

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

For the Years Ended
June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yerba Buena Center for the Arts
San Francisco, California

We have audited the accompanying financial statements of the Yerba Buena Center for the Arts (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yerba Buena Center for the Arts as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 13, Coronavirus Pandemic, the World Health Organization had declared COVID-19 as a public health emergency of international concern. Because of this, and local operational restrictions, the Center has not been able to conduct normal program activities. Given the uncertainty of the situation, the duration of any business disruption and the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Doran & Associates

March 31, 2021

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 9,229,827	\$ 5,340,914
Contributions, grants and contracts receivable, current portion, net of allowance for doubtful accounts of \$16,991 at 2020 and \$19,248 at 2019 (Note 1)	306,104	2,109,030
Other receivables (Note 1)	22,150	203,555
Prepaid expenses	263,814	377,328
Certificates of deposit, current portion (Note 1)	1,780,501	-
Deposits and other current assets	10,763	11,134
Investments (Notes 1 and 4)	4,038,650	8,239,870
Total current assets	15,651,809	16,281,831
Certificates of deposit, net of current portion (Note 1)	1,037,445	-
Contributions, grants and contracts receivable, net of current portion and present value discount of \$34,099 at 2020 and \$62,769 at 2019 (Note 1)	9,901	172,231
Fixtures and equipment, net of accumulated depreciation of \$2,251,425 at 2020 and \$2,217,117 at 2019 (Notes 1 and 5)	661,327	762,843
Total assets	\$ 17,360,482	\$ 17,216,905
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 451,706	\$ 553,651
Other accrued expenses	320,346	417,159
Accrued raffle expenses	779,786	1,275,609
Accrued unrelated business income tax	1,546,757	1,802,288
Accrued paid time off	652,637	547,166
Other liabilities	66,748	87,906
Deposits and refundable advances (Note 1)	849,845	890,159
Current portion of conditional contribution/PPP loan payable (Note 6)	646,667	-
Total current liabilities	5,314,492	5,573,938
Conditional contribution/PPP loan payable, net of current portion (Note 6)	808,333	-
Total liabilities	6,122,825	5,573,938
Net assets:		
Net assets without donor restrictions	7,126,059	5,015,518
Net assets with donor restrictions (Note 8)	4,111,598	6,627,449
Total net assets	11,237,657	11,642,967
Total liabilities and net assets	\$ 17,360,482	\$ 17,216,905

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

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES
For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND TRANSFERS			
Support from City and County of San Francisco (Note 3)	\$ 3,163,500	\$ 166,500	\$ 3,330,000
Contributions	239,654	1,191,448	1,431,102
Box office ticket sales and gallery admissions	42,386	-	42,386
Subsidized community programs	582,276	-	582,276
Facility rentals	3,088,955	-	3,088,955
Concession sales	44,305	-	44,305
License agreement income (Note 10)	91,042	-	91,042
Raffle ticket sales	6,795,600	-	6,795,600
Net investment income (loss) (Note 4)	183,585	(7,664)	175,921
Box office service charges	133	-	133
Marketing and advertising sales	1,790	-	1,790
In-kind contributions (Note 1)	726,392	-	726,392
Fees for service	582,431	-	582,431
Naming revenue	1,268,750	-	1,268,750
Unrelated business income tax expired (Note 1)	255,531	-	255,531
Other income	4,581	-	4,581
Net assets released from restriction, pursuant to endowment spending rate distribution formula	95,000	(95,000)	-
Net assets released from restriction, fulfillment of purpose and/or time restrictions	<u>3,771,135</u>	<u>(3,771,135)</u>	<u>-</u>
Total revenue, support and transfers	<u>20,937,046</u>	<u>(2,515,851)</u>	<u>18,421,195</u>
EXPENSES AND LOSSES			
Program services:			
Performing arts	1,349,218	-	1,349,218
Visual arts	2,332,948	-	2,332,948
Public programs	1,036,299	-	1,036,299
Civic engagement	2,287,319	-	2,287,319
Subsidized community programs	1,273,956	-	1,273,956
Facility rentals	3,044,588	-	3,044,588
Total program services	<u>11,324,328</u>	<u>-</u>	<u>11,324,328</u>
Support services:			
General administration & operations	1,337,671	-	1,337,671
Fundraising:			
General fundraising	919,242	-	919,242
Dream House raffles	5,245,264	-	5,245,264
Total supporting services	<u>7,502,177</u>	<u>-</u>	<u>7,502,177</u>
Total expenses and losses	<u>18,826,505</u>	<u>-</u>	<u>18,826,505</u>
Change in net assets	2,110,541	(2,515,851)	(405,310)
Net assets, beginning of year	<u>5,015,518</u>	<u>6,627,449</u>	<u>11,642,967</u>
Net assets, end of year	<u>\$ 7,126,059</u>	<u>\$ 4,111,598</u>	<u>\$ 11,237,657</u>

