

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

FINANCIAL STATEMENTS

For the Years Ended
June 30, 2021 and 2020

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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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yerba Buena Center for the Arts as of June 30, 2021 and 2020, 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.

A handwritten signature in blue ink that reads "Doran & Associates".

March 9, 2022

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 19,729,982	\$ 9,229,827
Contributions, grants and contracts receivable, current portion, net of allowance for doubtful accounts of \$24,939 at 2021 and \$16,991 at 2020 (Note 1)	640,101	306,104
Other receivables (Note 1)	6,645	22,150
Prepaid expenses	576,785	263,814
Certificates of deposit, current portion (Note 1)	1,020,792	1,780,501
Deposits and other current assets	10,216	10,763
Investments (Notes 1 and 4)	8,415,756	4,038,650
Total current assets	<u>30,400,277</u>	<u>15,651,809</u>
Certificates of deposit, net of current portion (Note 1)	-	1,037,445
Contributions, grants and contracts receivable, net of current portion and present value discount of \$69,587 at 2021 and \$34,099 at 2020 (Note 1)	513,747	9,901
Fixtures and equipment, net of accumulated depreciation of \$2,454,154 at 2021 and \$2,251,425 at 2020 (Notes 1 and 5)	<u>505,746</u>	<u>661,327</u>
Total assets	<u>\$ 31,419,770</u>	<u>\$ 17,360,482</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 226,787	\$ 451,706
Other accrued expenses	194,468	320,346
Accrued raffle expenses	10,000	779,786
Accrued unrelated business income tax	1,226,825	1,546,757
Accrued paid time off	571,676	652,637
Other liabilities	62,397	66,748
Deposits and refundable advances (Note 1)	748,875	849,845
PPP conditional grant (Note 6)	1,604,212	1,455,000
Current portion of PPP loan payable (Note 6)	18,003	-
Total current liabilities	<u>4,663,243</u>	<u>6,122,825</u>
PPP loan payable, net of current portion (Note 6)	<u>206,054</u>	<u>-</u>
Total liabilities	<u>4,869,297</u>	<u>6,122,825</u>
Net assets:		
Net assets without donor restrictions	16,269,724	7,126,059
Net assets with donor restrictions (Note 8)	10,280,749	4,111,598
Total net assets	<u>26,550,473</u>	<u>11,237,657</u>
Total liabilities and net assets	<u>\$ 31,419,770</u>	<u>\$ 17,360,482</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND TRANSFERS			
Support from City and County of San Francisco (Note 3)	\$ 2,372,625	\$ 124,875	\$ 2,497,500
Contributions	6,437,737	8,413,540	14,851,277
PPP conditional grant (Note 6)	-	1,455,000	1,455,000
Box office ticket sales and gallery admissions	-	-	-
Subsidized community programs	-	-	-
Facility rentals	-	-	-
Concession sales	-	-	-
License agreement income (Note 10)	94,004	-	94,004
Raffle ticket sales	7,040,670	-	7,040,670
Net investment income (Note 4)	412,804	820,809	1,233,613
In-kind contributions (Note 1)	1,000	-	1,000
Fees for service	318,472	-	318,472
Naming revenue	1,306,813	-	1,306,813
Unrelated business income tax expired (Note 1)	319,932	-	319,932
Other income	6,873	-	6,873
