

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

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**

**For the Years Ended**  
**June 30, 2017 and 2016 (Restated)**

## CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 21
Supplementary Information	
Schedules of Functional Expenses	23 - 24



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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, 2017 and 2016 (as restated; see Note 9), 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, 2017 and 2016 (as restated), 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*

May 7, 2018

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

**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2017 and 2016 (Restated)**

	2017	2016 (Restated)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 9,224,400	\$ 10,984,329
Contributions, grants and contracts receivable, current portion, net of allowance for doubtful accounts of \$28,106 at 2017 and \$15,032 at 2016 (Note 1)	721,394	419,168
Other receivables (Note 1)	92,698	22,173
Prepaid expenses	247,676	310,361
Deposits and other current assets	16,678	52,063
Total current assets	<u>10,302,846</u>	<u>11,788,094</u>
Contributions, grants and contracts receivable, net of current portion and present value discount of \$62,108 at 2017 and \$3,230 at 2016 (Note 1)	<u>1,072,892</u>	<u>71,770</u>
Long-term investments:		
Cash and cash equivalents (Note 1)	478,842	407,128
Marketable equity securities (Notes 1 and 3)	7,400,076	6,645,922
Total long-term investments	<u>7,878,918</u>	<u>7,053,050</u>
Fixtures and equipment, net of accumulated depreciation of \$1,768,247 at 2017 and \$1,846,631 at 2016 (Notes 1 and 4)	<u>838,558</u>	<u>788,254</u>
Total assets	<u>\$ 20,093,214</u>	<u>\$ 19,701,168</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 614,594	\$ 317,611
Other accrued expenses	389,233	135,644
Accrued raffle expenses	1,712,365	1,755,008
Accrued unrelated business income tax	1,802,288	3,609,448
Accrued paid time off	512,784	462,566
Other liabilities	33,477	73,352
Deposits and refundable advances (Note 1)	382,565	191,982
Total liabilities	<u>5,447,306</u>	<u>6,545,611</u>
Net assets:		
Unrestricted net assets	8,186,748	7,902,311
Temporarily restricted net assets (Note 6)	4,544,695	3,338,781
Permanently restricted net assets (Note 7)	1,914,465	1,914,465
Total net assets	<u>14,645,908</u>	<u>13,155,557</u>
Total liabilities and net assets	<u>\$ 20,093,214</u>	<u>\$ 19,701,168</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, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, SUPPORT AND TRANSFERS</b>				
Support from City and County of San Francisco (Note 2)	\$ 3,163,500	\$ 166,500	\$ -	\$ 3,330,000
Contributions	363,344	3,729,449	-	4,092,793
Box office ticket sales and gallery admissions	397,929	-	-	397,929
Subsidized community programs	1,123,485	-	-	1,123,485
Facility rentals	2,016,234	-	-	2,016,234
Concession sales	180,492	-	-	180,492
License agreement income (Note 8)	83,316	-	-	83,316
Raffle ticket sales	10,518,410	-	-	10,518,410
Investment income (endowment) (Notes 3 and 7)	-	367,206	-	367,206
Investment income (Note 3)	609,035	-	-	609,035
Box office service charges	132,840	-	-	132,840
Marketing and advertising sales	3,958	-	-	3,958
In-kind contributions (Note 1)	157,078	-	-	157,078
Other income	2,953	-	-	2,953
Naming revenue	1,000,000	-	-	1,000,000
