

**PENINSULA VOLUNTEER
PROPERTIES, INC.**

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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Board of Directors
Peninsula Volunteer Properties, Inc.
Menlo Park, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Peninsula Volunteer Properties, Inc., a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peninsula Volunteer Properties, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – New Accounting Standard

As discussed in Note 2 to the financial statements, Peninsula Volunteer Properties, Inc. adopted the new accounting guidance required by accounting principles generally accepted in the United States of America on leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Peninsula Volunteer Properties, Inc.'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 Peninsula Volunteer Properties, Inc.'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information on pages 19 through 24 is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Lindquist, von Husen and Joyce LLP

October 17, 2023

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 273,822	\$ 222,598
Accounts receivable:		
Tenant	14,239	5,638
Subsidy	6,852	5,763
Prepaid expenses	5,012	4,896
Investments (Note 4)	19,453,570	20,309,248
Total current assets	19,753,495	20,548,143
Restricted cash (Note 3):		
Replacement reserve	15,632	24,714
Tax and insurance reserve	136,692	96,351
Tenant security deposits	56,594	53,148
Property and equipment – net (Note 5)	3,131,832	3,230,439
Total assets	\$ 23,094,245	\$ 23,952,795
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 91,899	\$ 99,431
Related-party payable (Note 6)	15,770	-
Deferred revenue	2,112	2,236
Total current liabilities	109,781	101,667
Tenant security deposits	50,964	47,519
Total liabilities	160,745	149,186
Net assets:		
Without donor restrictions	22,933,500	23,803,609
Total liabilities and net assets	\$ 23,094,245	\$ 23,952,795

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

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2022 AND 2021

	<i>Without Donor Restrictions</i>	
	<u>2022</u>	<u>2021</u>
Revenue:		
Gross potential rent	\$ 3,164,446	\$ 3,082,336
Less: vacancies and concessions	(54,369)	(123,699)
	<u>3,110,077</u>	<u>2,958,637</u>
Other	7,680	10,318
Investment income	375,070	262,237
Realized and unrealized gain (loss) on investments (Note 4)	(2,526,152)	1,673,683
Total revenue	<u>966,675</u>	<u>4,904,875</u>
Expenses:		
Program services	1,484,165	1,330,464
Management and general	115,340	106,301
Total expenses	<u>1,599,505</u>	<u>1,436,765</u>
Change in net assets before other expenses	<u>(632,830)</u>	<u>3,468,110</u>
Other expenses:		
Depreciation	205,931	208,585
Resident services expenses	31,348	24,063
Change in net assets	<u>(870,109)</u>	<u>3,235,462</u>
Net assets, beginning of year	<u>23,803,609</u>	<u>20,568,147</u>
Net assets, end of year	<u><u>\$ 22,933,500</u></u>	<u><u>\$ 23,803,609</u></u>

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

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022					
	<i>Program Services</i>			<i>Total Program Services</i>	<i>Management and General</i>	<i>Total</i>
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/Kennedy</i>			
Administrative expenses:						
Office and administrative salaries	\$ -	\$ 91,478	\$ 12,551	\$ 104,029	\$ 29,193	\$ 133,222
Consultants	-	5,934	135	6,069	-	6,069
Service coordinator	-	81,359	-	81,359	-	81,359
Marketing and dues	-	4,809	625	5,434	-	5,434
Property management fees	-	112,219	21,600	133,819	-	133,819
Management fees – PVI	-	52,873	6,000	58,873	-	58,873
Manager’s salary	-	61,419	10,079	71,498	-	71,498
Manager’s rent free unit	-	33,792	-	33,792	-	33,792
Office supplies and contracts	-	28,268	2,722	30,990	63	31,053
Legal expense	-	-	-	-	-	-
Audit and bookkeeping	-	-	-	-	31,086	31,086
Payroll processing fees	-	12,314	922	13,236	-	13,236
Telephone and answering service	-	17,605	4,506	22,111	-	22,111
Investment custodial and advisory fees	-	-	-	-	54,710	54,710
Miscellaneous	-	534	911	1,445	88	1,533
Total administrative expenses	\$ -	\$ 502,604	\$ 60,051	\$ 562,655	\$ 115,140	\$ 677,795
Utilities:						
Electricity	\$ -	\$ 100,628	\$ 6,264	\$ 106,892	\$ -	\$ 106,892
Water	-	35,023	15,688	50,711	-	50,711
Gas	-	63,286	4,487	67,773	-	67,773
Total utilities expenses	\$ -	\$ 198,937	\$ 26,439	\$ 225,376	\$ -	\$ 225,376