Net assets released from restriction, pursuant to endowment spending rate distribution formula	95,000	(95,000)	-
Net assets released from restriction, fulfillment of purpose and/or time restrictions	<u>4,550,073</u>	<u>(4,550,073)</u>	<u>-</u>
Total revenue, support, and transfers	<u>22,956,003</u>	<u>6,169,151</u>	<u>29,125,154</u>
EXPENSES AND LOSSES			
Program services:			
YBCA Create	2,986,725	-	2,986,725
YBCA Champion	1,935,156	-	1,935,156
YBCA Invest	997,063	-	997,063
YBCA Engage	531,669	-	531,669
Facility rentals	931,479	-	931,479
Total program services	<u>7,382,092</u>	<u>-</u>	<u>7,382,092</u>
Support services:			
General administration & operations	1,028,610	-	1,028,610
Fundraising:			
General Fundraising	1,219,633	-	1,219,633
Dream House raffle	4,182,003	-	4,182,003
Total supporting services	<u>6,430,246</u>	<u>-</u>	<u>6,430,246</u>
Total expenses and losses	<u>13,812,338</u>	<u>-</u>	<u>13,812,338</u>
Change in net assets	9,143,665	6,169,151	15,312,816
Net assets, beginning of year	<u>7,126,059</u>	<u>4,111,598</u>	<u>11,237,657</u>
Net assets, end of year	<u>\$16,269,724</u>	<u>\$10,280,749</u>	<u>\$26,550,473</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND TRANSFERS			
Support from City and County of San Francisco (Note 3)	\$ 3,163,500	\$ 166,500	\$ 3,330,000
Contributions	239,654	1,191,448	1,431,102
Box office ticket sales and gallery admissions	42,386	-	42,386
Subsidized community programs	582,276	-	582,276
Facility rentals	3,088,955	-	3,088,955
Concession sales	44,305	-	44,305
License agreement income (Note 10)	91,042	-	91,042
Raffle ticket sales	6,795,600	-	6,795,600
Net investment income (loss) (Note 4)	183,585	(7,664)	175,921
Box office service charges	133	-	133
Marketing and advertising sales	1,790	-	1,790
In-kind contributions (Note 1)	726,392	-	726,392
Fees for service	582,431	-	582,431
Naming revenue	1,268,750	-	1,268,750
Unrelated business income tax expired (Note 1)	255,531	-	255,531
Other income	4,581	-	4,581
Net assets released from restriction, pursuant to endowment spending rate distribution formula	95,000	(95,000)	-
Net assets released from restriction, fulfillment of purpose and/or time restrictions	<u>3,771,135</u>	<u>(3,771,135)</u>	<u>-</u>
Total revenue, support, and transfers	<u>20,937,046</u>	<u>(2,515,851)</u>	<u>18,421,195</u>
EXPENSES AND LOSSES			
Program services:			
YBCA Create	5,178,833	-	5,178,833
YBCA Champion	936,605	-	936,605
YBCA Invest	552,330	-	552,330
YBCA Engage	338,016	-	338,016
Subsidized community programs	1,273,956	-	1,273,956
Facility rentals	3,044,588	-	3,044,588
Total program services	<u>11,324,328</u>	<u>-</u>	<u>11,324,328</u>
Support services:			
General administration & operations	1,337,671	-	1,337,671
Fundraising:			
General fundraising	919,242	-	919,242
Dream House raffles	5,245,264	-	5,245,264
Total supporting services	<u>7,502,177</u>	<u>-</u>	<u>7,502,177</u>
Total expenses and losses	<u>18,826,505</u>	<u>-</u>	<u>18,826,505</u>
Change in net assets	2,110,541	(2,515,851)	(405,310)
Net assets, beginning of year	<u>5,015,518</u>	<u>6,627,449</u>	<u>11,642,967</u>
Net assets, end of year	<u>\$ 7,126,059</u>	<u>\$ 4,111,598</u>	<u>\$ 11,237,657</u>