Net assets released from restriction (Note 6)	<u>3,057,241</u>	<u>(3,057,241)</u>	<u>-</u>	<u>-</u>
<b>Total revenue, support and transfers</b>	<u>22,809,815</u>	<u>1,205,914</u>	<u>-</u>	<u>24,015,729</u>
<b>EXPENSES</b>				
Program services:				
Performing arts	1,902,199	-	-	1,902,199
Visual arts	3,397,785	-	-	3,397,785
Film/video	631,114	-	-	631,114
Civic engagement	2,163,987	-	-	2,163,987
Subsidized community programs	1,980,427	-	-	1,980,427
Facility rentals	2,909,636	-	-	2,909,636
<b>Total program services</b>	<u>12,985,148</u>	<u>-</u>	<u>-</u>	<u>12,985,148</u>
Support services:				
General administration & operations	1,638,837	-	-	1,638,837
Fundraising:				
General fundraising	1,076,635	-	-	1,076,635
Dream House raffles	6,824,758	-	-	6,824,758
<b>Total supporting services</b>	<u>9,540,230</u>	<u>-</u>	<u>-</u>	<u>9,540,230</u>
<b>Total expenses</b>	<u>22,525,378</u>	<u>-</u>	<u>-</u>	<u>22,525,378</u>
Change in net assets	284,437	1,205,914	-	1,490,351
Net assets, beginning of year	<u>7,902,311</u>	<u>3,338,781</u>	<u>1,914,465</u>	<u>13,155,557</u>
Net assets, end of year	<u>\$ 8,186,748</u>	<u>\$ 4,544,695</u>	<u>\$ 1,914,465</u>	<u>\$ 14,645,908</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, 2016 (Restated)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, SUPPORT AND TRANSFERS</b>				
Support from City and County of San Francisco (Note 2)	\$ 3,163,500	\$ 166,500	\$ -	\$ 3,330,000
Contributions	738,263	1,844,798	-	2,583,061
Box office ticket sales and gallery admissions	299,364	-	-	299,364
Subsidized community programs	1,006,387	-	-	1,006,387
Facility rentals	2,194,871	-	-	2,194,871
Concession sales	110,217	-	-	110,217
License agreement income (Note 8)	80,889	-	-	80,889
Raffle ticket sales	10,920,760	-	-	10,920,760
Investment income (endowment) (Notes 3 and 7)	-	(137,886)	-	(137,886)
Investment income (Note 3)	(166,953)	251	-	(166,702)
Box office service charges	116,417	-	-	116,417
Marketing and advertising sales	2,326	-	-	2,326
In-kind contributions (Note 1)	109,906	-	-	109,906
Other income	5,364	-	-	5,364
Naming revenue	1,000,000	-	-	1,000,000
Net assets released from restriction (Note 6)	<u>1,741,528</u>	<u>(1,741,528)</u>	<u>-</u>	<u>-</u>
Total revenue, support and transfers	<u>21,322,839</u>	<u>132,135</u>	<u>-</u>	<u>21,454,974</u>
<b>EXPENSES</b>				
Program services:				
Performing arts	1,848,934	-	-	1,848,934
Visual arts	2,545,950	-	-	2,545,950
Film/video	558,613	-	-	558,613
Civic engagement	1,950,373	-	-	1,950,373
Subsidized community programs	1,801,085	-	-	1,801,085
Facility rentals	2,652,791	-	-	2,652,791
Total program services	<u>11,357,746</u>	<u>-</u>	<u>-</u>	<u>11,357,746</u>
Support services:				
General administration & operations	1,970,167	-	-	1,970,167
Fundraising:				
General fundraising	887,805	-	-	887,805
Dream House raffles	7,296,042	-	-	7,296,042
Total supporting services	<u>10,154,014</u>	<u>-</u>	<u>-</u>	<u>10,154,014</u>
Total expenses	<u>21,511,760</u>	<u>-</u>	<u>-</u>	<u>21,511,760</u>
Change in net assets	<u>(188,921)</u>	<u>132,135</u>	<u>-</u>	<u>(56,786)</u>
Net assets, beginning of year, as originally stated	8,314,528	3,206,646	1,914,465	13,435,639
Prior period adjustment (Note 9)	<u>(223,296)</u>	<u>-</u>	<u>-</u>	<u>(223,296)</u>
Net assets, beginning of year, as restated	<u>8,091,232</u>	<u>3,206,646</u>	<u>1,914,465</u>	<u>13,212,343</u>
Net assets, end of year	<u>\$ 7,902,311</u>	<u>\$ 3,338,781</u>	<u>\$ 1,914,465</u>	<u>\$ 13,155,557</u>