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

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND TRANSFERS			
Support from City and County of San Francisco (Note 3)	\$ 1,498,500	\$ 1,831,500	\$ 3,330,000
Contributions	341,156	1,556,621	1,897,777
Box office ticket sales and gallery admissions	222,220	-	222,220
Subsidized community programs	1,071,218	-	1,071,218
Facility rentals	4,365,222	-	4,365,222
Concession sales	98,204	-	98,204
License agreement income (Note 10)	88,608	-	88,608
Raffle ticket sales	6,765,535	-	6,765,535
Net investment income (Note 4)	(10,169)	89,152	78,983
Box office service charges	94,340	-	94,340
Marketing and advertising sales	6,369	-	6,369
In-kind contributions (Note 1)	714,559	-	714,559
Other income	33,511	-	33,511
Naming revenue	625,000	-	625,000
Net assets released from restriction, pursuant to endowment spending rate distribution formula	95,000	(95,000)	-
Net assets released from restriction, fulfillment of purpose and/or time restrictions	<u>2,696,678</u>	<u>(2,696,678)</u>	<u>-</u>
Total revenue, support and transfers	<u>18,705,951</u>	<u>685,595</u>	<u>19,391,546</u>
EXPENSES AND LOSSES			
Program services:			
Performing arts	1,798,375	-	1,798,375
Visual arts	2,887,161	-	2,887,161
Public programs	998,229	-	998,229
Civic engagement	1,598,389	-	1,598,389
Subsidized community programs	1,681,941	-	1,681,941
Facility rentals	3,688,294	-	3,688,294
Total program services	<u>12,652,389</u>	<u>-</u>	<u>12,652,389</u>
Support services:			
General administration & operations	1,336,175	-	1,336,175
Fundraising:			
General fundraising	1,467,581	-	1,467,581
Dream House raffles	5,362,339	-	5,362,339
Total supporting services	<u>8,166,095</u>	<u>-</u>	<u>8,166,095</u>
Total expenses	20,818,484		20,818,484
Loss on disposal of fixtures and equipment	<u>5,261</u>	<u>-</u>	<u>5,261</u>
Total expenses and losses	<u>20,823,745</u>	<u>-</u>	<u>20,823,745</u>
Change in net assets	(2,117,794)	685,595	(1,432,199)
Net assets, beginning of year	<u>7,133,312</u>	<u>5,941,854</u>	<u>13,075,166</u>
Net assets, end of year	<u><u>\$ 5,015,518</u></u>	<u><u>\$ 6,627,449</u></u>	<u><u>\$ 11,642,967</u></u>

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

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

	<u>Program Services</u>						<u>Supporting Services</u>			<u>Total</u>
	<u>Performing Arts</u>	<u>Visual Arts</u>	<u>Public Programs</u>	<u>Civic Engagement</u>	<u>Subsidized Community Programs</u>	<u>Facility Rentals</u>	<u>General Admin. and Operations</u>	<u>Fundraising</u>		
								<u>Fund-Raising</u>	<u>Dream House Raffles</u>	
Salaries, payroll taxes and benefits	\$ 810,157	\$1,393,152	\$ 728,837	\$ 697,292	\$ 970,224	\$ 2,604,988	\$ 776,527	\$ 590,809	\$ 376,207	\$ 8,948,193
Artist fees and expenses	85,086	76,357	36,801	251,022	2,059	103	515	1,103	-	453,046
Program and production	191,201	411,103	110,531	835,232	48,358	106,009	92,633	204,103	2,528,671	4,527,841
Marketing & public relations	28,540	28,540	8,862	104,854	2,314	9,715	3,857	771	394,754	582,207
Security and janitorial	30,171	124,649	28,613	39,061	88,021	132,239	45,053	6,008	-	493,815
Equipment maintenance and supplies	17,573	20,282	11,154	12,249	29,964	29,557	18,524	206	1,775	141,284
Utilities	24,268	51,113	12,887	31,385	48,545	39,422	36,309	-	4,828	248,757
Insurance	9,233	11,910	4,617	6,356	8,029	8,698	30,444	9,569	3,479	92,335
Office expenses	94,447	164,222	40,660	77,607	49,645	73,122	203,472	73,946	1,227,460	2,004,581
Depreciation	20,704	20,704	10,352	14,493	16,563	20,704	72,463	22,774	8,280	207,037
Interior reserve expenses	18,978	1,898	-	-	-	-	26,568	-	-	47,444
Travel and hospitality	13,059	18,679	22,240	18,152	5,253	13,299	11,567	3,381	1,226	106,856
Professional services	4,134	4,134	5,843	2,894	3,308	4,134	14,470	4,549	18,921	62,387
Grant expenses	-	-	-	171,500	-	-	-	-	-	171,500
Other facilities expenses	406	4,944	3,571	819	664	1,337	855	131	103	12,830
In-kind gifts expense	1,261	1,261	11,331	24,403	1,009	1,261	4,414	1,892	679,560	726,392
Total expenses included on the expenses section on the Statement of Activities	<u>\$ 1,349,218</u>	<u>\$2,332,948</u>	<u>\$ 1,036,299</u>	<u>\$ 2,287,319</u>	<u>\$1,273,956</u>	<u>\$ 3,044,588</u>	<u>\$ 1,337,671</u>	<u>\$ 919,242</u>	<u>\$ 5,245,264</u>	<u>\$ 18,826,505</u>

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

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)
For the year ended June 30, 2019