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

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

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total</u>
	<u>YBCA Create</u>	<u>YBCA Champion</u>	<u>YBCA Invest</u>	<u>YBCA Engage</u>	<u>Facility Rentals</u>	<u>General Admin. and Operations</u>	<u>Fundraising</u>		
						<u>Fund- Raising</u>	<u>Dream House Raffle</u>		
Salaries and related expenses	\$ 1,006,087	\$ 1,195,884	\$ 673,152	\$ 369,787	\$ 732,003	\$ 621,241	\$ 726,328	\$ 290,633	\$ 5,615,115
Artist fees and expenses	654,279	84,735	1,400	-	-	-	-	-	740,414
Program and production	699,145	466,372	159,636	54,485	20,213	73,544	407,772	2,646,992	4,528,159
Marketing & public relations	64,861	6,541	1,454	1,454	4,375	726	-	337,397	416,808
Security and janitorial	57,183	19,648	14,736	9,824	19,648	14,736	-	-	135,775
Equipment maintenance and supplies	16,902	13,989	10,458	7,093	21,829	11,666	89	-	82,026
Utilities	29,888	28,438	21,329	14,219	28,438	21,328	-	-	143,640
Insurance	9,009	9,009	12,612	9,009	9,009	31,531	9,910	-	90,089
Office expenses	80,207	63,305	55,484	40,552	69,748	132,440	47,975	879,911	1,369,622
Depreciation	20,273	20,273	28,382	20,273	20,273	70,954	22,300	-	202,728
Interior reserve expenses	1,970	1,970	1,970	-	-	33,485	-	-	39,395
Travel and hospitality	5,978	1,448	202	163	210	386	110	-	8,497
Professional services	4,483	9,250	6,276	4,483	4,483	15,692	4,931	27,050	76,648
Grant expenses	336,000	13,828	9,500	-	-	-	-	-	359,328
Other facilities expenses	460	466	472	327	1,250	881	218	20	4,094
In-kind gifts expense	-	-	-	-	-	-	-	-	-
Total expenses included on the expenses section on the Statement of Activities	<u>\$ 2,986,725</u>	<u>\$ 1,935,156</u>	<u>\$ 997,063</u>	<u>\$ 531,669</u>	<u>\$ 931,479</u>	<u>\$1,028,610</u>	<u>\$1,219,633</u>	<u>\$4,182,003</u>	<u>\$ 13,812,338</u>

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

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

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

	<u>Program Services</u>						<u>Supporting Services</u>			<u>Total</u>
	<u>YBCA Create</u>	<u>YBCA Champion</u>	<u>YBCA Invest</u>	<u>YBCA Engage</u>	<u>Subsidized Community Programs</u>	<u>Facility Rentals</u>	<u>General Admin. and Operations</u>	<u>Fundraising</u>		
								<u>Fund-Raising</u>	<u>Dream House Raffle</u>	
Salaries and related expenses	\$ 2,203,309	\$ 670,280	\$ 470,622	\$ 285,227	\$ 970,224	\$ 2,604,988	\$ 776,527	\$ 590,809	\$ 376,207	\$ 8,948,193
Artist fees and expenses	395,766	31,500	13,200	8,800	2,059	103	515	1,103	-	453,046
Program and production	1,446,889	25,028	45,690	30,460	48,358	106,009	92,633	204,103	2,528,671	4,527,841
Marketing & public relations	138,796	17,000	10,000	5,000	2,314	9,715	3,857	771	394,754	582,207
Security and janitorial	222,494	-	-	-	88,021	132,239	45,053	6,008	-	493,815
Equipment maintenance and supplies	61,258	-	-	-	29,964	29,557	18,524	206	1,775	141,284
Utilities	119,653	-	-	-	48,545	39,422	36,309	-	4,828	248,757
Insurance	28,866	1,600	1,000	650	8,029	8,698	30,444	9,569	3,479	92,335
Office expenses	339,242	18,847	11,308	7,539	49,645	73,122	203,472	73,946	1,227,460	2,004,581
Depreciation	66,253	-	-	-	16,563	20,704	72,463	22,774	8,280	207,037
Interior reserve expenses	20,876	-	-	-	-	-	26,568	-	-	47,444
Travel and hospitality	72,130	-	-	-	5,253	13,299	11,567	3,381	1,226	106,856
Professional services	15,305	850	510	340	3,308	4,134	14,470	4,549	18,921	62,387
Grant expenses	-	171,500	-	-	-	-	-	-	-	171,500
Other facilities expenses	9,740	-	-	-	664	1,337	855	131	103	12,830
In-kind gifts expense	38,256	-	-	-	1,009	1,261	4,414	1,892	679,560	726,392
Total expenses included on the expenses section on the Statement of Activities	<u>\$ 5,178,833</u>	<u>\$ 936,605</u>	<u>\$ 552,330</u>	<u>\$ 338,016</u>	<u>\$1,273,956</u>	<u>\$ 3,044,588</u>	<u>\$1,337,671</u>	<u>\$ 919,242</u>	<u>\$ 5,245,264</u>	<u>\$ 18,826,505</u>