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

**YERBA BUENA CENTER FOR THE ARTS**  
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**STATEMENTS OF CASH FLOWS**  
**For the years ended June 30, 2017 and 2016 (Restated)**

	2017	2016 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	<u>\$ 1,490,351</u>	<u>\$ (56,786)</u>
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	230,801	236,490
Loss on disposal of furniture and equipment	-	1,556
Realized loss on investments	11,534	47,478
Unrealized loss (gain) on investments	(799,339)	428,981
Change in allowance for doubtful accounts	13,074	(27,108)
Change in discount on long-term contracts and promises to give	58,878	(847)
Write-off of receivables	2,000	-
Changes in assets and liabilities:		
Contributions, grants and contracts receivable	(1,377,300)	850,574
Other receivables	(70,525)	24,040
Accrued interest receivable	(677)	21,168
Prepaid expenses, deposits and inventory	98,070	(53,320)
Accounts payable and accrued expenses	(1,288,888)	130,562
Refundable advances and other deferred income	190,583	(316,854)
Total adjustments	<u>(2,931,789)</u>	<u>1,342,720</u>
Net cash (used) provided by operating activities	<u>(1,441,438)</u>	<u>1,285,934</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,758,030)	(1,397,267)
Proceeds from sales and maturities of investments	1,792,358	1,372,156
Decrease in long-term cash and cash equivalents	(71,714)	(19,274)
Purchase of fixtures and equipment	<u>(281,105)</u>	<u>(135,443)</u>
Net cash used by investing activities	<u>(318,491)</u>	<u>(179,828)</u>
Net (decrease) increase in cash and cash equivalents	(1,759,929)	1,106,106
Cash and cash equivalents, beginning of year	<u>10,984,329</u>	<u>9,878,223</u>
Cash and cash equivalents, end of year	<u>\$ 9,224,400</u>	<u>\$ 10,984,329</u>
Supplementary information:		
Cash paid for taxes (use tax)	<u>\$ 6,711</u>	<u>\$ 28,878</u>
Cash paid for taxes (UBIT)	<u>\$ 2,111,960</u>	<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)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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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 generate culture that moves people. We believe that culture precedes change, and that it is the responsibility of arts organizations to spur and support societal movement. We serve as San Francisco's creative home for civic action; instigating ideas that can transform our city and our lives. Through performances, exhibitions, screenings, events, public projects, think tanks, partnerships and convenings at our center and in our community, we empower citizens to help create the change they want to see in the world. Nationally recognized for our innovative approach to audience- and community-centered programs, our vision is to create a community that thrives on inspiration.

YBCA's programs include:

**Civic Engagement.** YBCA has a firm and lasting commitment to serve as a citizen institution. We know that a creatively engaged citizenry is essential to a great city. Civic Engagement ensures that YBCA's programs extend open invitations to the entire community. Beyond the walls of the art center, YBCA partners with city government, schools, private enterprise, and community organizations. We invite all to use their creativity to make a difference in the future of our city. Offerings include art-as-activism residencies for high school students, K-8 in-school programming within the San Francisco Unified School District, creative placemaking initiatives in public space (in partnership with San Francisco Planning department) and so much more.

**Visual Arts.** Through a schedule of approximately 5-8 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 social impact. In addition to presenting compelling nationally and internationally touring exhibitions, YBCA develops original 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 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.

**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.

**YERBA BUENA CENTER FOR THE ARTS**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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

Organization (Continued) -

**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.

**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.

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.

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:

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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

*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.

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 \$28,106 as of June 30, 2017, and \$15,032 as of June 30, 2016.

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 \$62,108 as of June 30, 2017, and \$3,230 as of June 30, 2016.

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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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

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.

In-Kind Contributions - During the years ended June 30, 2017 and 2016, 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 \$157,078 and \$109,906 for the years ended June 30, 2017 and 2016, 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)	
Various:				
June 30, 2017	\$ -	\$ 157,078	\$ -	\$ 157,078
June 30, 2016	\$ -	\$ 109,906	\$ -	\$ 109,906

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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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

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.

Accounting Standards, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*- In August 2016, the FASB issued new financial statement presentation guidance, which applies to most nonprofit financial statements. The new guidance will impact net asset classes, the presentation of investment return, and other changes, and is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The new standard is not expected to have a material impact on the Center's financial position, results of operations, or cash flows.

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.

Accounting Standards, ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*- In May 2014, the FASB issued new revenue recognition guidance, which applies to most contracts with customers. The core revenue recognition principle is that revenue should be recognized as the organization transfers goods or services to customers/clients in an amount reflecting the consideration it expects to receive. This new guidance is effective for the Center for annual reporting periods beginning after December 15, 2017. In the opinion of management, the implementation of this standard will not materially impact these financial statements.

Accounting Standards, 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, 2019, 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.

Subsequent Events - Subsequent events have been evaluated through May 7, 2018, which is the date the financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

**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, 2017 and 2016, 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, 2018.