	Program Services						Supporting Services			Total
	Performing Arts	Visual Arts	Public Programs	Civic Engagement	Subsidized Community Programs	Facility Rentals	General Admin. and Operations	Fund-Raising	Dream House Raffles	
Salaries, payroll taxes and benefits	\$ 875,794	\$1,668,564	\$ 524,349	\$ 835,115	\$1,307,185	\$ 3,157,351	\$ 746,847	\$ 781,835	\$ 329,575	\$ 10,226,615
Artist fees and expenses	204,293	59,125	173,408	113,405	310	111	539	41,316	-	592,507
Program and production expenses	269,734	654,338	122,018	410,336	86,492	137,052	119,050	291,529	2,713,106	4,803,655
Marketing & public relations	70,154	70,373	15,182	16,535	5,777	12,550	9,880	8,021	409,262	617,734
Security and janitorial services	38,613	88,220	36,354	44,331	116,301	158,632	48,506	9,906	-	540,863
Equipment maintenance and supplies	51,644	35,751	30,497	18,776	49,160	48,246	31,940	8,048	3,051	277,113
Utilities	29,056	66,522	14,528	37,772	58,111	49,385	43,583	76	5,811	304,844
Insurance	8,554	8,554	4,277	5,988	6,843	8,554	29,939	9,409	3,422	85,540
Office expenses	81,665	157,179	37,226	52,493	17,687	47,879	157,934	72,931	1,148,266	1,773,260
Depreciation	23,178	23,178	11,589	16,225	18,542	23,178	81,124	25,496	9,271	231,781
Interior reserve expenses	105,565	13,196	-	-	-	13,196	16,493	181,440	-	329,890
Travel and hospitality	26,629	25,800	23,634	26,776	8,085	23,461	19,252	23,794	4,204	181,635
Professional services	5,089	5,089	2,544	16,601	4,071	5,087	17,810	5,597	59,723	121,611
Other facilities expenses	4,795	7,660	817	1,508	487	-	635	881	94	16,877
In-kind gifts expense	3,612	3,612	1,806	2,528	2,890	3,612	12,643	7,302	676,554	714,559
Total expenses included on the expenses section on the Statement of Activities	\$ 1,798,375	\$2,887,161	\$ 998,229	\$ 1,598,389	\$1,681,941	\$ 3,688,294	\$ 1,336,175	\$ 1,467,581	\$ 5,362,339	\$ 20,818,484

The accompanying notes are an integral part of these financial statements

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (405,310)</u>	<u>\$ (1,432,199)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	207,037	231,781
Realized loss on investments	6,055	66,487
Unrealized gain on investments	(14,335)	(47,071)
Change in allowance for doubtful accounts	(2,257)	(9,435)
Change in discount on long-term contracts and promises to give	(28,670)	41,727
Write-off of receivables	5,833	7,500
Loss on disposal of fixtures and equipment	-	5,261
Changes in assets and liabilities:		
Contributions, grants and contracts receivable	1,990,350	(1,234,158)
Other receivables	181,405	(186,942)
Accrued interest receivable	1,820	12,364
Prepaid expenses, deposits and inventory	113,885	(91,240)
Accounts payable and accrued expenses	(865,799)	(155,728)
Refundable advances and other deferred income	(40,314)	358,644
Total adjustments	<u>1,555,010</u>	<u>(1,000,810)</u>
Net cash provided (used) by operating activities	<u>1,149,700</u>	<u>(2,433,009)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(797,627)	(6,377,545)
Proceeds from sales and maturities of investments	2,187,361	6,037,850
Purchase of fixtures and equipment	(105,521)	(265,282)
Net cash provided (used) by investing activities	<u>1,284,213</u>	<u>(604,977)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from conditional grant/PPP loan	<u>1,455,000</u>	<u>-</u>
Net cash provided by financing activities	<u>1,455,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	3,888,913	(3,037,986)
Cash and cash equivalents, beginning of year	<u>5,340,914</u>	<u>8,378,900</u>
Cash and cash equivalents, end of year	<u>\$ 9,229,827</u>	<u>\$ 5,340,914</u>
Supplementary information:		
Cash paid for taxes (use tax)	<u>\$ 2,551</u>	<u>\$ 4,347</u>

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

YERBA BUENA CENTER FOR THE ARTS
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Yerba Buena Center for the Arts (YBCA) is a 501(c)(3) nonprofit organization with a mission to generate culture that moves people. Opened to the public in 1993, YBCA was founded as the cultural anchor of San Francisco's Yerba Buena neighborhood. Our work spans the realms of contemporary art, performance, film, civic engagement, and public life, revolutionizing how our city, the Bay Area, our country and the world views artists and engages with contemporary art, ideas, and issues. Through our regional and national leadership, YBCA is dedicated to addressing the most urgent challenges of our times. With a strong commitment to racial, economic, health, and climate justice, our programs position and propel artists as critical drivers of wellbeing in their communities. By centering artists as essential to social and cultural movement, YBCA is reimagining the role an arts institution can play in the community it serves.

YBCA's programs include:

Visual Arts. Through a schedule of temporary exhibitions each year, YBCA showcases artists from the Bay Area and beyond who are working at the intersection of fine art and social impact. In addition to curating compelling shows in our galleries, YBCA commissions artists to create exhibitions and public artworks designed for the outdoor spaces surrounding YBCA's buildings and for community settings across our city. Visual Arts at YBCA brings together artists and community participants to collectively shape the public life of our region and beyond.