The accompanying notes are an integral part of these financial statements

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

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 15,312,816</u>	<u>\$ (405,310)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	202,728	207,037
Realized (gain) loss on investments	(14,266)	6,055
Unrealized gain on investments	(1,119,819)	(14,335)
Change in allowance for doubtful accounts	7,948	(2,257)
Change in discount on long-term contracts and promises to give	35,488	(28,670)
Write-off of receivables	-	5,833
Forgiveness of PPP conditional grant/loan payable	(1,455,000)	-
Changes in assets and liabilities:		
Contributions, grants and contracts receivable	(881,279)	1,990,350
Other receivables	15,505	181,405
Accrued interest receivable	8,308	1,820
Prepaid expenses, deposits and inventory	(312,424)	113,885
Accounts payable and accrued expenses	(1,525,827)	(865,799)
Refundable advances and other deferred income	(100,970)	(40,314)
Total adjustments	<u>(5,139,608)</u>	<u>1,555,010</u>
Net cash provided by operating activities	<u>10,173,208</u>	<u>1,149,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments and CDs	(4,354,399)	(797,627)
Proceeds from sales and maturities of investments and CDs	2,900,224	2,187,361
Purchase of fixtures and equipment	(47,147)	(105,521)
Net cash (used) provided by investing activities	<u>(1,501,322)</u>	<u>1,284,213</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP conditional grant/loan payable	<u>1,828,269</u>	<u>1,455,000</u>
Net cash provided by financing activities	<u>1,828,269</u>	<u>1,455,000</u>
Net increase in cash and cash equivalents	10,500,155	3,888,913
Cash and cash equivalents, beginning of year	<u>9,229,827</u>	<u>5,340,914</u>
Cash and cash equivalents, end of year	<u>\$ 19,729,982</u>	<u>\$ 9,229,827</u>
Supplementary information:		
Cash paid for taxes (use tax)	<u>\$ 27</u>	<u>\$ 2,551</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, 2021 and 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Yerba Buena Center for the Arts (YBCA) is a 501(c)(3) nonprofit organization with a mission to generate culture that moves people. Opened to the public in 1993, YBCA was founded as the cultural anchor of San Francisco's Yerba Buena neighborhood. Our work spans the realms of contemporary art, performance, film, civic engagement, and public life, revolutionizing how our city, the Bay Area, our country and the world views artists and engages with contemporary art, ideas, and issues. Through our regional and national leadership, YBCA is dedicated to reimagining the role an arts institution can play in addressing the most urgent challenges of our times.

With a strong commitment to racial, economic, health, and climate justice, YBCA's program positions and propels artists as critical drivers of equity, health and wellbeing in communities. Our work has evolved into four distinct and essential components: **Create, Champion, Invest, and Engage.**

YBCA Create works in deep relationship with artists to build creative opportunities for our community to engage with our most pressing issues through the activation of art and art experiences. Through commissions, residencies, fellowships, events and convenings, YBCA Create gives artists the platform and resources to be ambitious, bold, and innovative to positively impact the health and wellbeing of their communities.

YBCA Champion is our advocacy work that amplifies the role artists can play and underscores the importance of artists in civic conversations so that their voices can drive policy and change. Working at the local, state, and national level, we promote artist involvement in cross-sector policy initiatives and champion their artistic practice by helping to support their livelihoods. YBCA Champion builds opportunities for artists to showcase their leadership and partner with communities to imagine new ways of being.

YBCA Invest takes the form of direct investment in artists to find and test new economic solutions that will lead to a more equitable world.

YBCA Engage ensures engagement as a core discipline in everything we do, nurturing and growing a thriving creative community of artists, community leaders, partners and investors who are driving equity, health and wellbeing.

In addition, YBCA's landmark state-of-the-art facilities are a valuable resource for the communities of the Bay Area. Through our **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. Each year YBCA partners with dozens of local nonprofits and performing arts companies, opening our stages for their home seasons, festivals, and events.

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

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

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

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

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

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

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

Certificates of Deposit - The Center holds bank certificates of deposit totaling \$1,020,792 at June 30, 2021. The CDs bear interest rates ranging from 2.5% to 2.8% per annum and are scheduled to mature February 28, 2022.

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 \$24,939 as of June 30, 2021, and \$16,991 as of June 30, 2020.