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

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022					
	<i>Program Services</i>			<i>Management and General</i>	Total	
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/ Kennedy</i>			
Operating and maintenance:						
Maintenance salaries	\$ -	\$ 122,596	\$ 7,451	\$ 130,047	\$ -	\$ 130,047
Carpets	-	11,640	-	11,640	-	11,640
Custodial	-	58,925	250	59,175	-	59,175
Exterminating	-	8,766	15,084	23,850	-	23,850
Security	-	15,950	9,009	24,959	-	24,959
Grounds	-	20,389	11,252	31,641	-	31,641
General repair and appliance	-	35,674	10,882	46,556	-	46,556
Elevator and electrical	-	14,085	5,276	19,361	-	19,361
Heating/cooling and maintenance	-	28,712	78	28,790	-	28,790
Plumbing	-	40,220	10,463	50,683	-	50,683
Decorating	-	12,323	982	13,305	-	13,305
Trash removal	-	33,533	7,385	40,918	-	40,918
Miscellaneous	-	12,053	28,978	41,031	-	41,031
Total operating and maintenance expenses	\$ -	\$ 414,866	\$ 107,090	\$ 521,956	\$ -	\$ 521,956
Taxes and insurance:						
Real estate taxes	\$ -	\$ 33,294	\$ 15,119	\$ 48,413	\$ -	\$ 48,413
Property and liability insurance	-	37,978	9,098	47,076	-	47,076
Directors and officers insurance	-	-	-	-	-	-
Payroll taxes and workers' compensation	-	42,451	2,944	45,395	-	45,395
Employee benefits	-	30,673	2,227	32,900	-	32,900
Miscellaneous tax license and permits	-	263	131	394	200	594
Total taxes and insurance expenses	\$ -	\$ 144,659	\$ 29,519	\$ 174,178	\$ 200	\$ 174,378
Sub-total	\$ -	\$ 1,261,066	\$ 223,099	\$ 1,484,165	\$ 115,340	\$ 1,599,505
Depreciation	\$ -	\$ 142,072	\$ 63,859	\$ 205,931	\$ -	\$ 205,931
Resident services expenses	-	22,037	9,311	31,348	-	31,348
Total expenses	\$ -	\$ 1,425,175	\$ 296,269	\$ 1,721,444	\$ 115,340	\$ 1,836,784

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

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2021					
	<i>Program Services</i>					
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/ Kennedy</i>	<i>Total Program Services</i>	<i>Management and General</i>	Total
Administrative expenses:						
Office and administrative salaries	\$ -	\$ 91,414	\$ 12,064	\$ 103,478	\$ 29,954	\$ 133,432
Consultants	-	415	45	460	-	460
Service coordinator	-	77,391	-	77,391	-	77,391
Marketing and dues	-	3,625	474	4,099	-	4,099
Property management fees	-	106,875	21,600	128,475	-	128,475
Management fees – PVI	-	45,071	6,000	51,071	-	51,071
Manager’s salary	-	58,647	9,865	68,512	-	68,512
Manager’s rent free unit	-	32,904	-	32,904	-	32,904
Office supplies and contracts	-	31,826	3,658	35,484	-	35,484
Legal expense	-	1,711	268	1,979	-	1,979
Audit and bookkeeping	-	-	-	-	37,430	37,430
Payroll processing fees	-	11,555	914	12,469	-	12,469
Telephone and answering service	-	18,723	8,724	27,447	-	27,447
Investment custodial and advisory fees	-	-	-	-	38,766	38,766
Miscellaneous	-	1,054	56	1,110	-	1,110
Total administrative expenses	\$ -	\$ 481,211	\$ 63,668	\$ 544,879	\$ 106,150	\$ 651,029
Utilities:						
Electricity	\$ -	\$ 85,383	\$ 8,432	\$ 93,815	\$ -	\$ 93,815
Water	-	37,050	16,742	53,792	-	53,792
Gas	-	45,857	3,008	48,865	-	48,865
Total utilities expenses	\$ -	\$ 168,290	\$ 28,182	\$ 196,472	\$ -	\$ 196,472