Performing Arts. YBCA is the creative home for an extraordinary lineup of performing artists who are taking risks, experimenting with the boundaries of their form, and who are committed to inspiring increased understanding, empathy, and activism that lead to cultural shift. Each year Performing Arts at YBCA features new work by Bay Area artists along with the most compelling regional, national, and international dance, music, and theater companies.

Public Programs. From large festivals and convenings, to experiential Public Squares and opening night parties, to YBCA's annual YBCA 100 Summit, each year YBCA hosts a series of events that serve as a public platform and laboratory for collaboratively exploring the urgent issues we face. We bring inspiring people into our midst through fellowships and artists in residence who help us strategically, thoughtfully, and boldly engage the arts and social justice community and the public in driving societal, policy, and cultural change.

Civic Engagement. Civic Engagement at YBCA is grounded in an ethos of inclusion and radical hospitality. Beyond the walls of the art center, YBCA partners with city government, schools, private enterprise, and community organizations, building cross-sector neighborhood coalitions that use their collective resource and creativity to make a difference in the future of our city and the world. Offerings include K-12 in-school programming within the San Francisco Unified School District, creative placemaking initiatives in public space, and so much more.

Commercial Rentals. YBCA's landmark state-of-the-art facilities are a valuable resource for the communities of the Bay Area. Through our Commercial Rentals program, the arts and creativity that characterize YBCA become a compelling backdrop for corporate events held in our Lobby, Theater, Forum, and other available venues.

YERBA BUENA CENTER FOR THE ARTS
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization (Continued) -

Community Rentals. Each year YBCA partners with dozens of local nonprofits and performing arts companies, opening our stages for their home seasons, festivals, and events.

YBCA—the anchor cultural complex for a 1980–2011 San Francisco Redevelopment Agency (SFRA) project for the Yerba Buena neighborhood that turned a once dilapidated area of the city into an urban oasis which today features housing, open space, retail, cultural institutions, and the Moscone Convention Center—was developed as the result of years of community input and planning with scores of Northern California artists, as well as cultural, educational, and civic leaders. YBCA’s two landmark buildings include Galleries, a flexible “Forum” space, and a film/video Screening Room designed by Fumihiko Maki in association with RMW Architecture + Design, and a proscenium Theater designed by James Stewart Polshek. YBCA opened to international acclaim in October 1993, offering cutting-edge programming in the visual arts, performing arts, film/video, and community engagement for more than two decades.

In addition to its funding from the SFRA agreement (see Note 3 regarding the successor agency), YBCA receives support from public and private foundations, corporations and individuals. It also earns revenue through ticket sales, gallery admissions, facilities rental and other revenue generating programs.

Basis of Presentation - The financial statements are presented on the accrual basis of accounting and reflect unrestricted, temporarily restricted, and permanently restricted net assets.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Deposit - The Center holds bank certificates of deposit totaling \$2,817,946 at June 30, 2020. The CDs bear interest rates ranging from 1.7% to 2.8% per annum and are scheduled to mature as follows:

<u>Year ending</u> <u>June 30,</u>	
2021	\$ 1,780,501
2022	<u>1,037,445</u>
	<u>\$ 2,817,946</u>

Receivables - Receivables include contributions, grants and contracts receivable, and other receivables. Contributions and grants receivable are recognized when an unconditional promise to give is received. All other receivables are recognized when services are performed or contracts are fulfilled.

Allowance for doubtful accounts - Potential bad debt is accounted for by the allowance method based on historical experience and management evaluation of outstanding grants, contributions receivable, and accounts receivable. The allowance for doubtful accounts was \$16,991 as of June 30, 2020, and \$19,248 as of June 30, 2019.

Discount on noncurrent contributions, grants and contracts receivable - Noncurrent receivables are defined as promises to give and contracted obligations to pay YBCA that will not be received by the end of the next fiscal year. Noncurrent receivables are presented net of a discount based on the market conditions and management evaluation of outstanding grants, contributions receivable, and accounts receivable to reflect their present value. The discount for noncurrent receivables was \$34,099 as of June 30, 2020, and \$62,769 as of June 30, 2019.

Investments - Investments primarily include corporate stocks, mutual funds, and government and corporate bonds. Purchased investments in equity and debt securities with readily determinable fair values are reported at fair value based on quoted market prices. Other investment instruments are measured on the net equity basis, as reported on the K-1 or other year-end report. Investments received by donation are recorded at the fair value at the date of donation.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements - Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Center determines the fair values of its assets and liabilities based on the fair value hierarchy, which includes three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are significant other observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 3 inputs are unobservable inputs for the assets or liabilities. Unobservable inputs reflect the Center's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, and may include the Center's own data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Fixtures and equipment - Fixtures and equipment purchased are stated principally at cost; assets acquired by contribution or bequest are stated at market value or net book value at the date of acquisition. YBCA capitalizes fixtures and equipment with a cost of \$3,000 or more, and a useful life in excess of one year. Depreciation is recognized using the straight-line method over the useful life of the assets, which range from 3 to 13 years. Maintenance and repairs are charged to expense as incurred.

Unrelated Business Income Tax Expired - The Center has written off the portion of the accrued unrelated business income tax liability upon expiration of the statute of limitations for the filing period for which the accrual was recorded. During the year ended June 30, 2020, the Center wrote off \$255,531 of the accrued unrelated business income tax payable attributable to tax periods outside of the statute of limitations.

