

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**For the Years Ended
June 30, 2014 and 2013**

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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, 2014 and 2013, and the related statements of activities 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, 2014 and 2013, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the 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 audits 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.

Doran & Associates

January 15, 2015

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

| | 2014 | 2013 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents (Note 1) | \$ 8,814,301 | \$ 7,739,189 |
| Contributions, grants and contracts receivable, current portion, net of allowance for doubtful accounts of \$41,964 at 2014 and \$25,732 at 2013 (Note 1) | 1,077,086 | 660,454 |
| Other receivables (Note 1) | 53,616 | 91,808 |
| Prepaid expenses | 518,761 | 254,930 |
| Deposits and other current assets | 46,995 | 25,981 |
| Total current assets | <u>10,510,759</u> | <u>8,772,362</u> |
| Contributions, grants and contracts receivable, net of current portion and present value discount of \$26,499 at 2014 and \$5,555 at 2013 (Note 1) | <u>623,501</u> | <u>130,695</u> |
| Long-term investments: | | |
| Cash and cash equivalents (Note 1) | 522,880 | 281,848 |
| Marketable equity securities (Notes 1 and 3) | <u>6,827,710</u> | <u>5,251,533</u> |
| Total long-term investments | <u>7,350,590</u> | <u>5,533,381</u> |
| Fixtures and equipment, net of accumulated depreciation of \$1,506,796 at 2014 and \$1,603,130 at 2013 (Notes 1 and 4) | <u>854,915</u> | <u>668,297</u> |
| Total assets | <u>\$ 19,339,765</u> | <u>\$ 15,104,735</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 2,468,411 | \$ 2,760,794 |
| Deposits and refundable advances (Note 1) | 355,325 | 555,458 |
| Other deferred income (Note 1) | <u>1,009,954</u> | <u>6,512</u> |
| Total liabilities | <u>3,833,690</u> | <u>3,322,764</u> |
| Net assets: | | |
| Unrestricted net assets | 9,607,615 | 7,422,897 |
| Temporarily restricted net assets (Note 6) | 3,983,995 | 2,444,609 |
| Permanently restricted net assets (Note 7) | <u>1,914,465</u> | <u>1,914,465</u> |
| Total net assets | <u>15,506,075</u> | <u>11,781,971</u> |
| Total liabilities and net assets | <u>\$ 19,339,765</u> | <u>\$ 15,104,735</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
For the year ended June 30, 2014

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|---------------------------|---------------------------|----------------------|
| REVENUE, SUPPORT AND TRANSFERS | | | | |
| Support from City and County of San Francisco (Note 2) | \$ 3,163,500 | \$ 166,500 | \$ - | \$ 3,330,000 |
| Contributions | 300,786 | 2,681,952 | - | 2,982,738 |
| Box office ticket sales and gallery admissions | 500,685 | - | - | 500,685 |
| Subsidized community programs | 1,117,009 | - | - | 1,117,009 |
| Facility rentals | 3,221,768 | - | - | 3,221,768 |
| Concession sales | 92,791 | - | - | 92,791 |
| License agreement income (Note 8) | 67,450 | - | - | 67,450 |
| Raffle ticket sales | 9,297,100 | - | - | 9,297,100 |
| Investment income (endowment) (Notes 3 and 7) | - | 390,416 | - | 390,416 |
| Investment income (Note 3) | 568,228 | 389 | - | 568,617 |
| Box office service charges | 143,301 | - | - | 143,301 |
| Marketing and advertising sales | 10,584 | - | - | 10,584 |
| Other income | 6,842 | - | - | 6,842 |
| In-kind contributions (Note 1) | 143,127 | - | - | 143,127 |
| Net assets released from restriction (Note 6) | <u>1,699,871</u> | <u>(1,699,871)</u> | <u>-</u> | <u>-</u> |
| Total revenue, support and transfers | <u>20,333,042</u> | <u>1,539,386</u> | <u>-</u> | <u>21,872,428</u> |
| EXPENSES | | | | |
| Program services: | | | | |
| Performing arts | 1,821,461 | - | - | 1,821,461 |
| Visual arts | 2,241,869 | - | - | 2,241,869 |
| Film/video | 513,442 | - | - | 513,442 |
| Community engagement | 1,190,196 | - | - | 1,190,196 |
| Subsidized community programs | 1,680,272 | - | - | 1,680,272 |
| Facility rentals | 2,795,953 | - | - | 2,795,953 |
| Total program services | <u>10,243,193</u> | <u>-</u> | <u>-</u> | <u>10,243,193</u> |
| Support services: | | | | |
| General administration & operations | 1,204,814 | - | - | 1,204,814 |
| Fundraising: | | | | |
| General fundraising | 797,096 | - | - | 797,096 |
| Dream House raffles | 5,903,221 | - | - | 5,903,221 |
| Total supporting services | <u>7,905,131</u> | <u>-</u> | <u>-</u> | <u>7,905,131</u> |
| Total expenses | <u>18,148,324</u> | <u>-</u> | <u>-</u> | <u>18,148,324</u> |
| Change in net assets | 2,184,718 | 1,539,386 | - | 3,724,104 |
| Net assets, beginning of year | <u>7,422,897</u> | <u>2,444,609</u> | <u>1,914,465</u> | <u>11,781,971</u> |
| Net assets, end of year | <u>\$ 9,607,615</u> | <u>\$ 3,983,995</u> | <u>\$ 1,914,465</u> | <u>\$ 15,506,075</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, 2013

