

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

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2023 and 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Yerba Buena Center for the Arts (a California nonprofit public benefit corporation) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yerba Buena Center for the Arts as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yerba Buena Center for the Arts's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yerba Buena Center for the Arts's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Doran & Associates

February 5, 2024

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 13,165,375	\$ 17,128,788
Contributions, grants and contracts receivable, current portion, net of allowance for doubtful accounts of \$45,043 at 2023 and 2022 (Note 1)	942,814	416,936
Other receivables (Note 1)	202,760	410,185
Prepaid expenses	370,233	599,310
Certificates of deposit, current portion (Note 1)	974,813	-
Deposits and other current assets	-	10,401
Investments (Notes 1 and 4)	<u>7,911,708</u>	<u>7,400,181</u>
Total current assets	23,567,703	25,965,801
Certificates of deposit, net of current portion (Note 1)	-	974,160
Construction in progress (Note 5)	-	315,949
Fixtures and equipment, net of accumulated depreciation of \$2,739,333 at 2023 and \$2,616,225 at 2022 (Notes 1 and 5)	<u>1,160,556</u>	<u>409,178</u>
Total assets	<u>\$ 24,728,259</u>	<u>\$ 27,665,088</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 388,062	\$ 1,780,605
Other accrued expenses	347,970	529,186
Accrued raffle expenses	172,974	62,190
Accrued unrelated business income tax	75,000	-
Accrued paid time off	612,237	605,600
Other liabilities	103,995	71,414
Deposits and refundable advances (Note 1)	935,103	1,062,872
Current portion of PPP loan payable (Note 6)	<u>55,258</u>	<u>54,712</u>
Total current liabilities	2,690,599	4,166,579
PPP loan payable, net of current portion (Note 6)	<u>98,202</u>	<u>151,211</u>
Total liabilities	<u>2,788,801</u>	<u>4,317,790</u>
Net assets:		
Net assets without donor restrictions	11,970,618	16,688,412
Net assets with donor restrictions (Note 8)	<u>9,968,840</u>	<u>6,658,886</u>
Total net assets	<u>21,939,458</u>	<u>23,347,298</u>
Total liabilities and net assets	<u>\$ 24,728,259</u>	<u>\$ 27,665,088</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND TRANSFERS			
Support from City and County of San Francisco (Note 3)	\$ 1,167,685	\$ 202,315	\$ 1,370,000
Contributions	146,233	5,906,000	6,052,233
Box office ticket sales and gallery admissions	23,640	-	23,640
Subsidized community programs	1,072,928	-	1,072,928
Facility rentals	3,654,713	-	3,654,713
Concession sales	72,549	-	72,549
License agreement income (Note 10)	99,483	-	99,483
Raffle ticket sales	6,686,765	-	6,686,765
Net investment income (Note 4)	231,938	397,942	629,880
In-kind contributions (Note 1)	507,447	-	507,447
Fees for service	5,000	-	5,000
Naming revenue	1,386,399	-	1,386,399
Other income	19,202	-	19,202
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>3,101,303</u>	<u>(3,101,303)</u>	<u>-</u>
Total revenue, support, and transfers	<u>18,270,285</u>	<u>3,309,954</u>	<u>21,580,239</u>
EXPENSES AND LOSSES			
Program services:			
Exhibitions and Public Program	5,208,264	-	5,208,264
Community Use + Special Events	5,734,673	-	5,734,673
Artist Initiatives	<u>4,163,922</u>	<u>-</u>	<u>4,163,922</u>
Total program services	<u>15,106,859</u>	<u>-</u>	<u>15,106,859</u>
Support services:			
General administration & operations	1,680,730	-	1,680,730
Fundraising:			
General fundraising	1,423,560	-	1,423,560
Dream House raffle	<u>4,776,930</u>	<u>-</u>	<u>4,776,930</u>
Total supporting services	<u>7,881,220</u>	<u>-</u>	<u>7,881,220</u>
Total expenses and losses	<u>22,988,079</u>	<u>-</u>	<u>22,988,079</u>
Change in net assets	(4,717,794)	3,309,954	(1,407,840)
Net assets, beginning of year	<u>16,688,412</u>	<u>6,658,886</u>	<u>23,347,298</u>
Net assets, end of year	<u>\$11,970,618</u>	<u>\$9,968,840</u>	<u>\$ 21,939,458</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND TRANSFERS			
Support from City and County of San Francisco (Note 3)	\$ 1,739,842	\$ 91,658	\$ 1,831,500
Contributions	266,174	6,667,307	6,933,481
PPP conditional grant (Note 6)	-	1,604,212	1,604,212
Box office ticket sales and gallery admissions	605	-	605
Subsidized community programs	780,941	-	780,941
Facility rentals	945,495	-	945,495
Concession sales	35,946	-	35,946
License agreement income (Note 10)	96,824	-	96,824
Raffle ticket sales	6,643,486	-	6,643,486
Net investment income/(loss) (Note 4)	(479,580)	(424,217)	(903,797)
In-kind contributions	34,638	-	34,638
Fees for service	25,000	-	25,000
Naming revenue	1,346,017	-	1,346,017
Unrelated business income tax expired (Note 1)	1,226,825	-	1,226,825
Other income	10,162	-	10,162
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>11,465,823</u>	<u>(11,465,823)</u>	<u>-</u>
Total revenue, support, and transfers	<u>24,233,198</u>	<u>(3,621,863)</u>	<u>20,611,335</u>
EXPENSES AND LOSSES			
Program services:			
Exhibitions and Public Program	4,656,802	-	4,656,802
Community Use + Special Events	3,145,120	-	3,145,120
Artist Initiatives	<u>8,807,363</u>	<u>-</u>	<u>8,807,363</u>
Total program services	<u>16,609,285</u>	<u>-</u>	<u>16,609,285</u>
Support services:			
General administration & operations	1,093,859	-	1,093,859
Fundraising:			
General fundraising	1,184,326	-	1,184,326
Dream House raffle	<u>4,748,040</u>	<u>-</u>	<u>4,748,040</u>
Total supporting services	<u>7,026,225</u>	<u>-</u>	<u>7,026,225</u>
Total expenses and losses	<u>23,635,510</u>	<u>-</u>	<u>23,635,510</u>
Change in net assets	597,688	(3,621,863)	(3,024,175)
Net assets, beginning of year	<u>16,090,724</u>	<u>10,280,749</u>	<u>26,371,473</u>
Net assets, end of year	<u>\$16,688,412</u>	<u>\$6,658,886</u>	<u>\$ 23,347,298</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, 2023