Revenue and Revenue Recognition - The Center recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Consequently, at June 30, 2020, a portion of a grant totaling \$260,000 has not been recognized in the accompanying financial statements, because the conditions have not yet been met. The grant details certain approval and expenditure provisions that must be met before the conditions are lifted and the income may be recognized.

Revenue, other than unconditional contributions, bequests, and grants, is recognized in the period in which service is provided. YBCA recognizes fees for service received in advance of the earning of those fees as deferred revenue. Deferred revenue held at year-end is expected to be earned in the subsequent year.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and refundable advances - YBCA recognizes revenue from box office sales, facility rentals, traveling exhibitions, and special events when the event is held. Any advance ticket sales or pre-payments on the rental of the facility are classified as Deposits and Refundable Advances on the Statements of Financial Position and deferred until the completion of the event.

In-Kind Contributions - During the years ended June 30, 2020 and 2019, the Center recorded various types of in-kind contributions of donated goods and services including equipment and other items typically used for special events sponsored by YBCA. These items have a fair market value using the market method of \$726,392 and \$714,559 for the years ended June 30, 2020 and 2019, respectively, as follows:

Description	Fair Value Measurements Using			Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
June 30, 2020:				
Raffle administration	\$ -	\$ 679,560	\$ -	\$ 679,560
Various	-	46,832	-	46,832
	<u>\$ -</u>	<u>\$ 726,392</u>	<u>\$ -</u>	<u>\$ 726,392</u>
June 30, 2019:				
Raffle administration	\$ -	\$ 676,554	\$ -	\$ 676,554
Various	-	38,005	-	38,005
	<u>\$ -</u>	<u>\$ 714,559</u>	<u>\$ -</u>	<u>\$ 714,559</u>

Functional expense allocations - YBCA allocates administrative and support expenses (such as production, facilities and marketing) to our visual arts, rentals and civic engagement programs. These allocations are based on the number of projects, associated expense, as well as staff time that each department devotes to the artistic programs. Allocation percentages are developed from these actuals to assign costs to show the true expense of artistic operating costs.

Time devoted to projects is captured by support staff recording their time to projects as well as managers estimates for general program support.

Use of 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. These estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status - YBCA is a nonprofit organization exempt from income tax under section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. In addition, YBCA has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASC 740-10, *Accounting for Uncertainty in Income Taxes* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Center to report information regarding its exposure to various tax positions taken by the Center. The Center has determined whether any tax positions have met the recognition threshold and has measured the Center's exposure to those tax positions. Management believes that the Center has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed (four years for California). Any interest or penalties assessed to the Center would be recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Accounting Standards Update, ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* - In response to divergence in the way restricted cash is classified and presented in financial statements, FASB issued an amendment requiring that a statement of cash flows explain the change during a reporting period of the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. The amendment was effective for fiscal years beginning after December 31, 2018. The new standard had an impact on the Center's statement of cash flows.

Accounting Standards Update, ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* - In June 2018, the FASB issued clarified guidance regarding the way nonprofit organizations record contracts and grants being received and issued. For each arrangement, the organization will have to determine key elements of the agreement including (a) whether or not there is an exchange transaction (i.e., direct commensurate value to funder), (b) whether there are donor-imposed conditions for non-exchange transactions (e.g., measurable performance barriers, etc.) before commitment may be recognized as income, and (c) whether there are donor-imposed restrictions on non-exchange, unconditional funds (i.e., limited purpose or timing restrictions). The new standard was effective for resource recipients for fiscal years beginning after December 15, 2018, and for resource providers for fiscal years beginning after December 15, 2019, and did not have a material impact on the Center's statement of financial position, results of operations, and cash flows.

Accounting Standards Update, ASU 2016-02, *Leases* - In February 2016, the FASB issued amendments to the way lessees record lease transactions. Upon implementation, lessees will be required to recognize at commencement the right-of-use asset and a lease liability representing the lessee's obligation to make lease payments arising from the lease, as discounted, for all leases except short-term leases. This Standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2021, and early adoption is permitted. Management is currently evaluating the impact the amendments to this ASU will have on the financial statements of the Center.

Reclassification - Certain balances at, and for the year ended June 30, 2019, were reclassified to conform with June 30, 2020, balances.

Subsequent Events - Subsequent events have been evaluated through March 31, 2021, which is the date the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	\$ 10,905,000
Contributions receivable	338,000
Operating investments	2,425,000
Less: temporary restricted	<u>(2,197,000)</u>
Total	<u>\$ 11,471,000</u>

YBCA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The total liquid reserves equates to 7.7 months which is above the general standard of 3 to 6 months.

NOTE 3 OPERATING AGREEMENT

In 1990 YBCA entered into an Operating Agreement (Agreement) with the San Francisco Redevelopment Agency (the SFRA) for an initial term of 15 years. In June 2004, YBCA and the SFRA entered into an agreement to provide for an extended term of fifteen years as well as the possibility of additional extensions through June 30, 2094. With the June 2004 agreement, a funding level of \$3,555,000 for administrative and operational expenses was established. This funding level remains constant throughout the term of the agreement, except as adjusted by the SFRA from time to time as a result of a consultation process defined in the agreement. In 2012 the SFRA Agreement was assigned to the Successor Agency to the Former Redevelopment Office of Community Investment and Infrastructure (OCII) and then to the City and County of San Francisco in 2018 and in 2019 to the Yerba Buena Gardens Conservancy (YBGC). For the years ended June 30, 2019 and 2018, the funding level was reduced to \$3,330,000. As of December 2018, the Agreement was extended for an additional term through 2034. In July 2020, YBGC has informed YBCA that funding will be \$2,497,500 for the fiscal year ending June 30, 2021 as a result of revenue impact from COVID 19.