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

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2021					
	<i>Program Services</i>					
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/ Kennedy</i>	<i>Total Program Services</i>	<i>Management and General</i>	Total
Operating and maintenance:						
Maintenance salaries	\$ -	\$ 94,810	\$ 6,271	\$ 101,081	\$ -	\$ 101,081
Carpets	-	7,130	-	7,130	-	7,130
Custodial	-	52,152	265	52,417	-	52,417
Exterminating	-	9,338	2,264	11,602	-	11,602
Security	-	35,653	6,768	42,421	-	42,421
Grounds	-	27,017	11,751	38,768	-	38,768
General repair and appliance	-	30,126	4,320	34,446	-	34,446
Elevator and electrical	-	19,795	5,293	25,088	-	25,088
Heating/cooling and maintenance	-	5,497	590	6,087	-	6,087
Plumbing	-	36,105	7,278	43,383	-	43,383
Decorating	-	11,733	1,238	12,971	-	12,971
Trash removal	-	29,268	9,167	38,435	-	38,435
Miscellaneous	-	12,920	3,662	16,582	-	16,582
Total operating and maintenance expenses	\$ -	\$ 371,544	\$ 58,867	\$ 430,411	\$ -	\$ 430,411
Taxes and insurance:						
Real estate taxes	\$ -	\$ 30,840	\$ 14,233	\$ 45,073	\$ -	\$ 45,073
Property and liability insurance	-	29,373	8,811	38,184	-	38,184
Directors and officers insurance	-	-	-	-	-	-
Payroll taxes and workers' compensation	-	38,686	3,136	41,822	-	41,822
Employee benefits	-	30,757	2,760	33,517	-	33,517
Miscellaneous tax license and permits	-	106	-	106	151	257
Total taxes and insurance expenses	\$ -	\$ 129,762	\$ 28,940	\$ 158,702	\$ 151	\$ 158,853
Sub-total	\$ -	\$ 1,150,807	\$ 179,657	\$ 1,330,464	\$ 106,301	\$ 1,436,765
Depreciation	\$ -	\$ 143,716	\$ 64,869	\$ 208,585	\$ -	\$ 208,585
Resident services expenses	-	16,893	7,170	24,063	-	24,063
Total expenses	\$ -	\$ 1,311,416	\$ 251,696	\$ 1,563,112	\$ 106,301	\$ 1,669,413

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

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (870,109)	\$ 3,235,462
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	205,931	208,585
Unrealized loss (gain) on investments	2,747,089	(1,326,256)
(Increase) decrease in assets:		
Accounts receivable – tenant and subsidy	(8,034)	(6,501)
Other receivable	(1,656)	(1,522)
Prepaid expenses	(116)	(705)
Tenant security deposits – net	3,445	965
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(7,356)	41,495
Related-party payable	15,770	-
Deferred revenue	(300)	1,533
	2,084,664	2,153,056
Cash flows from investing activities:		
Net increase in investments	(1,891,411)	(2,333,028)
Purchase of property and equipment	(107,324)	(192,979)
	(1,998,735)	(2,526,007)
Decrease in cash, cash equivalents, and restricted cash	85,929	(372,951)
Cash, cash equivalents, and restricted cash, beginning of year	396,811	769,762
Cash, cash equivalents, and restricted cash, end of year	\$ 482,740	\$ 396,811
Cash and cash equivalents	\$ 273,822	\$ 222,598
Restricted cash:		
Replacement reserve	15,632	24,714
Tax and insurance reserve	136,692	96,351
Tenant security deposits	56,594	53,148
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 482,740	\$ 396,811

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

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Peninsula Volunteer Properties, Inc. (PVP) was formed as a California nonprofit public benefit corporation in August 1961 to provide housing for low income senior and disabled persons. PVP operates two senior housing development sites (Projects); Crane Place Apartments is a 93-unit affordable senior housing development, and Partridge/Kennedy Apartments, a 30-unit affordable senior housing development. Both sites are located in Menlo Park, California. The financial statements of PVP include the operating results of these affordable housing properties.