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|---------------------------|---------------------------|----------------------|
| REVENUE, SUPPORT AND TRANSFERS | | | | |
| Support from City and County of San Francisco (Note 2) | \$ 3,163,500 | \$ 166,500 | \$ - | \$ 3,330,000 |
| Contributions | 362,626 | 1,576,980 | 53,250 | 1,992,856 |
| Box office ticket sales and gallery admissions | 240,556 | - | - | 240,556 |
| Subsidized community programs | 1,098,620 | - | - | 1,098,620 |
| Facility rentals | 3,076,658 | - | - | 3,076,658 |
| Concession sales | 101,990 | - | - | 101,990 |
| License agreement income (Note 8) | 65,073 | - | - | 65,073 |
| Raffle ticket sales | 10,140,700 | - | - | 10,140,700 |
| Investment income (endowment) (Notes 3 and 7) | - | 259,355 | - | 259,355 |
| Investment income (Note 3) | 309,802 | 913 | - | 310,715 |
| Box office service charges | 112,824 | - | - | 112,824 |
| Marketing and advertising sales | 22,285 | - | - | 22,285 |
| Traveling exhibition fees | 35,015 | - | - | 35,015 |
| Other income | 710 | - | - | 710 |
| Net assets released from restriction (Note 6) | <u>1,276,764</u> | <u>(1,276,764)</u> | <u>-</u> | <u>-</u> |
| Total revenue, support and transfers | <u>20,007,123</u> | <u>726,984</u> | <u>53,250</u> | <u>20,787,357</u> |
| EXPENSES | | | | |
| Program services: | | | | |
| Performing arts | 1,526,557 | - | - | 1,526,557 |
| Visual arts | 1,976,519 | - | - | 1,976,519 |
| Film/video | 451,972 | - | - | 451,972 |
| Community engagement | 1,322,884 | - | - | 1,322,884 |
| Subsidized community programs | 1,518,561 | - | - | 1,518,561 |
| Facility rentals | 2,687,094 | - | - | 2,687,094 |
| Total program services | <u>9,483,587</u> | <u>-</u> | <u>-</u> | <u>9,483,587</u> |
| Support services: | | | | |
| General administration & operations | 1,086,427 | - | - | 1,086,427 |
| Fundraising: | | | | |
| General fundraising | 707,251 | - | - | 707,251 |
| Dream House raffles | 6,048,295 | - | - | 6,048,295 |
| Total supporting services | <u>7,841,973</u> | <u>-</u> | <u>-</u> | <u>7,841,973</u> |
| Total expenses | <u>17,325,560</u> | <u>-</u> | <u>-</u> | <u>17,325,560</u> |
| Change in net assets | 2,681,563 | 726,984 | 53,250 | 3,461,797 |
| Net assets, beginning of year | <u>4,741,334</u> | <u>1,717,625</u> | <u>1,861,215</u> | <u>8,320,174</u> |
| Net assets, end of year | <u>\$ 7,422,897</u> | <u>\$ 2,444,609</u> | <u>\$ 1,914,465</u> | <u>\$ 11,781,971</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 CASH FLOWS
For the years ended June 30, 2014 and 2013