	Program			Supporting Services			Total
	Exhibitions and Public Program	Community Use + Special Events	Artist Initiatives	General Admin. and Operations	Fundraising		
					General Fundraising	Dream House Raffle	
Salaries and related expenses	\$ 3,050,361	\$ 4,400,721	\$ 1,258,580	\$ 753,025	\$ 643,310	\$ 240,729	\$ 10,346,726
Artist fees and expenses	391,966	-	153,455	-	-	-	545,421
Program and production	1,009,005	346,101	1,046,307	311,628	560,015	2,591,469	5,864,525
Marketing and public relations	81,480	14,000	19,548	-	-	300,147	415,175
Security and janitorial	65,150	298,632	28,846	53,621	-	-	446,249
Equipment maintenance and supplies	53,363	83,082	15,520	29,069	-	-	181,034
Utilities	64,910	162,275	32,455	64,910	-	-	324,550
Insurance	20,188	19,431	19,431	26,718	12,144	-	97,912
Office expenses	226,941	209,326	176,568	210,432	101,433	1,635,650	2,560,350
Depreciation	24,622	24,622	24,622	33,854	15,388	-	123,108
Interior reserve expenses	8,328	-	-	-	-	-	8,328
Travel and hospitality	78,662	34,539	40,234	25,829	13,794	-	193,058
Audit, legal, and in-kind services	121,445	118,445	118,445	162,861	74,028	8,935	604,159
Grant expenses	-	-	1,223,700	-	-	-	1,223,700
Other expenses	11,843	23,499	6,211	8,783	3,448	-	53,784
Total expenses included on the expenses section on the Statement of Activities	<u>\$ 5,208,264</u>	<u>\$ 5,734,673</u>	<u>\$ 4,163,922</u>	<u>\$ 1,680,730</u>	<u>\$ 1,423,560</u>	<u>\$ 4,776,930</u>	<u>\$ 22,988,079</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, 2022