The Board of Directors of PVP also serves as the Board of Directors of Peninsula Volunteers, Inc., an affiliated nonprofit organization under common control.

Crane Place receives Section 8 housing assistance payments from HUD under a contract that expires on December 31, 2028. Crane Place is especially vulnerable to the inherent risks associated to revenue that is substantially dependent on government funding.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

PVP uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

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

Basis of Presentation

PVP reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of PVP.
- Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restrictions ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as *net assets released from restrictions*. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

None of PVP's net assets are subject to donor-imposed restrictions other than the purpose for which PVP was created. Accordingly, all net assets are accounted for as net assets without donor restrictions.

Affiliated Organizations

The Board of Directors of PVP also serves as the Board of Directors of Peninsula Volunteers, Inc., which provides management and support services to affordable housing properties owned by PVP which serve low-income, senior and disabled persons (see Note 6).

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

PVP's financial statements do not include the assets, liabilities, support and revenue or expenses of the affiliated organization.

Revenue Recognition

PVP's revenue is mainly derived from leases and investment income. PVP's other income primarily consists of miscellaneous fees that are ancillary to the lease revenue and are immaterial in the aggregate.

With respect to the affordable housing properties, rental income is shown at its maximum gross potential. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income and as an expense of operations.

New Accounting Standard on Leases

A new accounting standard on leases, required by accounting principles generally accepted in the United States of America, amends both lessor and lessee accounting with the most significant change being the requirement for lessees to account for leases as either finance leases or operating leases and to recognize right-of-use (ROU) assets and corresponding lease liabilities on the statement of financial position for all leases other than leases with terms of 12 months or less. For finance leases, lessees would recognize interest expense and amortization of the ROU asset, and for operating leases, lessees would recognize straight-line total rent expense. The accounting standard also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases.

PVP adopted the leasing standard effective January 1, 2022, using the modified retrospective approach with January 1, 2022 as the initial date of application. PVP elected to use all available practical expedients provided in the transition guidance. These practical expedients allow entities to not reassess the identification, classification and initial direct costs of lease agreements, to not separate lease and non-lease components for underlying equipment assets, and to use hindsight in lease agreements for determining lease term and ROU asset impairment, as applicable. As of January 1, 2022, adoption of the new leasing standard did not have a significant impact on the financial statements related to both lessor and lessee accounting.

PVP accounts for the existing leases with residential tenants of properties as operating leases. Adoption of the new leasing standard did not result in adjustments to the financial statements for these leases.

Cash, Cash Equivalents, and Restricted Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. Restricted cash are funds restricted as to their use, regardless of liquidity, such as replacement, operating, tax and insurance reserves and tenant security deposits. PVP occasionally maintains cash on deposit at a financial institution in excess of the Federal Deposit Insurance Corporation (FDIC) and/or Securities Investor Protection Corporation (SIPC) limit. The uninsured cash balance, including restricted cash, was approximately \$-0- as of December 31, 2022. PVP has not experienced any losses in such accounts.

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. Generally, only investments with original maturities of three months or less qualify as cash equivalents.

Accounts Receivable

PVP reassesses collectability during the lease term. Impact of the collectability changes is recorded as a reduction of or an addition to rental income in the current year.

Prior to January 1, 2022, PVP elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America required that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method was not materially different from the result that would have been obtained had the allowance method been followed.

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Investments

Under accounting principles generally accepted in the United States of America, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of PVP. Unobservable inputs, if any, reflects PVP's assumption about the inputs market participants would use in pricing the asset based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that PVP has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Property and Equipment

Property and equipment is stated at cost of acquisition or construction. The costs of maintenance and repairs below \$5,000 that neither significantly add to the permanent value of property and equipment nor prolong its intended useful life are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Building and improvements	15 to 40 years
Furniture, fixtures and equipment	5 to 10 years
Site improvements	5 years

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PVP reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2022 or 2021.

