14,656	-	14,656	(14,307)	-	(14,307)
Net cash provided by (used in) operating activities	121,568	(12,776)	108,792	16,529	(458,509)	(441,980)
Net increase (decrease) in cash	121,568	(12,776)	108,792	16,529	(458,509)	(441,980)
Cash - beginning of year	101,157	244,543	345,700	84,628	703,052	787,680
Cash - end of year	\$ 222,725	\$ 231,767	\$ 454,492	\$ 101,157	\$ 244,543	\$ 345,700

See independent accountant's review report and notes to the financial statements

640 HERITAGE PRESERVATION FOUNDATION

Notes to the Financial Statements
December 31, 2014

Note 1 - Nature of activities and summary of significant accounting policies

Nature of activities

The 640 Heritage Preservation Foundation (Foundation) is located in San Francisco, California and is a nonprofit public benefit corporation organized exclusively for charitable and educational purposes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to preserve and memorialize the history, architecture and heritage of the Woman's Club movement in the early 1900's. Also to research, preserve and restore land, buildings and other articles relating to the history and architecture of woman's athletic clubs with particular reference to the Woman's Athletic Club of San Francisco located at 640 Sutter Street now known as the Metropolitan Club of San Francisco and to raise and disburse funds to accomplish these purposes. Resources for the Foundation's activities are primarily provided by contributions from the members of the Metropolitan Club.

Stewardship campaign and other fundraising

The Foundation had a Stewardship Campaign. The initial effort was a private fundraising capital campaign to raise a portion of the funds needed for essential seismic and life safety work at the historic 640 Sutter Street Building. This project accomplished seismic strengthening and fire safety improvements, which was funded by member assessments, Metropolitan Club reserve funds, a construction loan with First Republic Bank and private funds raised by the Foundation. The Campaign concluded in April 2010, and the Foundation raised approximately \$5,335,000.

The Foundation continues raising funds for the purpose of assisting the Metropolitan Club in paying down the principal portion of the construction loan relating to the essential seismic structuring and life safety improvements. Grants are approved at the discretion of the Foundation Board.

The Foundation granted \$715,000 in 2014 and \$730,000 in 2013 to the Metropolitan Club, in accordance with the mission of the Foundation. The Foundation received \$737,423 in 2014 and \$241,434 in 2013 in temporarily restricted contributions.

Basis of accounting

The accounts of the Foundation are maintained and the financial statements are prepared on the accrual basis of accounting. Accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

640 HERITAGE PRESERVATION FOUNDATION

Notes to the Financial Statements
December 31, 2014

Note 1 - Nature of activities and summary of significant accounting policies (continued)

Basis of presentation

The financial statement presentation is in accordance with FASB ASC 958 for Not-for-Profit Entities. Under these provisions, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. The Foundation does not have any permanently restricted net assets.

Use of estimates

The financial statements include estimates and assumptions made by management that affect the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates.

Concentration of credit risk

The Foundation maintains deposit accounts with banks that are in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash.

Contributions

The Foundation accounts for contributions in accordance with the recommendations of FASB ASC 958 for Not-for-Profit Entities. In accordance with these provisions, contributions received are recorded as increases in unrestricted or restricted net assets depending upon the existence or nature of any donor restrictions, if any.

All donor restrictions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Promises to give

Unconditional promises to give are recognized as contribution revenue in the period received. Promises to give are recorded at net realizable value if expected to be collected in one year, and at fair value if expected to be collected in more than one year. The Foundation uses the present value of future cash flows, which is an income approach valuation technique, for measuring the fair value of unconditional promises to give. In determining this fair value, the Foundation may consider 1) when the promise is expected to be collected, 2) the credit worthiness of the donor, 3) past collection experience, 4) collection enforcement policies and 5) uncertainties inherent in estimating future cash flows (i.e. variations in timing and amounts).

Notes to the Financial Statements
December 31, 2014

Note 1 - Nature of activities and summary of significant accounting policies (continued)

When necessary, the Club provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the allowance for promises to give based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible and a credit to promises to give.

Income taxes

The Foundation is classified as a Section 501(c)(3) organization under the Internal Revenue Code and Section 13.2210(e) of the California Revenue and Taxation Code. As a result, the Foundation is exempt from federal income and state franchise taxes. However, income from activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Uncertain tax positions

The Foundation identifies and evaluates all uncertain tax positions and believes that positions taken are more-likely-than-not to be sustained upon examination for all open tax years. The Foundation's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and a period of four years for California taxing authorities.

Subsequent events

Subsequent events are events or transactions that occur after the date of the statement of financial position but before the financial statements are available to be issued. The Foundation evaluates all subsequent events and transactions to determine whether any transaction needs to be recognized or disclosed. The Foundation has evaluated all subsequent events through July 29, 2015, which is the date the financial statements are available to be issued, and has determined no events or transactions need to be recognized or disclosed in these financial statements.

Notes to the Financial Statements
December 31, 2014

Note 2 - Promises to give

Unconditional promises to give are as follows:

	December 31	
	2014	2013
Receivable in less than one year	\$ 5,070	\$ 1,000
Allowance for uncollectible promises to give	-	-
Total promises to give	<u>\$ 5,070</u>	<u>\$ 1,000</u>

Note 3 - Due to Metropolitan Club

The Foundation reimburses the Club for a portion of salary and employee benefits, as well as, other program and support service expenses. The Foundation owed the Club \$24,067 and \$9,411 for reimbursable expenses at December 31, 2014 and 2013, respectively.