YBCA's facilities are owned by the City of San Francisco and were financed from the sale of property in the Yerba Buena Center and an issue of bonds approved by the Board of Supervisors of the City and County of San Francisco. YBCA is not responsible for the bond obligations. YBCA is responsible for raising the funds for its arts and education programs.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 4 INVESTMENTS

The following are the major categories of investments measured at fair value on a recurring basis during the years ended June 30, 2020 and 2019, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Description	Fair Value Measurements Using			Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>June 30, 2020:</u>				
Corporate bonds	\$ -	\$ 540,544	\$ -	\$ 540,544
Government bonds	-	220,251	-	220,251
Domestic common stocks	2,903,138	-	-	2,903,138
Real assets	73,212	-	-	73,212
Mutual funds	301,505	-	-	301,505
	<u>\$ 3,277,855</u>	<u>\$ 760,795</u>	<u>\$ -</u>	<u>\$ 4,038,650</u>
<u>June 30, 2019:</u>				
Corporate bonds	\$ -	\$ 530,892	\$ -	\$ 530,892
Government bonds	-	266,426	-	266,426
Domestic common stocks	1,482,888	-	-	1,482,888
Real assets	70,850	-	-	70,850
Fixed income securities	4,019,693	-	-	4,019,693
Domestic mutual funds	993,070	-	-	993,070
International mutual funds	876,051	-	-	876,051
	<u>\$ 7,442,552</u>	<u>\$ 797,318</u>	<u>\$ -</u>	<u>\$ 8,239,870</u>

The following schedule summarizes the investment return, including operating account activity, for the years ended June 30, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 206,856	\$ 148,790
Loss on sale of investments	(6,055)	(66,487)
Unrealized gain on investments	14,335	47,071
Investment fees	(39,215)	(50,391)
Net investment income	<u>\$ 175,921</u>	<u>\$ 78,983</u>

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 5 FIXTURES AND EQUIPMENT

Fixtures and equipment consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Computer equipment and software	\$ 184,391	\$ 357,120
Furniture	112,709	105,345
Office equipment	123,373	123,373
Leasehold improvements	1,252,013	1,228,833
Other equipment and machinery	1,240,266	1,165,289
Total	2,912,752	2,979,960
Less: accumulated depreciation	(2,251,425)	(2,217,117)
 Fixtures and equipment, net	 \$ 661,327	 \$ 762,843

Depreciation expense for the years ended June 30, 2020 and 2019, was \$207,037 and \$231,781, respectively.

NOTE 6 CONDITIONAL CONTRIBUTION / PPP LOAN

On April 19, 2020, the Center entered into an unsecured note payable to Signature Bank as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act's "Paycheck Protection Program" which is guaranteed by the U.S. Small Business Administration. The loan is for \$1,455,000, matures on April 19, 2022, and bears interest at the fixed rate of 1% per annum. Payments of principal and interest are deferred for six months, then shall be made in eighteen equal payments until maturity. Under the terms of the program, some or all of the loan may be forgiven if funds are used during the covered period for costs identified in the CARES Act: payroll costs, covered rent obligations, and covered utility payments.

The future minimum principal payments under this loan, if the full amount is not forgiven, are as follows:

Year ending June 30,	
2021	\$ 646,667
2022	808,333
	\$ 1,455,000

NOTE 7 OPERATING AGREEMENT RESERVES

Under its operating agreement with the City and County of San Francisco (formerly with the OCII and SFRA), YBCA receives funding on a yearly basis (see Note 3). The agreement requires YBCA to set aside 5% of its annual appropriation from the City into an interior reserve fund, which amounts are to be used for minor capital improvements and alterations, repairs, and replacements in the interior of YBCA's two buildings. If at any time the amount of funds in this reserve is more than 50% of the City's annual appropriation, no additional funds need be deposited into the reserve.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 7 OPERATING AGREEMENT RESERVES (Continued)

The agreement further requires that 4% of the annual appropriation from the City be placed in an operating reserve fund to be used for cash flow purposes during the year; however, any expenditures made with these amounts are to be recouped from earned or contributed income so that there is no net reduction in the operating reserve from year to year. The only circumstance in which the City will permit a reduction in the reserve to occur is if City is not able to provide full funding to YBCA. If at anytime the amount of funds in this reserve is more than 25% of the City's annual appropriation, no additional funds need be deposited into the reserve. Due to the level of the operating reserves, YBCA did not have to deposit any funds into the operating reserve during the years ended June 30, 2020 and 2019.