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 \$69,587 as of June 30, 2021, and \$34,099 as of June 30, 2020.

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

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

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

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

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

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

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

Unrelated Business Income Tax - The Center accrues a potential liability for unrelated business income tax based on raffle activity, shown as accrued unrelated business income tax on the statement of financial position. The Center has written off the portion of the accrued unrelated business income tax liability upon expiration of the statute of limitations for the filing period for which the accrual was recorded. During the years ended June 30, 2021 and 2020, the Center wrote off \$319,932 and \$255,531, respectively, of the accrued unrelated business income tax payable attributable to tax periods outside of the statute of limitations.

Revenue and Revenue Recognition - The Center recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Consequently, at June 30, 2021, a portion of a grant totaling \$130,000 has not been recognized in the accompanying financial statements, because the conditions have not yet been met. The grant details certain approval and expenditure provisions that must be met before the conditions are lifted and the income may be recognized.

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

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

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

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

In-Kind Contributions - During the years ended June 30, 2021 and 2020, 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 \$1,000 and \$726,392 for the years ended June 30, 2021 and 2020, 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>	
<u>June 30, 2021:</u>				
Artist services	\$ -	\$ 1,000	\$ -	\$ 1,000
<u>June 30, 2020:</u>				
Raffle administration	\$ -	\$ 679,560	\$ -	\$ 679,560
Various	-	46,832	-	46,832
	\$ -	\$ 726,392	\$ -	\$ 726,392

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

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

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

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

Advertising - The Center expenses advertising costs as incurred. During the years ended June 30, 2021 and 2020, the Center incurred \$146,639 and \$160,104, respectively, in advertising expense

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

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

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

Accounting Standards Update, ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets - In September 2020, the FASB amended guidance regarding the way nonprofit organizations report nonfinancial assets, including donated goods and rent, in-kind professional services, etc. The amendment requires contributed nonfinancial assets to be presented separately from cash and other financial assets on the statement of activities, and the footnote disclosure must include a dis-aggregation by type, donor restrictions, if applicable, and other details about the nature and valuation of the nonfinancial assets received. The new standard is effective for fiscal years beginning after June 15, 2021, and could have an impact on the Center's reporting of contributed nonfinancial assets.

Accounting Standards Update, ASU 2014-09, Revenue from Contracts with Customers (Topic 606) - In May 2014, the FASB provided a new five-step process for the analysis of contracts with customers and the recognition of revenue resulting from those contracts. Among other steps is the identification of performance obligations under the contracts and the allocation of a transaction price to those performance obligations. The amendment does not affect contributions or investment income. The Center has elected the practical expedient with regard to the application of this new standard. The new standard was effective for fiscal years beginning after December 15, 2019, and did not have an impact on the Center's reporting of earned revenue.

Reclassification - Certain balances at, and for the year ended June 30, 2020, were reclassified to conform with June 30, 2021, balances.

Subsequent Events - Subsequent events have been evaluated through March 9, 2022, which is the date the financial statements were available to be issued.

YERBA BUENA CENTER FOR THE ARTS
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash, cash equivalents, and CDs	\$ 22,855,502
Contributions receivable	1,160,493
Operating investments	3,554,570
Less: temporary restricted	<u>(8,366,284)</u>
Total	<u>\$ 19,204,281</u>

YBCA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The total liquid reserves equate to 17.12 months which is above the general standard of 3 to 6 months.

NOTE 3 OPERATING AGREEMENT

In 1990 YBCA entered into an Operating Agreement (Agreement) with the San Francisco Redevelopment Agency (the SFRA) for an initial term of 15 years. In June 2004, YBCA and the SFRA entered into an agreement to provide for an extended term of fifteen years as well as the possibility of additional extensions through June 30, 2094. With the June 2004 agreement, a funding level of \$3,555,000 for administrative and operational expenses was established. This funding level remains constant throughout the term of the agreement, except as adjusted by the SFRA from time to time as a result of a consultation process defined in the agreement. In 2012 the SFRA Agreement was assigned to the Successor Agency to the Former Redevelopment Office of Community Investment and Infrastructure (OCII) and then to the City and County of San Francisco in 2018 and in 2019 to the Yerba Buena Gardens Conservancy (YBGC). For the years ended June 30, 2019 and 2018, the funding level was reduced to \$3,330,000. As of December 2018, the Agreement was extended for an additional term through 2034. In July 2020, YBGC has informed YBCA that funding will be \$2,497,500 for the fiscal year ending June 30, 2021 as a result of revenue impact from COVID 19. For fiscal year ending June 30, 2022, YBCA has been informed that the fee will be \$1,831,500.