Development in Progress

The Project incurs costs during the development phase of construction projects undertaken. Such costs may include governmental fees, legal and consulting fees, as well as construction costs. The Project records these costs as assets (development in progress). Project development costs are considered to be development in progress until the project is placed in service. Development in progress is not depreciated until the completion of development.

Income Taxes

PVP is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and the related California code sections.

PVP believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The federal and state information returns for the years 2018 through 2021 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources. Directly identifiable expenses are charged to programs and supporting services.

Subsequent Events

Management has evaluated subsequent events through October 17, 2023, the date on which the financial statements were available to be issued.

NOTE 3 – DESIGNATED AND RESTRICTED CASH

Replacement Reserve

PVP no longer has an external replacement reserve deposit requirement at either of its owned properties but continues to make monthly deposits to designated replacement reserve accounts.

Tax and Insurance Reserve

PVP makes monthly deposits to a tax and insurance impound account to provide for future payment of property taxes and insurance at Crane Place Apartments and Partridge/Kennedy Apartments.

Tenant Security Deposits

PVP is required to hold tenant security deposits in a separate bank account in the name of each of its affordable housing properties.

PENINSULA VOLUNTEER PROPERTIES, INC.
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – INVESTMENTS

Investments at December 31, 2022 and 2021 are summarized as follows:

	2022		2021	
	<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>
Mutual Funds:				
Capital Group Core Bond Fund	\$ -	\$ -	\$ 7,143,274	\$ 7,029,616
American Bond Fund of America	7,596,937	6,769,806	-	-
Capital Group U.S. Equity Fund	4,240,349	4,677,191	3,781,670	5,015,146
American Global Insight Fund	3,721,105	4,896,475	3,013,404	5,018,187
Income Fund of America	3,010,782	3,110,098	2,739,414	3,246,299
Total	<u>\$ 18,569,173</u>	<u>\$ 19,453,570</u>	<u>\$ 16,677,762</u>	<u>\$ 20,309,248</u>

PVP's investments recorded at fair value have been categorized based upon a fair value hierarchy of inputs in accordance with GAAP. The following tables present information about PVP's fair value hierarchy inputs used in determining fair value of investments as of December 31, 2022 and 2021:

	<i>Quoted Prices in</i>			<i>Balance as of</i> <i>December 31,</i> <i>2022</i>
	<i>Active Markets</i> <i>for Identical</i> <i>Assets</i> <i>(Level 1)</i>	<i>Significant</i> <i>Observable</i> <i>Inputs</i> <i>(Level 2)</i>	<i>Other Significant</i> <i>Unobservable</i> <i>Inputs</i> <i>(Level 3)</i>	
Mutual funds – fixed income	\$ 6,769,806	\$ -	\$ -	\$ 6,769,806
Mutual funds – equity	9,573,666	-	-	9,573,666
Mutual funds – balanced funds	3,110,098	-	-	3,110,098
	<u>\$ 19,453,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,453,570</u>

	<i>Quoted Prices in</i>			<i>Balance as of</i> <i>December 31,</i> <i>2021</i>
	<i>Active Markets</i> <i>for Identical</i> <i>Assets</i> <i>(Level 1)</i>	<i>Significant</i> <i>Observable</i> <i>Inputs</i> <i>(Level 2)</i>	<i>Other Significant</i> <i>Unobservable</i> <i>Inputs</i> <i>(Level 3)</i>	
Mutual funds – fixed income	\$ 7,029,616	\$ -	\$ -	\$ 7,029,616
Mutual funds – equity	10,033,333	-	-	10,033,333
Mutual funds – balanced funds	3,246,299	-	-	3,246,299
	<u>\$ 20,309,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,309,248</u>

Investment custodial and advisory expenses incurred in 2022 and 2021 totaled \$54,710 and \$38,766, respectively.