| | 2014 | 2013 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | <u>\$ 3,724,104</u> | <u>\$ 3,461,797</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 268,686 | 227,930 |
| Loss on disposal of furniture and equipment | 8,132 | - |
| Loss on write-off of pledge receivable, net of allowances | 49 | 19 |
| Net realized/unrealized loss (gain) on investments | (825,597) | (454,220) |
| Change in allowance for doubtful accounts | 16,232 | 12,946 |
| Change in discount on long-term contracts and promises to give | 20,944 | 5,555 |
| Changes in assets and liabilities: | | |
| Contributions, grants and contracts receivable | (946,663) | (208,780) |
| Other receivables | 38,192 | 50,218 |
| Accrued interest receivable | (69) | 3,645 |
| Prepaid expenses, deposits and inventory | (284,845) | (90,206) |
| Accounts payable and accrued expenses | (292,383) | 990,484 |
| Refundable advances and other deferred income | 803,309 | 99,616 |
| Total adjustments | <u>(1,194,013)</u> | <u>637,207</u> |
| Net cash provided by operating activities | <u>2,530,091</u> | <u>4,099,004</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of investments | (3,783,281) | (1,684,680) |
| Proceeds from sales and maturities of investments | 3,032,770 | 1,775,962 |
| Increase (decrease) in long-term cash and cash equivalents | (241,032) | (119,609) |
| Purchase of fixtures and equipment | <u>(463,436)</u> | <u>(176,887)</u> |
| Net cash used by investing activities | <u>(1,454,979)</u> | <u>(205,214)</u> |
| Net increase in cash and cash equivalents | 1,075,112 | 3,893,790 |
| Cash and cash equivalents, beginning of year | <u>7,739,189</u> | <u>3,845,399</u> |
| Cash and cash equivalents, end of year | <u>\$ 8,814,301</u> | <u>\$ 7,739,189</u> |

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

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Yerba Buena Center for the Arts (YBCA) is a 501(c)(3) nonprofit organization in San Francisco with a mission to put art and creativity at the center of life. We create and facilitate leading-edge performances, exhibitions, screenings, events, public projects, think tanks, partnerships and convenings at our center and in our community that are focused on the big questions and stories of today. Through this work we serve as the city's center for art, collaboration and social movement, catalyzing personal and social transformation and revolutionizing how our city and the world engages with contemporary art and ideas. Nationally recognized for our innovative approach to audience- and community-centered programs, our vision is for art to be everywhere, contributing to a more inspired, generous and thoughtful world.

YBCA's programs include:

Community Engagement. YBCA's public programs are dedicated to establishing a deeper understanding and appreciation of contemporary art, artists, and the cross-disciplinary curatorial themes linking the art shared in our galleries, on our stages, and in our screening room. Offerings focus on new models for immersive engagement, from *YBCA:You*, YBCA's one-of-a-kind adult education program, with its individually customized arts engagement plan for each participant; to *YBCA In Community*, with its offsite, artist-led, community-designed art making experiences for underserved Bay Area neighborhoods; to YBCA's award-winning artist residency program for youth, *Young Artists at Work*. YBCA's Community Engagement program focuses on expanding definitions of who curates, who participates, and where our work happens.

Visual Arts. The exhibitions at YBCA feature works that tap into timely ideas and topics and that empower the viewer to feel and experience the world more fully. Through a schedule of approximately 7 to 10 temporary exhibitions each year, YBCA showcases established and emerging artists from the Bay Area and beyond, community based work, and the intersection between fine art and popular culture. In addition to presenting compelling nationally and internationally touring exhibitions, YBCA develops original, thematically driven, socially engaged exhibits for our galleries. These YBCA-curated exhibitions feature a mix of solo artist and group shows, and existing and newly commissioned artworks.

Performing Arts. YBCA's Performing Arts program includes performances by local, national, and international artists; micro-commissions in local community settings; and accessible dance classes. The program offers an extraordinary lineup of artists you won't see anywhere else, including those who are taking risks, experimenting with the boundaries of their form, and who are committed to collaboration. Each year YBCA features new work by Bay Area artists along with a lineup of the most compelling, contemporary national and international dance, music, and theater companies.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

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

Organization (Continued) -

Film/Video. In its screening room YBCA annually highlights 100 to 150 eclectic, thoughtful, and provocative contemporary films made by local, national, and international filmmakers who are leading their field in exploration of subject matter and technique. The films shown at YBCA often celebrate the unsung, the underappreciated and the unusual, with YBCA's Film/Video program developing a strong following of Bay Area filmgoers and receiving critical acclaim for its adventurous and provocative programming.