	Program			Supporting Services			Total
	Exhibitions and Public Program	Community Use + Special Events	Artist Initiatives	General Admin. and Operations	Fundraising		
					General Fundraising	Dream House Raffle	
Salaries and related expenses	\$ 2,314,167	\$ 2,438,744	\$ 1,532,601	\$ 584,434	\$ 778,287	\$ 241,987	\$ 7,890,220
Artist fees and expenses	944,394	-	52,430	-	5,600	-	1,002,424
Program and production	907,930	87,682	2,072,601	92,700	249,402	2,704,151	6,114,466
Marketing and public relations	41,059	-	45,805	3,147	3,148	435,079	528,238
Security and janitorial	44,843	179,114	22,390	42,428	18	-	288,793
Equipment maintenance and supplies	42,858	76,662	12,941	25,591	-	-	158,052
Utilities	47,316	118,291	23,658	47,317	-	-	236,582
Insurance	13,568	13,568	27,137	22,615	13,568	-	90,456
Office expenses	152,371	125,878	264,501	124,452	88,277	1,362,071	2,117,550
Depreciation	24,311	24,311	48,621	40,518	24,311	-	162,072
Interior reserve expenses	56,596	46,133	-	73,254	-	-	175,983
Travel and hospitality	49,156	9,267	15,066	8,339	5,001	622	87,451
Audit, legal, and in-kind services	16,673	16,673	37,919	27,787	16,673	4,130	119,855
Grant expenses	-	-	4,650,667	-	-	-	4,650,667
Other facilities expenses	1,560	8,797	1,026	1,277	41	-	12,701
Total expenses included on the expenses section on the Statement of Activities	<u>\$ 4,656,802</u>	<u>\$ 3,145,120</u>	<u>\$ 8,807,363</u>	<u>\$ 1,093,859</u>	<u>\$ 1,184,326</u>	<u>\$ 4,748,040</u>	<u>\$ 23,635,510</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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (1,407,840)</u>	<u>\$ (3,024,175)</u>
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	123,108	162,072
Realized loss on investments	8,470	27,834
Unrealized (gain) loss on investments	(483,689)	987,190
Change in allowance for doubtful accounts	-	(7,615)
Change in discount on long-term contracts and promises to give	-	(41,868)
Forgiveness of PPP conditional grant/loan payable	-	(1,604,212)
Changes in assets and liabilities:		
Contributions, grants and contracts receivable	(525,878)	786,395
Other receivables	207,425	(403,540)
Accrued interest receivable	5,478	9,082
Prepaid expenses, deposits and other current assets	239,478	(22,710)
Accounts payable and accrued expenses	(1,348,757)	756,842
Refundable advances and other deferred income	(127,769)	134,997
Total adjustments	<u>(1,902,134)</u>	<u>784,467</u>
Net cash used by operating activities	<u>(3,309,974)</u>	<u>(2,239,708)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments and CDs	(137,439)	(2,110,409)
Proceeds from sales and maturities of investments and CDs	95,000	2,148,510
Construction in progress	-	(315,949)
Purchase of fixtures and equipment	<u>(558,537)</u>	<u>(65,504)</u>
Net cash used by investing activities	<u>(600,976)</u>	<u>(343,352)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to PPP loan payable	<u>(52,463)</u>	<u>(18,134)</u>
Net cash used by financing activities	<u>(52,463)</u>	<u>(18,134)</u>
Net decrease in cash and cash equivalents	(3,963,413)	(2,601,194)
Cash and cash equivalents, beginning of year	<u>17,128,788</u>	<u>19,729,982</u>
Cash and cash equivalents, end of year	<u>\$ 13,165,375</u>	<u>\$ 17,128,788</u>
Supplementary information:		
Cash paid for taxes (use tax)	<u>\$ 6,279</u>	<u>\$ 2,600</u>
Construction in progress placed in service	<u>\$ 315,949</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, 2023 and 2022

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.