PENINSULA VOLUNTEER PROPERTIES, INC.
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2022	2021
Land	\$ 514,105	\$ 514,105
Buildings and improvements	8,815,185	8,750,514
Furniture, fixtures and equipment	1,522,532	1,473,060
Development in progress	-	11,101
	10,851,822	10,748,780
Less: accumulated depreciation	(7,719,990)	(7,518,341)
Total property and equipment	\$ 3,131,832	\$ 3,230,439

NOTE 6 – RELATED-PARTY TRANSACTIONS

The Corporation is affiliated with Peninsula Volunteers, Inc. (PVI) by common members on the board of directors. The corporation pays management fees to PVI for the time PVI officers spend supervising Crane Place and Partridge/Kennedy Apartments. PVP paid aggregate management fees of \$58,873 and \$51,071 to PVI for the years ended December 31, 2022 and 2021, respectively.

PVI offers program services to the wider community at Little House (“facility”). PVP pays membership dues to PVI on behalf of the tenants of Crane Place and Partridge/Kennedy Apartments to enable them to participate in the program services offered at the facility. PVP paid aggregate membership dues of \$15,770 and \$10,595 to PVI for the years ended December 31, 2022 and 2021, respectively.

PVI also funds a resident transportation program and reimburses tenant incurred costs. The total reimbursement was \$15,464 and \$13,016 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 – COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

Property Management

The property management and payroll processing of PVP for the affordable housing properties are contracted with Barcelon Associates Management Corporation under an automatically renewing contract agreement. Both the property management fee and payroll processing fee are negotiated annually during the approval process of the properties’ annual operating budget.

COVID-19

The emergence and spread of the coronavirus (COVID-19) has affected businesses and economic activities in the U.S. and beyond. The extent of the impact of COVID-19 on PVP’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the effects on residents, supply chains, service providers, and business partners, and changes in business practices, all of which are uncertain and cannot be determined at this time.

PENINSULA VOLUNTEER PROPERTIES, INC.
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is without donor or other restriction limiting their use, within one year of the statement of financial position, comprise the following:

	2022	
	<i>PVP</i>	<i>Affordable Housing</i>
Financial assets at end of year available within one year:		
Cash	\$ 25,167	\$ 248,655
Accounts receivable from tenants and subsidy	-	21,091
Investments	19,453,570	-
Financial assets available for general expenditures within one year	\$ 19,478,737	\$ 269,746
	2021	
	<i>PVP</i>	<i>Affordable Housing</i>
Financial assets at end of year available within one year:		
Cash	\$ 11,696	\$ 210,902
Accounts receivable from tenants and subsidy	-	11,401
Investments	20,309,248	-
Financial assets available for general expenditures within one year	\$ 20,320,944	\$ 222,303

PVP has financial assets available within one year of the statements of financial position dates that can be used to pay accounts payable, accrued expenses and other expenses from operating cash flow, if any, in the subsequent year. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

PVP's affordable housing properties have financial assets available within one year of the statements of financial position dates that can be used to pay accounts payable, accrued expenses and other expenses from operating cash flow, if any, in the subsequent year. As part of its liquidity management, the affordable housing properties also maintain insurance and tax reserves as described in Note 3, which may be re-purposed for general expenditure should the need arise. The insurance and tax reserves are discretionary and not subject to donor or other contractual restrictions. Furthermore, PVP has the ability and intent to support its owned affordable housing properties with the above noted cash and investments on an as-needed basis.