Facility Rentals. YBCA's landmark state-of-the-art facilities are a valuable resource for the communities of the Bay Area. Through our Facility 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.

Subsidized Community Programs. 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 2 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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

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

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

Method of Accounting - To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of YBCA are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net assets that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset group as follows:

Unrestricted net assets - These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from banks less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily restricted net assets - YBCA reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - These stipulate that resources be maintained permanently but permit the organization to use up or expend part or all of the income (or other economic benefits) derived from the donated assets.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

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

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 \$41,964 as of June 30, 2014, and \$25,732 as of June 30, 2013.

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 \$26,499 as of June 30, 2014, and \$5,555 as of June 30, 2013.

Marketable equity securities - Investments are reported at their estimated fair value and consist of corporate bonds, U.S. treasury instruments, equity securities, and international funds, collectively referred to as marketable securities. Investments received by gift are recorded at fair value at the date of the donation. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur.

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.

Revenue recognition - Contributions received are recognized as revenue when received or unconditionally promised. YBCA reports gifts of cash and other assets as temporarily restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

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.

Deferred revenue - 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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

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

In-Kind Contributions - During the years ended June 30, 2014 and 2013, the Center recorded various types of in-kind contributions of donated goods and services related to design work, advertising and other items typically used for special events sponsored by YBCA. These items have a fair market value using the market method of \$143,127 and \$5,700 for the years ended June 30, 2014 and 2013, respectively, as follows:

| <u>Description</u> | <u>Fair Value Measurements Using</u> | | | <u>Total</u> |
|--------------------|--|--|--|--------------|
| | <u>Quoted Price in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> | |
| Various: | | | | |
| June 30, 2014 | \$ - | \$ 143,127 | \$ - | \$ 143,127 |
| June 30, 2013 | \$ - | \$ 5,700 | \$ - | \$ 5,700 |

Functional expense allocations - Certain expenses, such as supplies, travel, personnel, and plant maintenance operations, are allocated among program services and supporting services based on allocation methods and estimates made by YBCA's management.

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.

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 have 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. 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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

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

Subsequent Events - Subsequent events have been evaluated through January 15, 2015, which is the date the financial statements were available to be issued.

NOTE 2 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). For the years ended June 30, 2014 and 2013, the funding level was reduced to \$3,330,000. The OCII has informed YBCA that funding will be \$3,330,000 for the fiscal year ending June 30, 2015.

YBCA's facilities are owned by the OCII 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.

NOTE 3 MARKETABLE EQUITY SECURITIES

The following are the major categories of marketable equity securities measured at fair value on a recurring basis during the years ended June 30, 2014 and 2013, using quoted prices in active markets for identified assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

| <u>Description</u> | <u>Fair Value Measurements at June 30, 2014, Using</u> | | | <u>Total</u> |
|----------------------------|--|--|--|---------------------|
| | <u>Quoted Price in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> | |
| Corporate bonds | \$ 1,454,561 | \$ - | \$ - | \$ 1,454,561 |
| Government bonds | 140,041 | - | - | 140,041 |
| Accrued interest on bonds | 14,021 | - | - | 14,021 |
| Domestic common stocks | 2,488,013 | - | - | 2,488,013 |
| International common stock | 213,967 | - | - | 213,967 |
| Domestic mutual funds | 773,304 | - | - | 773,304 |
| International mutual funds | 1,743,803 | - | - | 1,743,803 |
| | <u>\$ 6,827,710</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,827,710</u> |

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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 MARKETABLE EQUITY SECURITIES (Continued)

| <u>Description</u> | <u>Fair Value Measurements at June 30, 2013, Using</u> | | | <u>Total</u> |
|----------------------------|--|--|--|---------------------|
| | <u>Quoted Price in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> | |
| Corporate bonds | \$ 1,154,918 | \$ - | \$ - | \$ 1,154,918 |
| Government bonds | 140,077 | - | - | 140,077 |
| Accrued interest on bonds | 13,952 | - | - | 13,952 |
| Domestic common stocks | 2,081,405 | - | - | 2,081,405 |
| International common stock | 306,853 | - | - | 306,853 |
| Domestic mutual funds | 548,998 | - | - | 548,998 |
| International mutual funds | <u>1,005,330</u> | <u>-</u> | <u>-</u> | <u>1,005,330</u> |
| | <u>\$ 5,251,533</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,251,533</u> |