The amounts placed in the interior reserve fund were recorded as temporarily restricted revenues when received. The funds cannot be expended without the advance written approval of the City. The total amounts expended from the interior reserve during 2020 and 2019 were \$166,500 per year.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Subject to expenditures for specified purposes:		
City and County of		
San Francisco operating reserve	\$ 833,429	\$ 833,429
Future program activities	602,943	2,845,655
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	140,595	311,070
	1,576,967	3,990,154
Endowments:		
Subject to appropriation and expenditures when a specified event occurs:		
With donor restrictions	-	-
Available for general use	620,166	722,830
	620,166	722,830
Subject to the organization's endowment spending policy and appropriation	1,914,465	1,914,465
Total endowments	2,534,631	2,637,295
	\$ 4,111,598	\$ 6,627,449

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 9 ENDOWMENT

YBCA's endowment consists of an investment account established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Law - The Board of Directors of YBCA has interpreted the California State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair market value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, YBCA classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if applicable.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the organization in a manner consistent with the standard of prudence prescribed in SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment Net Asset Composition by Type of Fund as of:

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2020</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	\$ -	\$ 1,914,465	\$ 1,914,465
Accumulated investment gains	-	620,166	620,166
Total funds	<u>\$ -</u>	<u>\$ 2,534,631</u>	<u>\$ 2,534,631</u>
<u>June 30, 2019</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	\$ -	\$ 1,914,465	\$ 1,914,465
Accumulated investment gains	-	722,830	722,830
Total funds	<u>\$ -</u>	<u>\$ 2,637,295</u>	<u>\$ 2,637,295</u>

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 9 ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the Fiscal Years Ended June 30, 2020 and 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ -	\$ 2,643,143	\$ 2,643,143
Investment return:			
Interest and dividends	-	66,576	66,576
Realized loss	-	(17,294)	(17,294)
Unrealized gain	-	61,201	61,201
Management fees	-	(21,331)	(21,331)
Total investment return	<u>-</u>	<u>89,152</u>	<u>89,152</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(95,000)</u>	<u>(95,000)</u>
Endowment net assets, June 30, 2019	<u>-</u>	<u>2,637,295</u>	<u>2,637,295</u>
Investment return:			
Interest and dividends	-	54,930	54,930
Realized loss	-	(3,356)	(3,356)
Unrealized loss	-	(36,209)	(36,209)
Management fees	-	(23,029)	(23,029)
Total investment return	<u>-</u>	<u>(7,664)</u>	<u>(7,664)</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(95,000)</u>	<u>(95,000)</u>
Endowment net assets, June 30, 2020	<u>\$ -</u>	<u>\$ 2,534,631</u>	<u>\$ 2,534,631</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the organization to retain as a fund of perpetual duration. There were no deficiencies as of June 30, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 9 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

YBCA has adopted investment and spending policies for endowment assets that attempt to provide a relatively stable stream of spendable revenue that increases over time at least as fast as the general rate of inflation, as measured by the Consumer Price Index. Endowment assets include those assets of the donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the investment objective is to maximize long-term real returns such that investments generate a return above inflation with some income/capital appreciation while maintaining the Center's preferred investment style, diversified to minimize the risk of large losses. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return, YBCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The organization targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

YBCA has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over a twelve quarter moving average, but will be set each year as part of the annual budget process. Other withdrawals are only permitted at the authorization of the Board of Directors. In establishing this policy, the organization considered its long-term expected return on its endowment. Accordingly, over the long-term, the organization expects the current spending policy to allow its endowment to grow by an amount equal to the rate of return, less the spending policy. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. This spending policy is in effect except where donor stipulation or dedicated donor contributed endowment funds state otherwise.

NOTE 10 LICENSE AGREEMENT INCOME

On November 17, 2010, the Center signed a Rooftop License Agreement with a wireless telephone carrier (licensee) for the use of a portion of the roof area of the building occupied by YBCA for a cellphone tower. The term of the lease is ten years, with an automatic renewal for an additional ten years, and month-to-month thereafter. The license fee for the first year is \$60,000, payable in monthly installments of \$5,000, to increase by 3% annually for the duration of the term and any extensions. In February 2014, the license was expanded to allow for additional equipment and an additional \$1,000 per month, to increase by 3% annually for the duration of the term. The licensee is also liable for utility charges related to the use of the rooftop area and other costs, and is subject to the Operating Agreement with the City of San Francisco (formerly OCII and SFRA). The Center received \$91,042 and \$88,608 under this license agreement during the years ended June 30, 2020 and 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 TAX-DEFERRED ANNUITY PLAN

YBCA has an employer contributory tax-deferred annuity plan as established under Internal Revenue Code Section 403(b). In January 2005, YBCA established a second 403(b) plan that provides a wider range of investment options and lower investment fees for employees. Employees who have participated in the original 403(b) plan may choose to transfer assets from the old plan to the new plan. New employees that become eligible for participation are enrolled in the new plan.

The eligibility for both plans is the same: employees are eligible to participate in the plan on the first day for salary deferrals. Employees are eligible for employer matching contributions after six months of employment, provided that they normally work at least 20 hours per week and are not represented by a collective bargaining agreement where retirement benefits were the subject of good faith bargaining. All participants are 100% vested in the employee and employer contributions. Total contributions made by YBCA for 2020 and 2019 were \$137,601 and \$146,943, respectively.

NOTE 12 MULTI-EMPLOYER PENSION PLANS

The Center contributes to one multi-employer defined benefit pension plan under the terms of a collective bargaining agreement that covers certain union-represented employees. Prior to 2020, there were two agreements which were merged during the year. During the years ended June 30, 2020 and 2019, the Center contributed \$222,980 and \$222,804, respectively, to the union's Pension Trust Fund.