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

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 4 INVESTMENTS

The following are the major categories of investments measured at fair value on a recurring basis during the years ended June 30, 2021 and 2020, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

Description	Fair Value Measurements Using			Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>June 30, 2021:</u>				
Corporate bonds	\$ -	\$ 513,088	\$ -	\$ 513,088
Government bonds	-	206,954	-	206,954
Domestic common stocks	4,155,148	-	-	4,155,148
Real assets	41,270	-	-	41,270
Mutual funds	3,499,296	-	-	3,499,296
	<u>\$ 7,695,714</u>	<u>\$ 720,042</u>	<u>\$ -</u>	<u>\$ 8,415,756</u>
<u>June 30, 2020:</u>				
Corporate bonds	\$ -	\$ 540,544	\$ -	\$ 540,544
Government bonds	-	220,251	-	220,251
Domestic common stocks	2,903,138	-	-	2,903,138
Real assets	73,212	-	-	73,212
Mutual funds	301,505	-	-	301,505
	<u>\$ 3,277,855</u>	<u>\$ 760,795</u>	<u>\$ -</u>	<u>\$ 4,038,650</u>

The following schedule summarizes the investment return, including operating account activity, for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 142,206	\$ 206,856
Gain (loss) on sale of investments	14,266	(6,055)
Unrealized gain on investments	1,119,819	14,335
Investment fees	(42,678)	(39,215)
Net investment income	<u>\$ 1,233,613</u>	<u>\$ 175,921</u>

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 5 FIXTURES AND EQUIPMENT

Fixtures and equipment consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Computer equipment and software	\$ 198,098	\$ 184,391
Furniture	126,709	112,709
Office equipment	123,373	123,373
Leasehold improvements	1,294,878	1,252,013
Other equipment and machinery	1,216,842	1,240,266
Total	2,959,900	2,912,752
Less: accumulated depreciation	(2,454,154)	(2,251,425)
Fixtures and equipment, net	\$ 505,746	\$ 661,327

Depreciation expense for the years ended June 30, 2021 and 2020, was \$202,728 and \$207,037, respectively.

NOTE 6 PPP CONDITIONAL GRANT / LOAN PAYABLE

- On April 19, 2020, the Center entered into an unsecured note payable to Signature Bank as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act's "Paycheck Protection Program" which is guaranteed by the U.S. Small Business Administration. The loan was for \$1,455,000, was scheduled to mature on April 19, 2022, and bore interest at the fixed rate of 1% per annum. Payments of principal and interest were deferred for six months, then were to be made in eighteen equal payments until maturity. Under the terms of the program, some or all of the loan may be forgiven if funds are used during the covered period for costs identified in the CARES Act: payroll costs, covered rent obligations, and covered utility payments. On April 22, 2021, the loan was forgiven and the conditional grant was recognized as income.

- On February 9, 2021, the Center entered into a second unsecured note payable to Signature Bank as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act's "Paycheck Protection Program" which is guaranteed by the U.S. Small Business Administration. The loan is for \$1,828,269, matures on February 9, 2026, and bears interest at the fixed rate of 1% per annum. Payments of principal and interest are deferred for ten months, then shall be made in equal payments until maturity. Under the terms of the program, some or all of the loan may be forgiven if funds are used during the covered period for costs identified in the CARES Act: payroll costs, covered rent obligations, and covered utility payments. On January 20, 2022, \$1,604,212 was forgiven, with the balance of \$224,057 to be repaid.