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------|-----------------------|-----------------------|
| Interest and dividends | \$ 133,436 | \$ 115,850 |
| Loss on sale of investments | (27,475) | (2,740) |
| Unrealized gain | <u>853,072</u> | <u>456,960</u> |
| Total investment income | <u>\$ 959,033</u> | <u>\$ 570,070</u> |
| Investment income - endowment | \$ 390,416 | \$ 259,355 |
| Investment income - other | <u>568,617</u> | <u>310,715</u> |
| Total investment income | <u>\$ 959,033</u> | <u>\$ 570,070</u> |

Investment fees for the years ended June 30, 2014 and 2013, amounted to \$55,388 and \$51,696, respectively.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 4 FIXTURES AND EQUIPMENT

Fixtures and equipment consisted of the following as of June 30, 2014 and 2013:

| | 2014 | 2013 |
|---------------------------------|-------------|-------------|
| Computer equipment and software | \$ 663,331 | \$ 639,064 |
| Furniture | 79,048 | 118,940 |
| Office equipment | 116,905 | 116,905 |
| Leasehold improvements | 568,748 | 721,127 |
| Other equipment and machinery | 717,329 | 675,391 |
| Construction in progress | 216,350 | - |
| Total | 2,361,711 | 2,271,427 |
| Less: accumulated depreciation | (1,506,796) | (1,603,130) |
| Fixtures and equipment, net | \$ 854,915 | \$ 668,297 |

Depreciation expense for the years ended June 30, 2014 and 2013, was \$268,686 and \$227,930, respectively.

During the year ended June 30, 2014, the Center began several capital projects. At year-end \$216,350 had been expended toward these projects; the total cost of the projects is estimated to be \$311,245.

NOTE 5 OPERATING AGREEMENT RESERVES

Under its operating agreement with the OCII (formerly with the SFRA), YBCA receives funding on a yearly basis (see Note 2). The agreement requires YBCA to set aside 5% of its annual appropriation from the OCII 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 OCII's annual appropriation, no additional funds need be deposited into the reserve.

The agreement further requires that 4% of the annual appropriation from the OCII 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 OCII will permit a reduction in the reserve to occur is if OCII 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 OCII'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, 2014 and 2013. Due to the reduction in funding for the year ended June 30, 2013, \$168,000 was released from the operating reserve in that year.

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 OCII. The total amounts expended from the interior reserve during 2014 and 2013 were \$300,798 and \$220,404, respectively.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013, as follows:

| | <u>2014</u> | <u>2013</u> |
|------------------------------|---------------------|---------------------|
| SFRA interior reserve | \$ - | \$ 134,235 |
| SFRA operating reserve | 832,928 | 832,601 |
| Future program activities | 2,610,388 | 1,217,909 |
| Accumulated endowment income | <u>540,679</u> | <u>259,864</u> |
| | <u>\$ 3,983,995</u> | <u>\$ 2,444,609</u> |

Net assets were released from donor restrictions during the years ended June 30, 2014 and 2013, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

| | <u>2014</u> | <u>2013</u> |
|------------------------------|---------------------|---------------------|
| Performing arts | \$ 400,377 | \$ 233,800 |
| Visual arts | 162,500 | 87,397 |
| Community engagement | 295,582 | 353,838 |
| YBCA in Community | 259,347 | 103,036 |
| Other program | 161,666 | - |
| Interior reserve | 300,798 | 220,404 |
| Accumulated endowment income | 90,000 | 80,000 |
| Endowment investment fees | 19,601 | 20,289 |
| Film / video program | 10,000 | 10,000 |
| Operating reserve | <u>-</u> | <u>168,000</u> |
| | <u>\$ 1,699,871</u> | <u>\$ 1,276,764</u> |

NOTE 7 PERMANENTLY RESTRICTED NET ASSETS/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 permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT (CONTINUED)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated 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>June 30, 2014</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|-------------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| Donor-restricted endowment funds | \$ - | \$ 540,679 | \$ 1,914,465 | \$ 2,455,144 |
| | | | | |
| <u>June 30, 2013</u> | | | | |
| Donor-restricted endowment funds | \$ - | \$ 259,864 | \$ 1,906,465 | \$ 2,166,329 |
| Endowments receivables | - | - | 8,000 | 8,000 |
| Total funds | \$ - | \$ 259,864 | \$ 1,914,465 | \$ 2,174,329 |