YBCA is a public resource and creative home for artists, changemakers, and communities who are actively working towards a more equitable future. In a moment that calls for radical levels of hope and repair, we invite people to connect to and be changed by one another through evocative creative experiences—in collective pursuit of a better way forward. We bring together artists, cultures, and communities to deepen the understanding of—and engagement in the essential questions of our time and place. Our work includes three distinct and essential components: **Exhibitions and Public Program, Community Use and Special Events, and Artist Initiatives.**

Exhibitions and Public Program develops and supports all forms of art through boundary-breaking public multidisciplinary participatory experiences—including exhibitions, performances, educational programs, commissions, fellowships, events, and convenings. We offer artists the platform and resources to be ambitious, bold, and innovative—sparking dynamic exchange between our communities, onsite and virtually.

Community Use + Special Events recognizes that our greatest asset is our 130k square-foot multi-use property in the middle of downtown San Francisco. Our work here includes our long-term relationships with Bay Area dance and performing arts companies, our partnerships with San Francisco community organizations in San Francisco's under-resourced neighborhoods, and our rentals program, which contributes significant earned revenue to fund the operations of YBCA.

Artist Initiatives includes a variety of investments each year that help support the work of artists and their livelihoods. Through regranteeing programs; senior fellowships; plus R&D to test new, innovative economic models for artist relief following the devastating impacts of COVID-19, YBCA is actively investing in a shared creative ecosystem of artists who contribute to the well-being of communities in the Bay Area and beyond.

In addition to the funding from the Yerba Buena Gardens Conservancy 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, facility rentals, and other revenue generating programs.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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

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 \$974,813 and \$974,160 at June 30, 2023 and 2022, respectively. The CDs bear interest rates ranging from 1.5% to 1.6% per annum and are scheduled to mature March 2024.

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 \$45,043 as of June 30, 2023 and 2022.

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 \$0 as of June 30, 2023 and 2022.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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

Fair Value Measurements (Continued) - 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 \$5,000 (\$3,000 prior to July 1, 2022) 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 year ended June 30, 2022, the Center wrote off \$1,226,825 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, 2023, a portion of a grant totaling \$310,000 had not been recognized in the accompanying FY2023 financial statements, because the conditions had 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.

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 Goods and Services - The Center receives the benefit of in-kind goods and services that either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased by the organization if they had not been provided by contribution. Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftspeople.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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

In-Kind Goods and Services (Continued) - The following are the major categories of in-kind contributions measured at fair value using the market approach on a non-recurring basis during the year ended June 30, 2023, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Description</u>	Fair Value Measurements Using			<u>Total</u>
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>FY2023:</u>				
Goods utilized	\$ -	\$ 3,000	\$ -	\$ 3,000
Legal services utilized	-	504,447	-	504,447
	\$ -	\$ 507,447	\$ -	\$ 507,447

After an extended pandemic closure and with the opportunity of new leadership, an in-depth pro-bono review of administrative and legal systems was performed during the year ended June 30, 2023, to ensure the organization is operating with best practices.

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. Time devoted to projects is captured by support staff recording their time to projects as well as managers estimates for general program support. Allocation percentages are developed from these actuals to assign costs to show the true expense of artistic operating costs, including the following:

<u>Expense:</u>	<u>Method of Allocation</u>
Salaries and wages, benefits, payroll taxes	Time and effort
Insurance	Function and usage
Postage and shipping	Function and usage
Telephone	Function and usage
Office expense	Function and usage
Depreciation expense	Function and usage

To provide further detail on the expense items shown in the statements of functional expenses:

Program and Production Expenses - consist of outside design and consulting services provided by independent consultants as well as materials and raffle related costs as follows:

	<u>FY2023</u>	<u>FY2022</u>
Design and consulting services	\$ 2,969,930	\$ 3,091,413
Raffle prize/house lease	2,403,164	2,548,758
Materials and supplies	491,431	474,044

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

Functional expense allocations (Continued) -

Office Expenses - consist of costs necessary for business operations as follows:

	<u>FY2023</u>	<u>FY2022</u>
Printing/postage*	\$ 1,588,391	\$ 1,293,876
Software/computer hardware	451,359	450,280
Bank and tax fees	207,345	185,371
Telephone/internet costs	132,206	125,044
Employee recruitment	127,245	45,466
Payroll/benefit administration	45,828	34,683
Other	7,976	28,592

* Most of these costs are related to the printing and mailing of raffle brochures and postcards.