The future minimum liabilities for the current and succeeding years are as follows:

Year ending June 30,	
2022	\$ 18,003
2023	54,712
2024	55,258
2025	55,817
2026	40,267
	\$ 224,057

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 7 OPERATING AGREEMENT RESERVES

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

The agreement further requires that 4% of the annual appropriation from the City be placed in an operating reserve fund to be used for cash flow purposes during the year; however, any expenditures made with these amounts are to be recouped from earned or contributed income so that there is no net reduction in the operating reserve from year to year. The only circumstance in which the City will permit a reduction in the reserve to occur is if City is not able to provide full funding to YBCA. If at anytime the amount of funds in this reserve is more than 25% of the City's annual appropriation, no additional funds need be deposited into the reserve. Due to the level of the operating reserves, YBCA did not have to deposit any funds into the operating reserve during the years ended June 30, 2021 and 2020.

The amounts placed in the interior reserve fund were recorded as temporarily restricted revenues when received. The funds cannot be expended without the advance written approval of the City. The total amounts expended from the interior reserve during 2021 and 2020 were \$53,100 and \$166,500, respectively.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to expenditures for specified purposes:		
City and County of		
San Francisco operating reserve	\$ 905,204	\$ 833,429
Future program activities	5,999,449	602,943
Subject to the passage of time:		
Promises to give that are not restricted		
by donors, but which are unavailable for		
expenditure until due	140,595	140,595
	7,045,248	1,576,967
Endowments:		
Subject to appropriation and expenditures		
when a specified event occurs:		
With donor restrictions	-	-
Available for general use	1,321,036	620,166
	1,321,036	620,166
Subject to the organization's endowment		
spending policy and appropriation	1,914,465	1,914,465
Total endowments	3,235,501	2,534,631
	\$ 10,280,749	\$ 4,111,598

YERBA BUENA CENTER FOR THE ARTS
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 9 ENDOWMENT

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

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

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

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

Endowment Net Asset Composition by Type of Fund as of:

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2021</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	\$ -	\$ 1,914,465	\$ 1,914,465
Accumulated investment gains	-	<u>1,321,036</u>	<u>1,321,036</u>
Total funds	<u>\$ -</u>	<u>\$ 3,235,501</u>	<u>\$ 3,235,501</u>
<u>June 30, 2020</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	\$ -	\$ 1,914,465	\$ 1,914,465
Accumulated investment gains	-	<u>620,166</u>	<u>620,166</u>
Total funds	<u>\$ -</u>	<u>\$ 2,534,631</u>	<u>\$ 2,534,631</u>

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 9 ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the Fiscal Years Ended June 30, 2021 and 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ -	\$ 2,637,295	\$ 2,637,295
Investment return:			
Interest and dividends	-	54,930	54,930
Realized loss	-	(3,356)	(3,356)
Unrealized loss	-	(36,209)	(36,209)
Management fees	-	(23,029)	(23,029)
Total investment return	<u>-</u>	<u>(7,664)</u>	<u>(7,664)</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(95,000)</u>	<u>(95,000)</u>
Endowment net assets, June 30, 2020	<u>-</u>	<u>2,534,631</u>	<u>2,534,631</u>
Investment return:			
Interest and dividends	-	48,716	48,716
Realized gain	-	11,759	11,759
Unrealized gain	-	760,333	760,333
Management fees	-	(24,938)	(24,938)
Total investment return	<u>-</u>	<u>795,870</u>	<u>795,870</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(95,000)</u>	<u>(95,000)</u>
Endowment net assets, June 30, 2021	<u>\$ -</u>	<u>\$ 3,235,501</u>	<u>\$ 3,235,501</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, 2021 and 2020.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 9 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

NOTE 10 LICENSE AGREEMENT INCOME

On November 17, 2010, the Center signed a Rooftop License Agreement with a wireless telephone carrier (licensee) for the use of a portion of the roof area of the building occupied by YBCA for a cellphone tower. The term of the lease is ten years, with an automatic renewal for an additional ten years, and month-to-month thereafter. The license fee for the first year is \$60,000, payable in monthly installments of \$5,000, to increase by 3% annually for the duration of the term and any extensions. In February 2014, the license was expanded to allow for additional equipment and an additional \$1,000 per month, to increase by 3% annually for the duration of the term. The licensee is also liable for utility charges related to the use of the rooftop area and other costs, and is subject to the Operating Agreement with the City of San Francisco (formerly OCII and SFRA). The Center received \$94,004 and \$91,042 under this license agreement during the years ended June 30, 2021 and 2020, respectively.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 11 TAX-DEFERRED ANNUITY PLAN