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, 2017 and 2016, 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 at June 30, 2017, Using			Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Corporate bonds	\$ 1,469,423	\$ -	\$ -	\$ 1,469,423
Government bonds	608,263	-	-	608,263
Accrued interest on bonds	18,983	-	-	18,983
Domestic common stocks	2,764,273	-	-	2,764,273
Real assets	111,902	-	-	111,902
Domestic mutual funds	1,164,042	-	-	1,164,042
International mutual funds	1,263,190	-	-	1,263,190
	<u>\$ 7,400,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,400,076</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

NOTE 3 MARKETABLE EQUITY SECURITIES (Continued)

<u>Description</u>	<u>Fair Value Measurements at June 30, 2016, 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	\$ 1,758,267	\$ -	\$ -	\$ 1,758,267
Government bonds	187,220	-	-	187,220
Accrued interest on bonds	18,305	-	-	18,305
Domestic common stocks	2,377,498	-	-	2,377,498
Domestic mutual funds	769,577	-	-	769,577
International mutual funds	1,535,055	-	-	1,535,055
	<u>\$ 6,645,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,645,922</u>

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 188,436	\$ 171,871
Loss on sale of investments	(11,534)	(47,478)
Unrealized gain (loss) on investments	799,339	(428,981)
Total investment income	<u>\$ 976,241</u>	<u>\$ (304,588)</u>
Investment income - endowment	\$ 367,206	\$ (137,886)
Investment income - other	609,035	(166,702)
Total investment income	<u>\$ 976,241</u>	<u>\$ (304,588)</u>

Investment fees for the years ended June 30, 2017 and 2016, amounted to \$57,141 and \$55,479, respectively.

NOTE 4 FIXTURES AND EQUIPMENT

Fixtures and equipment consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Computer equipment and software	\$ 341,447	\$ 591,483
Furniture	95,846	115,731
Office equipment	116,905	116,905
Leasehold improvements	909,689	823,738
Other equipment and machinery	1,142,918	987,028
Total	<u>2,606,805</u>	<u>2,634,885</u>
Less: accumulated depreciation	<u>(1,768,247)</u>	<u>(1,846,631)</u>
Fixtures and equipment, net	<u>\$ 838,558</u>	<u>\$ 788,254</u>

Depreciation expense for the years ended June 30, 2017 and 2016, was \$230,801 and \$236,490, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

**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, 2017 and 2016.

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 2017 and 2016 were \$166,500 per year.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30, 2017 and 2016, as follows:

	<u>2017</u>	<u>2016</u>
SFRA operating reserve	\$ 833,429	\$ 833,429
Future program activities	2,862,468	2,008,267
Accumulated endowment income	563,298	303,885
Time-restricted	<u>285,500</u>	<u>193,200</u>
	<u>\$ 4,544,695</u>	<u>\$ 3,338,781</u>

Net assets were released from donor restrictions during the years ended June 30, 2017 and 2016, by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Performing arts	\$ 660,406	\$ 139,923
Creative Ecosystems	210,495	-
Visual arts	199,786	5,000
Community engagement	101,000	96,071
YBCA in Community	-	79,500
Other programs	649,214	945,752
Market Street Prototyping Festival	619,790	201,110
New California Arts Fund	233,069	-
Youth and Education	70,855	-
Film/Video	5,000	-
Interior reserve	166,500	166,500
Accumulated endowment income	90,000	90,000
Endowment investment fees	17,793	17,672
Time-restricted	<u>33,333</u>	<u>-</u>
	<u>\$ 3,057,241</u>	<u>\$ 1,741,528</u>



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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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.

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, 2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 563,299	\$ 1,914,465	\$ 2,477,764
<u>June 30, 2016</u>				
Donor-restricted endowment funds	\$ -	\$ 303,885	\$ 1,914,465	\$ 2,218,350

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

NOTE 7 PERMANENTLY RESTRICTED NET ASSETS/ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the Fiscal Years Ended June 30, 2017 and 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ -	\$ 549,443	\$ 1,914,465	\$ 2,463,908
Investment return:				
Interest and dividends	-	51,532	-	51,532
Realized loss	-	(19,441)	-	(19,441)
Unrealized loss	-	(169,977)	-	(169,977)
Total investment return	<u>-</u>	<u>(137,886)</u>	<u>-</u>	<u>(137,886)</u>
Investment fees	-	(17,672)	-	(17,672)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
Endowment net assets, June 30, 2016	<u>-</u>	<u>303,885</u>	<u>1,914,465</u>	<u>2,218,350</u>
Investment return:				
Interest and dividends	-	46,137	-	46,137
Realized gain	-	11,298	-	11,298
Unrealized gain	-	309,771	-	309,771
Total investment return	<u>-</u>	<u>367,206</u>	<u>-</u>	<u>367,206</u>
Investment fees	-	(17,792)	-	(17,792)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
Endowment net assets, June 30, 2017	<u>\$ -</u>	<u>\$ 563,299</u>	<u>\$ 1,914,465</u>	<u>\$ 2,477,764</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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>	2017	2016
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	\$ 1,914,465	\$ 1,914,465
 <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	563,299	303,885
With purpose restrictions	-	-
Total endowment funds classified as temporarily restricted net assets	\$ 563,299	\$ 303,885

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, 2017 and 2016.