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For the years ended June 30, 2014 and 2013

NOTE 7 PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the Fiscal Years Ended June 30, 2014 and 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Endowment net assets, June 30, 2012 | \$ - | \$ 100,798 | \$ 1,861,215 | \$ 1,962,013 |
| Investment return: | | | | |
| Interest and dividends | - | 43,605 | - | 43,605 |
| Realized loss | - | (1,120) | - | (1,120) |
| Unrealized gains | - | 216,870 | - | 216,870 |
| Total investment return | - | 259,355 | - | 259,355 |
| Investment fees | - | (20,289) | - | (20,289) |
| Contributions | - | - | 45,250 | 45,250 |
| Contribution receivable | - | - | 8,000 | 8,000 |
| Appropriation of endowment assets for expenditure | - | (80,000) | - | (80,000) |
| Endowment net assets, June 30, 2013 | - | 259,864 | 1,914,465 | 2,174,329 |
| Investment return: | | | | |
| Interest and dividends | - | 43,532 | - | 43,532 |
| Realized loss | - | (12,101) | - | (12,101) |
| Unrealized gains | - | 358,985 | - | 358,985 |
| Total investment return | - | 390,416 | - | 390,416 |
| Investment fees | - | (19,601) | - | (19,601) |
| Appropriation of endowment assets for expenditure | - | (90,000) | - | (90,000) |
| Endowment net assets, June 30, 2014 | <u>\$ -</u> | <u>\$ 540,679</u> | <u>\$ 1,914,465</u> | <u>\$ 2,455,144</u> |

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013

NOTE 7 PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT (CONTINUED)

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) for the Fiscal Years Ended June 30:

| <i>Permanently Restricted Net Assets</i> | 2014 | 2013 |
|--|---------------------|---------------------|
| The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA | \$ 1,914,465 | \$ 1,914,465 |
| Total endowment funds classified as permanently restricted net assets | <u>\$ 1,914,465</u> | <u>\$ 1,914,465</u> |
| <i>Temporarily Restricted Net Assets</i> | | |
| Term endowment funds | \$ - | \$ - |
| The portion of perpetual endowment funds subject to a time restriction under SPMIFA: | | |
| Without purpose restrictions | 540,679 | 259,864 |
| With purpose restrictions | - | - |
| Total endowment funds classified as temporarily restricted net assets | <u>\$ 540,679</u> | <u>\$ 259,864</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, 2014 and 2013.

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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT (CONTINUED)

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 8 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 OCII (formerly SFRA). The Center received \$67,450 and \$65,073 under this license agreement during the years ended June 30, 2014 and 2013, respectively.

The estimated future license fees to be received under the long-term license agreement are as follows:

| <u>Year ending</u> <u>June 30,</u> | |
|---------------------------------------|-------------------|
| 2015 | \$ 78,533 |
| 2016 | 80,889 |
| 2017 | 83,316 |
| 2018 | 85,815 |
| 2019 | 88,390 |
| Thereafter | <u>145,067</u> |
| | <u>\$ 562,010</u> |

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 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 2014 and 2013 were \$120,145 and \$86,132, respectively.

NOTE 10 MULTI-EMPLOYER PENSION PLANS

The Center contributes to one multi-employer defined benefit pension plan under the terms of two collective bargaining agreements that cover certain union-represented employees. During the years ended June 30, 2014 and 2013, the Center contributed \$161,524 and \$147,204, 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 these plans for the year ended June 30, 2014, is outlined in the following table. All information in the table is as of June 30, 2014, 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, 2014 and 2013

NOTE 10 MULTI-EMPLOYER PENSION PLANS (Continued)

The following table contains information about the Center's multi-employer pension plans:

| | I.A.T.S.E. Local 16 <u>Pension Plan</u> | I.A.T.S.E. Local 16 <u>Pension Plan</u> |
|--|---|---|
| Expiration date of Collective Bargaining Agreement | 6/30/2018 | 6/30/2015 |
| Employer Identification Number | 94-6296420 | 94-6296420 |
| Plan Number | 001 | 001 |
| PPA Status | Red | Red |
| FIP/RP Status Pending/Implemented | Implemented | Implemented |
| Center Contributions, year ended 12/31/13 | \$ 81,182 | \$ 71,737 |
| Center Contributions > 5%? | No | No |
| Plan's year-end | Dec. 31 | Dec. 31 |
| Surcharge on plan? | No | No |

The Center currently has no intention of withdrawing from any of the multi-employer pension plans in which they participate.