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

The eligibility for both plans is the same: employees are eligible to participate in the plan on the first day for salary deferrals. Employees are eligible for employer matching contributions after six months of employment, provided that they normally work at least 20 hours per week and are not represented by a collective bargaining agreement where retirement benefits were the subject of good faith bargaining. All participants are 100% vested in the employee and employer contributions. Total contributions made by YBCA for 2021 and 2020 were \$140,367 and \$137,601, respectively.

NOTE 12 MULTI-EMPLOYER PENSION PLAN

The Center contributes to one multi-employer defined benefit pension plan under the terms of a collective bargaining agreement that covers certain union-represented employees. Prior to 2020, there were two agreements which were merged during the year. During the years ended June 30, 2021 and 2020, the Center contributed \$6,830 and \$222,980, 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 of other participating employers.
- b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c) If the Center stops participating in some of its multi-employer pension plans, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Center's participation in this plan for the year ended June 30, 2021, is outlined in the following table. All information in the table is as of December 31, 2020, unless otherwise noted. The Plan Protection Act ("PPA") zone status column ranks the funded status of multi-employer pension plans depending upon a plan's current and projected funding. The zone status is based on information that the Center received from the plan. Among other factors, the plan is in the Red Zone (Critical) if it has a current funded percentage less than 65%. A plan is in the Yellow Zone (Endangered) or Orange Zone (Seriously Endangered) if it has a current funded percentage of less than 80%, or projects a credit balance deficit within seven years. A plan is in the Green Zone (Healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years. The Funding Improvement Plan ("FIP")/Rehabilitation Plan ("RP") status column indicates plans for which a FIP or RP is either pending or in place.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 12 MULTI-EMPLOYER PENSION PLAN (Continued)

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

	I.A.T.S.E.
	Local 16
	Pension Plan
	(YBCA
	Contract)
Expiration date of Collective Bargaining Agreement	6/30/2024
Employer Identification Number	94-6296420
Plan Number	001
PPA Status	Green
FIP/RP Status Pending/Implemented	Implemented
Center Contributions, year ended 12/31/2020	\$ 31,716
Center Contributions > 5%?	No
Plan’s year-end	Dec. 31
Surcharge on plan?	No

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

NOTE 13 COMMITMENTS, CONCENTRATIONS, AND CREDIT RISK

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

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

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

Cash - Financial instruments that potentially subject YBCA to credit risk consist primarily of cash, cash equivalents, investments, and accounts receivable. YBCA maintains cash and cash equivalents with commercial banks and other major financial institutions. At June 30, 2021, YBCA had approximately \$19,265,000 in accounts in excess of the federal depository insurance limit of \$250,000. Cash equivalents include money market funds.

Revenues and support - For the year ended June 30, 2021, approximately 9% (18% in 2020) of YBCA’s revenue and support was provided by the City and County of San Francisco (formerly the OCII) in accordance with an operating agreement that will expire in 2034 (see Notes 3 and 7). Additionally, the Center received donations from two funders totaling 36% of YBCA’s revenue and support for the year ended June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

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

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, 2024.

Coronavirus Pandemic - In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, had declared a state of emergency and had issued shelter-in-place orders in response to the outbreak. The immediate impact to the Corporation's operations includes restrictions on employees' and volunteers' ability to work, and reductions or cancellation of program activities.

YBCA responded to the above challenges by securing funding through the Payroll Protection Program (PPP) and the Shuttered Venue Operating Grant (SVOG), which was awarded subsequent to June 30, 2021. YBCA received a total of \$4.9 million in funding from these sources, including awards received subsequent to year-end. In addition, YBCA adjusted its programming to focus on investing and improving the health and wellbeing of artists which resulted in a significant increase of contributions over past years. As a result, management believes the organization is in a strong position to continue its operations as it builds and responds to the need of a community so greatly impacted by COVID.

NOTE 14 CONTINGENCIES

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