SUPPLEMENTARY INFORMATION

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
COMBINING SCHEDULES OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022			
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/Kennedy</i>	<i>Total</i>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 25,167	244,696	\$ 3,959	\$ 273,822
Accounts receivable:				
Tenant	-	12,583	1,656	14,239
Subsidy	-	6,852	-	6,852
Other	-	-	-	-
Prepaid expenses	-	3,804	1,208	5,012
Investments (Note 4)	19,453,570	-	-	19,453,570
Total current assets	19,478,737	267,935	6,823	19,753,495
Restricted deposits (Note 3):				
Replacement reserve	-	-	15,632	15,632
Operating reserve	-	-	-	-
Tax and insurance reserve	-	130,586	6,106	136,692
Tenant security deposits	-	39,690	16,904	56,594
Property and equipment – net (Note 5)	-	2,379,025	752,807	3,131,832
Total assets	\$ 19,478,737	\$ 2,817,236	\$ 798,272	\$ 23,094,245
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	\$ -	\$ 80,243	\$ 11,656	\$ 91,899
Related-party payable (Note 6)	-	12,635	3,135	15,770
Deferred revenue	-	1,905	207	2,112
Total current liabilities	-	94,783	14,998	109,781
Tenant security deposits	-	34,054	16,910	50,964
Total liabilities	-	128,837	31,908	160,745
Net assets:				
Without donor restrictions	19,478,737	2,688,399	766,364	22,933,500
Total liabilities and net assets	\$ 19,478,737	\$ 2,817,236	\$ 798,272	\$ 23,094,245

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
 COMBINING SCHEDULES OF FINANCIAL POSITION
 DECEMBER 31, 2022 AND 2021

	2021			
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/Kennedy</i>	<i>Total</i>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,696	205,805	\$ 5,097	\$ 222,598
Accounts receivable:				
Tenant	-	4,116	1,522	5,638
Subsidy	-	5,763	-	5,763
Other	-	-	-	-
Prepaid expenses	-	3,570	1,326	4,896
Investments (Note 4)	20,309,248	-	-	20,309,248
Total current assets	20,320,944	219,254	7,945	20,548,143
Restricted deposits (Note 3):				
Replacement reserve	-	-	24,714	24,714
Operating reserve	-	-	-	-
Tax and insurance reserve	-	84,604	11,747	96,351
Tenant security deposits	-	37,401	15,747	53,148
Property and equipment – net (Note 5)	-	2,443,740	786,699	3,230,439
Total assets	\$ 20,320,944	\$ 2,784,999	\$ 846,852	\$ 23,952,795
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	\$ -	\$ 56,184	\$ 43,247	\$ 99,431
Deferred revenue	-	2,205	31	2,236
Total current liabilities	-	58,389	43,278	101,667
Tenant security deposits	-	31,766	15,753	47,519
Total liabilities	-	90,155	59,031	149,186
Net assets:				
Without donor restrictions	20,320,944	2,694,844	787,821	23,803,609
Total liabilities and net assets	\$ 20,320,944	\$ 2,784,999	\$ 846,852	\$ 23,952,795

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
COMBINING SCHEDULES OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/Kennedy</i>	<i>Total</i>
Revenue:				
Gross potential rent	\$ -	\$ 2,947,251	\$ 217,195	\$ 3,164,446
Less: vacancies and concessions	-	(51,654)	(2,715)	(54,369)
Other	211	4,083	3,386	7,680
Investment income	375,070	-	-	375,070
Realized and unrealized loss on investments (Note 4)	(2,526,152)	-	-	(2,526,152)
Total revenue	(2,150,871)	2,899,680	217,866	966,675
Expenses:				
Program services	-	1,261,066	223,099	1,484,165
Management and general	66,336	42,950	6,054	115,340
Total expenses	66,336	1,304,016	229,153	1,599,505
Change in net assets before other expenses	(2,217,207)	1,595,664	(11,287)	(632,830)
Other expenses:				
Depreciation	-	142,072	63,859	205,931
Resident services expenses	-	22,037	9,311	31,348
Change in net assets	(2,217,207)	1,431,555	(84,457)	(870,109)
Net assets, beginning of year	20,320,944	2,694,844	787,821	23,803,609
Cash transfer	1,375,000	(1,438,000)	63,000	-
Net assets, end of year	\$ 19,478,737	\$ 2,688,399	\$ 766,364	\$ 22,933,500