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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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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 \$83,316 and \$80,889 under this license agreement during the years ended June 30, 2017 and 2016, respectively.

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

<u>Year ending June 30,</u>	
2018	\$ 85,815
2019	88,390
2020	91,042
2021	<u>54,026</u>
	<u>\$ 319,273</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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**NOTE 9    RESTATEMENT AND PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2016, the Center was notified of a bequest payment of \$200,000 which was accrued as a bequest receivable at June 30, 2016, and subsequently collected. In 2017 the Trustee of the estate notified the Center that there was an error in calculating the bequest payment and a significant portion may need to be returned. As a result, the \$166,667 estimated returnable portion was removed from the contributions reported for the year ended June 30, 2016, and contributions, grants and contracts receivable at June 30, 2016. Temporarily restricted net assets (time restricted) was also reduced by this amount at June 30, 2016. The \$166,667 is reported as an accrued expense until the matter is settled with the estate.

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. YBCA is in the process of determining the next steps, which may result in a favorable outcome for the Center, but a potential liability now exists. As a result, a liability was accrued for those prior periods for the Federal penalties and interest, increasing accrued expense liability by \$223,296 and decreasing unrestricted net assets by the same amount.

**NOTE 10    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 2017 and 2016 were \$136,365 and \$141,699, respectively.

**NOTE 11    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, 2017 and 2016, the Center contributed \$141,517 and \$132,139, respectively, to the union's Pension Trust Fund.

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

NOTE 11 MULTI-EMPLOYER PENSION PLANS (Continued)

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, 2017, is outlined in the following table. All information in the table is as of June 30, 2017, 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.

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

	I.A.T.S.E. Local 16 Pension Plan (Entertainment Contract)	I.A.T.S.E. Local 16 Pension Plan (YBCA Contract)
Expiration date of Collective Bargaining Agreement	6/30/2018	6/30/2018
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 12/31/16	\$ 63,405	\$ 69,969
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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2017 and 2016**

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NOTE 12 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, 2017, YBCA had approximately \$9,426,000 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, 2017, contributions, grants and contracts receivable included amounts due from five institutions that represent 81% of the gross contribution and grants receivable balance due. As of June 30, 2016, this number was 70% from three institutions.

Revenues and support - For the year ended June 30, 2017, approximately 14% (15% in 2016) 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 through June 30, 2018.

NOTE 13 SUBSEQUENT EVENT

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 and is in the process of satisfying such request.