Interior Reserve Expenses - These are costs that represent facility improvement and upkeep costs. The nature of these costs vary depending on the needs and condition of YBCA's buildings.

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, 2023 and 2022, the Center incurred \$279,672 and \$200,694, respectively, in advertising expense

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.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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

Accounting Standards Update, ASU 2016-02, Leases - In February 2016, the FASB issued amendments to the way lessees record lease transactions. Lessees are 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 was effective for annual financial statements issued for fiscal years beginning after December 15, 2021, and early adoption was permitted. Management has determined the amendments to this ASU had no impact 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 required 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 was effective for fiscal years beginning after June 15, 2021, and did have an impact on the Center's reporting of contributed nonfinancial assets.

Subsequent Events - Subsequent events have been evaluated through February 5, 2024, which is the date the financial statements were available to be issued.

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 investments,	
less endowment corpus	\$ 20,137,431
Receivables	1,145,574
Less: temporarily restricted	<u>(8,054,375)</u>
Total	<u>\$ 13,228,630</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 7.2 months which is above the general standard of 3 to 6 months.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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 had informed YBCA that funding would be \$1,831,500 and \$2,497,500 for the fiscal years ended June 30, 2022 and 2021, respectively, as a result of revenue impact from COVID 19. For fiscal years ending June 2023 and 2024, YBCA has been informed that the fee will be \$1,370,000.

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.

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, 2023 and 2022, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<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, 2023:</u>				
Corporate bonds	\$ -	\$ 368,538	\$ -	\$ 368,538
Government bonds	-	389,613	-	389,613
Domestic common stocks	2,168,148	-	-	2,168,148
Real assets	81,871	-	-	81,871
Mutual funds	4,903,538	-	-	4,903,538
	<u>\$ 7,153,557</u>	<u>\$ 758,151</u>	<u>\$ -</u>	<u>\$ 7,911,708</u>

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 4 INVESTMENTS (Continued)

<u>Description</u>	Fair Value Measurements Using			<u>Total</u>
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>June 30, 2022:</u>				
Corporate bonds	\$ -	\$ 403,917	\$ -	\$ 403,917
Government bonds	-	288,144	-	288,144
Domestic common stocks	3,347,473	-	-	3,347,473
Real assets	74,910	-	-	74,910
Mutual funds	3,285,737	-	-	3,285,737
	<u>\$ 6,708,120</u>	<u>\$ 692,061</u>	<u>\$ -</u>	<u>\$ 7,400,181</u>

The following schedule summarizes the investment return, including operating account activity, for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 203,802	\$ 157,183
Loss on sale of investments	(8,470)	(27,834)
Unrealized gain (loss) on investments	483,689	(987,190)
Investment fees	(49,141)	(45,956)
Net investment income (loss)	<u>\$ 629,880</u>	<u>\$ (903,797)</u>

NOTE 5 FIXTURES AND EQUIPMENT

Fixtures and equipment consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Computer equipment and software	\$ 203,294	\$ 203,294
Furniture	142,202	142,202
Office equipment	139,652	139,652
Leasehold improvements	1,405,111	1,336,348
Other equipment and machinery	2,009,630	1,203,907
Total	3,899,889	3,025,403
Less: accumulated depreciation	(2,739,333)	(2,616,225)
Fixtures and equipment, net	<u>\$ 1,160,556</u>	<u>\$ 409,178</u>

Depreciation expense for the years ended June 30, 2023 and 2022, was \$123,108 and \$162,072, respectively.

In a prior year the Center began a lighting system upgrade project that was completed and placed in service on June 30, 2023. As of June 30, 2022, \$315,949 had been expended on this construction in progress.

YERBA BUENA CENTER FOR THE ARTS
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 6 PPP CONDITIONAL GRANT / LOAN PAYABLE

On February 9, 2021, the Center entered into an unsecured note payable to Signature Bank as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act's "Paycheck Protection Program" which is guaranteed by the U.S. Small Business Administration. The loan is for \$1,828,269, 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 and recognized as income in FY2022, 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,	
2024, current portion	\$ 55,258
2025	55,817
2026	42,385
Long-term portion	<u>98,202</u>
PPP loan payable, June 30, 2023	<u>\$ 153,460</u>

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, 2023 and 2022.