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
COMBINING SCHEDULES OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2021			
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/Kennedy</i>	<i>Total</i>
Revenue:				
Gross potential rent	\$ -	\$ 2,868,949	\$ 213,387	\$ 3,082,336
Less: vacancies and concessions	-	(106,793)	(16,906)	(123,699)
Other	8	4,259	6,051	10,318
Investment income	262,237	-	-	262,237
Realized and unrealized gain on investments (Note 4)	1,673,683	-	-	1,673,683
Total revenue	1,935,928	2,766,415	202,532	4,904,875
Expenses:				
Program services	-	1,150,807	179,657	1,330,464
Management and general	59,288	40,945	6,068	106,301
Total expenses	59,288	1,191,752	185,725	1,436,765
Change in net assets before other expenses	1,876,640	1,574,663	16,807	3,468,110
Other expenses:				
Depreciation	-	143,716	64,869	208,585
Resident services expenses	-	16,893	7,170	24,063
Change in net assets	1,876,640	1,414,054	(55,232)	3,235,462
Net assets, beginning of year	16,969,304	2,755,790	843,053	20,568,147
Cash transfer	1,475,000	(1,475,000)	-	-
Net assets, end of year	\$ 20,320,944	\$ 2,694,844	\$ 787,821	\$ 23,803,609

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
COMBINING SCHEDULES OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/Kennedy</i>	<i>Total</i>
Cash flows from operating activities:				
Change in net assets	\$ (2,217,207)	\$ 1,431,555	\$ (84,457)	\$ (870,109)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	-	142,072	63,859	205,931
Unrealized loss on investments	2,747,089	-	-	2,747,089
(Increase) decrease in assets:				
Accounts receivable – tenant and subsidy	-	(9,556)	1,522	(8,034)
Other receivable	-	-	(1,656)	(1,656)
Prepaid expenses	-	(234)	118	(116)
Tenant security deposits – net	-	2,288	1,157	3,445
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	-	24,059	(31,415)	(7,356)
Related-party payable	-	12,635	3,135	15,770
Deferred revenue	-	(300)	-	(300)
Net cash provided by (used in) operating activities	529,882	1,602,519	(47,737)	2,084,664
Cash flows from investing activities:				
Cash transfer	1,375,000	(1,438,000)	63,000	-
Net increase in investments	(1,891,411)	-	-	(1,891,411)
Net increase in replacement and operating reserves	-	-	-	-
Purchase of property and equipment	-	(77,357)	(29,967)	(107,324)
Net cash provided by (used in) investing activities	(516,411)	(1,515,357)	33,033	(1,998,735)
Increase (decrease) in cash and cash equivalents	13,471	87,162	(14,704)	85,929
Cash and cash equivalents, beginning of year	11,696	327,810	57,305	396,811
Cash and cash equivalents, end of year	\$ 25,167	\$ 414,972	\$ 42,601	\$ 482,740

PENINSULA VOLUNTEER PROPERTIES, INC.
(A California Nonprofit Public Benefit Corporation)
COMBINING SCHEDULES OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2021			
	<i>PVP</i>	<i>Crane Place</i>	<i>Partridge/Kennedy</i>	<i>Total</i>
Cash flows from operating activities:				
Change in net assets	\$ 1,876,640	\$ 1,414,054	\$ (55,232)	\$ 3,235,462
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	-	143,716	64,869	208,585
Unrealized gain on investments	(1,326,256)	-	-	(1,326,256)
(Increase) decrease in assets:				
Accounts receivable – tenant and subsidy	-	(7,998)	1,497	(6,501)
Other receivable	-	-	(1,522)	(1,522)
Prepaid expenses	-	(505)	(200)	(705)
Tenant security deposits – net	-	1,240	(275)	965
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	-	2,630	38,865	41,495
Deferred revenue	-	1,533	-	1,533
Net cash provided by operating activities	550,384	1,554,670	48,002	2,153,056
Cash flows from investing activities:				
Cash transfer	1,475,000	(1,475,000)	-	-
Net increase in investments	(2,333,028)	-	-	(2,333,028)
Purchase of property and equipment	-	(44,402)	(148,577)	(192,979)
Net cash used in investing activities	(858,028)	(1,519,402)	(148,577)	(2,526,007)
Increase (decrease) in cash and cash equivalents	(307,644)	35,268	(100,575)	(372,951)
Cash and cash equivalents, beginning of year	319,340	292,542	157,880	769,762
Cash and cash equivalents, end of year	\$ 11,696	\$ 327,810	\$ 57,305	\$ 396,811