**SUPPLEMENTARY INFORMATION**



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

**SCHEDULES OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2017**

	Program Services						Supporting Services			Total
	Visual Arts	Film / Video	Performing Arts	Civic Engagement	Subsidized Community Programs	Facility Rentals	General Admin. and Operations	Fundraising Fund-Raising	Dream House Raffles	
Salaries, payroll taxes and benefits	\$ 1,730,618	\$ 389,876	\$ 987,454	\$ 888,725	\$ 1,542,442	\$ 2,244,811	\$ 681,315	\$ 689,692	\$ 192,947	\$ 9,347,880
Artist fees and expenses	149,282	3,451	359,134	261,496	12	15	1,268	4,477	-	779,135
Program and production expenses	543,915	63,602	109,067	615,524	60,110	250,165	154,011	141,150	3,637,930	5,575,474
Marketing & public relations	96,778	20,145	93,172	36,632	7,554	9,633	22,668	13,934	705,933	1,006,449
Security and janitorial services	144,806	17,248	43,158	64,124	111,346	102,649	51,992	7,755	-	543,078
Equipment maintenance and supplies	67,336	23,066	41,655	53,973	62,505	43,778	43,103	2,156	5,104	342,676
Utilities	45,778	11,445	22,889	29,756	45,778	34,334	34,334	-	4,578	228,892
Insurance	32,288	5,758	11,517	10,517	9,213	11,517	40,308	12,668	4,607	138,393
Office expenses	424,256	69,636	165,726	91,178	100,243	123,643	338,255	139,102	2,253,605	3,705,644
Miscellaneous expense	-	-	-	-	-	-	7,718	-	-	7,718
Depreciation	23,080	11,540	23,080	16,156	18,464	23,080	80,781	25,388	9,232	230,801
Interior reserve expenses	22,521	-	-	-	-	27,378	97,296	-	-	147,195
Travel and hospitality	52,047	6,117	25,498	38,580	7,662	17,835	17,027	16,397	1,503	182,666
Professional services	7,084	3,542	7,084	12,979	5,668	7,084	24,796	7,793	8,789	84,819
Grant expenses	-	-	-	-	-	-	4,845	-	-	4,845
Other facilities expenses	10,100	729	2,847	17,487	1,495	3,796	4,406	1,245	530	42,635
In-kind gifts expense	47,896	4,969	9,918	26,860	7,935	9,918	34,714	14,878	-	157,078
<b>Total</b>	<b>\$ 3,397,785</b>	<b>\$ 631,114</b>	<b>\$ 1,902,199</b>	<b>\$ 2,163,987</b>	<b>\$ 1,980,427</b>	<b>\$ 2,909,636</b>	<b>\$ 1,638,837</b>	<b>\$ 1,076,635</b>	<b>\$ 6,824,758</b>	<b>\$ 22,525,378</b>

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

**SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)**  
**For the year ended June 30, 2016**

	Program Services						Supporting Services			Total
	Performing Arts	Visual Arts	Film/ Video	Civic Engagement	Subsidized Community Programs	Facility Rentals	Fundraising			
							General Admin. and Operations	Fund- Raising	Dream House Raffles	
Salaries, payroll taxes and benefits	\$ 1,097,988	\$1,486,327	\$375,564	\$ 1,005,757	\$ 1,434,405	\$ 2,107,992	\$ 692,246	\$ 550,679	\$ 186,130	\$ 8,917,088
Artist fees and expenses	323,510	116,134	11,265	307,884	-	-	-	-	-	758,793
Program and production expenses	65,133	328,654	42,655	347,531	55,473	154,948	507,685	149,708	3,791,370	5,443,155
Marketing & public relations	83,739	79,640	17,220	21,467	6,457	10,315	82,184	21,252	648,984	971,258
Security and janitorial services	41,382	123,101	17,768	59,565	112,822	118,931	51,303	7,327	-	532,199
Equipment maintenance and supplies	33,360	53,507	13,394	47,129	46,775	48,447	37,629	3,178	4,510	287,929
Utilities	24,769	49,538	12,384	32,199	49,538	37,153	37,153	-	4,954	247,688
Insurance	9,325	9,325	4,662	6,527	7,460	9,325	32,637	10,257	3,730	93,248
Office expenses	97,329	241,661	37,205	47,690	48,812	72,681	146,124	75,525	2,230,616	2,997,643
Miscellaneous expense	-	-	-	-	-	-	4,557	-	-	4,557
Depreciation	23,649	23,649	11,824	16,554	18,919	23,649	82,772	26,014	9,460	236,490
Interior reserve expenses	-	12,976	-	-	-	22,208	214,347	-	-	249,531
Travel and hospitality	32,240	24,364	6,522	43,450	6,859	22,623	23,531	12,688	2,122	174,399
Professional services	5,520	5,520	2,762	3,864	4,416	5,520	19,322	6,073	10,887	63,884
Grant expenses	-	-	-	-	-	-	2,526	-	-	2,526
Other facilities expenses	999	1,563	393	3,763	1,157	9,008	1,184	120	165	18,352
Taxes	-	-	-	-	-	-	-	-	403,114	403,114
In-kind gifts expense	9,991	9,991	4,995	6,993	7,992	9,991	34,967	24,986	-	109,906
<b>Total</b>	<b><u>\$ 1,848,934</u></b>	<b><u>\$2,545,950</u></b>	<b><u>\$558,613</u></b>	<b><u>\$ 1,950,373</u></b>	<b><u>\$ 1,801,085</u></b>	<b><u>\$ 2,652,791</u></b>	<b><u>\$ 1,970,167</u></b>	<b><u>\$ 887,805</u></b>	<b><u>\$ 7,296,042</u></b>	<b><u>\$ 21,511,760</u></b>