NOTE 11 CONCENTRATIONS AND CREDIT RISK

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, 2014, YBCA had approximately \$8,732,000 in accounts in excess of the federal depository insurance limit of \$250,000. Cash equivalents include money market funds.

Contributions, grants and contracts receivable - As of June 30, 2014, contributions, grants and contracts receivable included amounts due from five institutions that represent 86% of the gross contribution and grants receivable balance due. As of June 30, 2013, this number was 91% from four institutions.

Revenues and support - For the year ended June 30, 2014, approximately 15% (16% in 2013) of YBCA's unrestricted revenue and support was provided by the OCII (formerly the San Francisco Redevelopment Agency) in accordance with an operating agreement that will expire in 2019 (see Notes 2 and 5).

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 for a three-year term beginning July 1, 2012.

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**NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2014 and 2013**

NOTE 12 SUBSEQUENT EVENT

In August of 2014 YBCA was the subject of an examination by the Internal Revenue Service of the information returns filed timely for the fiscal year ended June 30, 2012. The examination is in process as of the report date and its impact, if any, on the organization and its operations is unknown as of this time. There have been no adjustments or modifications made to these financial statements as a result of this issue.

SUPPLEMENTARY INFORMATION

YERBA BUENA CENTER FOR THE ARTS
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SCHEDULES OF FUNCTIONAL EXPENSES
For the year ended June 30, 2014

| | Program Services | | | | | | Supporting Services | | | Total |
|--------------------------------------|---------------------|---------------------|-------------------|----------------------|-------------------------------|---------------------|-------------------------------|-------------------|---------------------|----------------------|
| | Performing Arts | Visual Arts | Film/Video | Community Engagement | Subsidized Community Programs | Facility Rentals | General Admin. and Operations | Fund-Raising | Dream House Raffles | |
| Salaries, payroll taxes and benefits | \$ 894,997 | \$ 1,291,542 | \$ 323,040 | \$ 665,394 | \$ 1,339,756 | \$ 2,217,253 | \$ 569,304 | \$ 558,822 | \$ 190,045 | \$ 8,050,153 |
| Artist fees and expenses | 465,411 | 53,925 | 12,707 | 100,702 | 176 | 6,270 | 4,890 | 34,678 | - | 678,759 |
| Program and production expenses | 90,039 | 309,143 | 40,845 | 181,405 | 67,327 | 298,559 | 105,594 | 59,830 | 3,121,720 | 4,274,462 |
| Marketing & public relations | 66,545 | 66,659 | 14,218 | 18,883 | 5,366 | 36,349 | 9,068 | 10,776 | 601,131 | 828,995 |
| Security and janitorial services | 41,360 | 81,138 | 14,488 | 40,001 | 57,749 | 43,305 | 43,292 | 6,971 | - | 328,304 |
| Equipment maintenance and supplies | 43,230 | 46,218 | 10,409 | 23,284 | 33,511 | 47,472 | 33,901 | 2,768 | 11,231 | 252,024 |
| Utilities | 22,190 | 44,379 | 11,095 | 28,847 | 44,379 | 33,285 | 33,284 | - | 4,438 | 221,897 |
| Insurance | 10,030 | 10,030 | 5,015 | 7,021 | 8,024 | 10,030 | 35,106 | 11,033 | 4,012 | 100,301 |
| Office expenses | 84,197 | 243,046 | 31,098 | 35,558 | 56,935 | 51,331 | 97,488 | 63,420 | 1,951,828 | 2,614,901 |
| Miscellaneous expense | - | - | - | - | - | - | 8,145 | - | - | 8,145 |
| Depreciation | 26,869 | 26,869 | 13,434 | 18,808 | 21,495 | 26,869 | 94,040 | 29,555 | 10,747 | 268,686 |
| Interior reserve expenses | - | 5,029 | - | - | 24,401 | 6,519 | 150,318 | - | - | 186,267 |
| Travel and hospitality | 24,528 | 21,448 | 9,021 | 35,271 | 4,039 | 11,551 | 8,883 | 14,561 | 2,254 | 131,556 |
| Professional services | 2,999 | 2,999 | 1,500 | 2,099 | 2,399 | 2,999 | 10,496 | 3,299 | 5,500 | 34,290 |
| Other facilities expenses | 414 | 2,284 | 192 | 3,543 | 14,625 | 4,131 | 855 | 98 | 315 | 26,457 |
| In-kind gifts expense | 48,652 | 37,160 | 26,380 | 29,380 | 90 | 30 | 150 | 1,285 | - | 143,127 |
| Total | \$ 1,821,461 | \$ 2,241,869 | \$ 513,442 | \$ 1,190,196 | \$ 1,680,272 | \$ 2,795,953 | \$ 1,204,814 | \$ 797,096 | \$ 5,903,221 | \$ 18,148,324 |