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 2023 and 2022 were \$8,328 and \$163,349, respectively.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to expenditures for specified purposes:		
City and County of		
San Francisco operating reserve	\$ 1,027,500	\$ 833,513
Future program activities	5,439,631	3,027,580
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	533,717	105,479
	7,000,848	3,966,572
Endowments:		
Subject to appropriation and expenditures when a specified event occurs:		
With donor restrictions	-	-
Available for general use	1,053,527	777,849
	1,053,527	777,849
Subject to the organization's endowment spending policy and appropriation	1,914,465	1,914,465
Total endowments	2,967,992	2,692,314
	\$ 9,968,840	\$ 6,658,886

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.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 9 ENDOWMENT (CONTINUED)

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, 2023</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	-	1,053,527	1,053,527
Total funds	<u>\$ -</u>	<u>\$ 2,967,992</u>	<u>\$ 2,967,992</u>
<u>June 30, 2022</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	-	777,849	777,849
Total funds	<u>\$ -</u>	<u>\$ 2,692,314</u>	<u>\$ 2,692,314</u>

YERBA BUENA CENTER FOR THE ARTS
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

NOTE 9 ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the Fiscal Years Ended June 30, 2023 and 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ -	\$ 3,235,501	\$ 3,235,501
Investment return:			
Interest and dividends	-	60,670	60,670
Realized loss	-	(5,713)	(5,713)
Unrealized loss	-	(476,170)	(476,170)
Management fees	-	(26,974)	(26,974)
Total investment return	<u>-</u>	<u>(448,187)</u>	<u>(448,187)</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, 2022	<u>-</u>	<u>2,692,314</u>	<u>2,692,314</u>
Investment return:			
Interest and dividends	-	61,677	61,677
Realized loss	-	(5,116)	(5,116)
Unrealized gain	-	341,381	341,381
Management fees	-	(27,264)	(27,264)
Total investment return	<u>-</u>	<u>370,678</u>	<u>370,678</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, 2023	<u>\$ -</u>	<u>\$ 2,967,992</u>	<u>\$ 2,967,992</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, 2023 and 2022.

YERBA BUENA CENTER FOR THE ARTS
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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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 \$99,483 and \$96,824 under this license agreement during the years ended June 30, 2023 and 2022, respectively.

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NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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 2023 and 2022 were \$143,653 and \$140,575, 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. During the years ended June 30, 2023 and 2022, the Center contributed \$212,913 and \$81,134, respectively, to the union's Pension Trust Fund.

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

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

The Center's participation in this plan for the year ended June 30, 2023, is outlined in the following table. All information in the table is as of June 30, 2023, 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, 2023 and 2022

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 12/31/2022	\$ 156,504
Center Contributions > 5%?	No
Plan’s year-end	Dec. 31
Surcharge on plan?	No

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

NOTE 13 COMMITMENTS, CONCENTRATIONS, AND CREDIT RISK

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

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

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

Cash - Financial instruments that potentially subject YBCA to credit risk consist primarily of cash, cash equivalents, investments, and accounts receivable. YBCA maintains cash and cash equivalents with commercial banks and other major financial institutions. At June 30, 2023, YBCA had approximately \$13,525,000 in accounts in excess of the federal depository insurance limit of \$250,000. Cash equivalents include money market funds.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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

Revenues and support - For the year ended June 30, 2023, approximately 6% 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 three funders totaling 25% of YBCA's revenue and support for the year ended June 30, 2023. One of the funders had grants receivable totaling 87% of contributions, grants and contracts receivable at June 30, 2023.

For the year ended June 30, 2022, approximately 9% 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 other funders totaling 27% of YBCA's revenue and support for the year ended June 30, 2022.

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.

NOTE 14 CONTINGENCIES

In 2018, YBCA received a request to produce records related to the YBCA Dream House Raffle from the California Attorney General. Thereafter, the Attorney General's office requested, and YBCA has since complied with, some changes in how it operates its raffle. To YBCA's knowledge, the Attorney General has no further requests of YBCA related to its raffle. Nevertheless, YBCA has decided to conclude its raffle by the end of calendar year 2023 in favor of other sources of revenue.