The risk of participating in U.S. multi-employer pension plans is different from single-employer pension plans in the following aspects:

- a) Assets contributed to the multi-employer plan by one employer may be used to provide benefits to the employees other participating employers.
- b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c) If the Center stops participating in some of its multi-employer pension plans, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Center's participation in this plan for the year ended June 30, 2020, is outlined in the following table. All information in the table is as of June 30, 2020, unless otherwise noted. The Plan Protection Act ("PPA") zone status column ranks the funded status of multi-employer pension plans depending upon a plan's current and projected funding. The zone status is based on information that the Center received from the plan. Among other factors, the plan is in the Red Zone (Critical) if it has a current funded percentage less than 65%. A plan is in the Yellow Zone (Endangered) or Orange Zone (Seriously Endangered) if it has a current funded percentage of less than 80%, or projects a credit balance deficit within seven years. A plan is in the Green Zone (Healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years. The Funding Improvement Plan ("FIP")/Rehabilitation Plan ("RP") status column indicates plans for which a FIP or RP is either pending or in place.

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**NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019**

NOTE 12 MULTI-EMPLOYER PENSION PLANS (Continued)

The following table contains information about the Center’s multi-employer pension plan:

	I.A.T.S.E. Local 16 Pension Plan (YBCA Contract)
Expiration date of Collective Bargaining Agreement	6/30/2021
Employer Identification Number	94-6296420
Plan Number	001
PPA Status	Green
FIP/RP Status Pending/Implemented	Implemented
Center Contributions, year ended 12/31/19	\$ 223,051
Center Contributions > 5%?	No
Plan’s year-end	Dec. 31
Surcharge on plan?	No

Prior to July 1, 2019, YBCA had two separate plans in Collective Bargaining Agreement. In July 2019, the plans consolidated under one contract as represented above. The Center currently has no intention of withdrawing from any of the multi-employer pension plans in which they participate.

NOTE 13 COMMITMENTS, CONCENTRATIONS, AND CREDIT RISK

Naming Agreement - In December 2018, YBCA entered into a multi-year partnership with Blue Shield of California, a not-for-profit health plan and champion of lifestyle medicine, to raise public awareness around the relationship between active engagement with the arts and improved health and well-being for individuals and communities.

To underscore the scope of this commitment, the partnership includes the naming rights to YBCA’s namesake theater, which will officially be named “The Blue Shield of California Theater at YBCA.” YBCA and Blue Shield will introduce artist fellowships, commissioned programs, and annual community events featuring artists and thought leaders at the forefront of the growing conversation around art and health.

The agreement provides a base level of funding with a 3% annual escalator which runs through May of 2034.

Cash - Financial instruments that potentially subject YBCA to credit risk consist primarily of cash, cash equivalents, investments, and accounts receivable. YBCA maintains cash and cash equivalents with commercial banks and other major financial institutions. At June 30, 2020, YBCA had approximately \$8,219,000 in accounts in excess of the federal depository insurance limit of \$250,000. Cash equivalents include money market funds.

YERBA BUENA CENTER FOR THE ARTS
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 13 COMMITMENTS, CONCENTRATIONS, AND CREDIT RISK (Continued)

Revenues and support - For the year ended June 30, 2020, approximately 18% (17% in 2019) of YBCA's revenue and support was provided by the City and County of San Francisco (formerly the OCII) in accordance with an operating agreement that will expire in 2034 (see Notes 3 and 7). The same funder had contributions, grants, and contracts receivable totaling \$1,665,000, which represented 73% of the total receivables at June 30, 2019. No amounts were receivable from this funder at June 30, 2020.

Labor - YBCA utilizes members of the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories, and Canada Local No. 16 (Local 16 I.A.T.S.E.) for a significant portion of the labor related to the various performances sponsored by YBCA. The contract with Local 16 I.A.T.S.E. was renewed though June 30, 2021.

Coronavirus Pandemic - In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, had declared a state of emergency and had issued shelter-in-place orders in response to the outbreak. The immediate impact to the Center's operations includes restrictions on employees' and volunteers' ability to work, and reductions or cancellation of program activities. The economic pressures during the shelter-in-place and reduced ability to conduct program activities may result in increased operating expenses and reductions in the Center's ability to fund raise, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

NOTE 14 CONTINGENCIES

In August of 2014 YBCA was the subject of an examination by the Internal Revenue Service (IRS) of the information returns filed timely for the fiscal years ended June 30, 2012, 2013, and 2014. The field examination results were moved to the IRS appeals office and on November 28, 2016, a conclusion was issued, assessing taxes on raffle activity for the years under IRS examination. In 2017 the IRS also assessed penalties and interest on prior years' taxes, with which YBCA complied.

On March 29, 2018, YBCA received a document request to produce books, records and documents for the YBCA Dream House Raffle from the California Attorney General. While its investigation is ongoing, the Attorney General's office requested some changes in how YBCA operates its raffle. YBCA has complied with these changes and will continue to operate its Dream House Raffle under this guidance and will continue to report its activities to the Attorney General as required. YBCA is not aware of this investigation having any legal or financial liability on its operations.