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SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
For the year ended June 30, 2013

| | Program Services | | | | | | | | | | Supporting Services | | | Total |
|--------------------------------------|---------------------|--------------------|------------------|----------------------|-------------------------------|---------------------|-------------------------------|-------------------|---------------------|-----------|---------------------|----------------------|--|-------|
| | Performing Arts | Visual Arts | Film/Video | Community Engagement | Subsidized Community Programs | Facility Rentals | General Admin. and Operations | Fund-Raising | Dream House Raffles | | | | | |
| Salaries, payroll taxes and benefits | \$ 763,361 | \$1,030,427 | \$291,098 | \$ 728,183 | \$1,271,078 | \$ 2,169,837 | \$ 611,403 | \$ 523,841 | \$ 83,110 | \$ | \$ | \$ 7,472,338 | | |
| Artist fees and expenses | 417,647 | 84,463 | 15,159 | 109,278 | - | 3,044 | - | 23,487 | - | - | - | 653,078 | | |
| Program and production expenses | 68,983 | 294,223 | 43,650 | 155,495 | 39,160 | 292,782 | 72,845 | 44,941 | 3,411,305 | | | 4,423,384 | | |
| Marketing & public relations | 50,560 | 32,338 | 11,621 | 85,046 | 3,773 | 18,044 | 10,414 | 1,277 | 632,293 | | | 845,366 | | |
| Travel and hospitality | 14,050 | 21,089 | 11,408 | 26,327 | 4,542 | 12,789 | 12,044 | 11,555 | 2,665 | | | 116,469 | | |
| Security and janitorial services | 26,599 | 63,166 | 10,107 | 35,087 | 39,689 | 29,966 | 29,767 | 204 | - | | | 234,585 | | |
| Equipment maintenance and supplies | 50,274 | 54,320 | 14,618 | 48,458 | 57,878 | 49,198 | 47,801 | 3,006 | 7,956 | | | 333,509 | | |
| Utilities | 19,039 | 38,079 | 9,520 | 28,559 | 38,079 | 28,559 | 28,559 | - | - | | | 190,394 | | |
| Insurance | 7,939 | 9,479 | 3,969 | 6,615 | 6,143 | 10,207 | 37,330 | 10,490 | 2,835 | | | 95,007 | | |
| Office supplies | 84,721 | 297,291 | 29,130 | 57,947 | 39,459 | 40,926 | 109,942 | 55,443 | 1,897,923 | | | 2,612,782 | | |
| In-kind gifts expense | - | - | - | 2,880 | - | - | - | 2,820 | - | | | 5,700 | | |
| Professional services | 3,620 | 4,094 | 1,810 | 3,017 | 2,801 | 4,655 | 17,025 | 4,784 | 3,320 | | | 45,126 | | |
| Other facilities expenses | 618 | 1,227 | 309 | 877 | 1,144 | 1,720 | 1,170 | 101 | 50 | | | 7,216 | | |
| Miscellaneous expense | - | - | - | - | - | - | 63 | - | - | | | 63 | | |
| Depreciation | 19,146 | 21,653 | 9,573 | 15,955 | 14,815 | 24,616 | 90,032 | 25,302 | 6,838 | | | 227,930 | | |
| Interior Reserve | - | 24,670 | - | 19,160 | - | 751 | 18,032 | - | - | | | 62,613 | | |
| Total | \$ 1,526,557 | \$1,976,519 | \$451,972 | \$ 1,322,884 | \$1,518,561 | \$ 2,687,094 | \$ 1,086,427 | \$ 707,251 | \$ 6,048,295 | \$ | \$ | \$ 17,325,560 | | |