

SPUR - San Francisco Bay Area Planning and Urban Research Association

Financial Statements

For the year ended March 31, 2020

with

Report of Independent Auditors



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Report of Independent Auditors

To the Board of Directors
SPUR - San Francisco Bay Area Planning and Urban Research Association

We have audited the accompanying financial statements of the SPUR - San Francisco Bay Area Planning and Urban Research Association, which comprise the statement of financial position as of March 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit 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 SPUR - San Francisco Bay Area Planning and Urban Research Association as of March 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Report on Summarized Comparative Information

The financial statements of the SPUR - San Francisco Bay Area Planning and Urban Research Association as of March 31, 2019, were audited by other auditors whose report dated October 1, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which the management of the SPUR - San Francisco Bay Area Planning and Urban Research Association derived it.



WMB², LLP
Larkspur, California
December 21, 2020

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019**

Assets		
	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 1,761,384	\$ 1,241,529
Short-term investments	-	765,466
Receivables:		
Contributions receivable	645,358	386,451
Grants receivable	765,471	679,555
Other receivables	48,413	152,261
Prepaid expenses	<u>128,091</u>	<u>54,138</u>
 Total current assets	 <u>3,348,717</u>	 <u>3,279,400</u>
Property and equipment		
Property, and equipment, net of accumulated depreciation of \$4,341,976 in 2020	11,563,295	11,879,727
Other noncurrent assets		
Long-term investments	3,327,821	3,448,754
Deposits	<u>14,575</u>	<u>14,375</u>
 Total noncurrent assets	 <u>14,905,691</u>	 <u>15,342,856</u>
 Total assets	 <u><u>\$ 18,254,408</u></u>	 <u><u>\$ 18,622,256</u></u>
Liabilities and Net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 83,592	\$ 39,393
Accrued compensated balances	325,174	290,646
Accrued interest	32,028	33,483
Deferred revenue	440,000	38,500
Current portion of long-term debt	<u>116,000</u>	<u>116,000</u>
 Total current liabilities	 <u>996,794</u>	 <u>518,022</u>
Noncurrent liabilities		
Long-term debt	2,436,000	2,552,000
Deferred rent	<u>80,900</u>	<u>78,022</u>
 Total noncurrent liabilities	 <u>2,516,900</u>	 <u>2,630,022</u>
 Total liabilities	 <u>3,513,694</u>	 <u>3,148,044</u>
Net assets		
Without donor restrictions	11,581,062	12,231,643
With donor restrictions	<u>3,159,652</u>	<u>3,242,569</u>
 Total net assets	 <u>14,740,714</u>	 <u>15,474,212</u>
 Total liabilities and net assets	 <u><u>\$ 18,254,408</u></u>	 <u><u>\$ 18,622,256</u></u>

See accompanying notes.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020
AND COMPARATIVE TOTALS FOR 2019

	Without donor restrictions	With donor restrictions	2020 Totals	2019 Totals only
Support and revenue				
Contributions	\$ 2,675,843	\$ -	\$ 2,675,843	\$ 2,817,864
Memberships	280,966	-	280,966	-
In-kind contributions	-	-	-	67,379
Grants	741,349	1,833,614	2,574,963	1,870,770
Special events, net	900,867	196,500	1,097,367	1,278,307
Fee for service	284,589	-	284,589	206,827
Rental income	367,725	-	367,725	396,546
Program fees	71,363	-	71,363	102,371
Net investment return	(88,994)	(11,988)	(100,982)	163,052
Net assets released from restrictions	2,101,043	(2,101,043)	-	-
	<u>7,334,751</u>	<u>(82,917)</u>	<u>7,251,834</u>	<u>6,903,116</u>
Total support and other revenue				
Expenses				
Program services	6,239,966	-	6,239,966	6,483,851
Management and general	664,900	-	664,900	657,368
Fundraising	1,080,465	-	1,080,465	1,068,220
	<u>7,985,331</u>	<u>-</u>	<u>7,985,331</u>	<u>8,209,439</u>
Total expenses				
Change in net assets	<u>(650,580)</u>	<u>(82,917)</u>	<u>(733,497)</u>	<u>(1,306,323)</u>
Net assets, beginning of year	<u>12,231,643</u>	<u>3,242,569</u>	<u>15,474,212</u>	<u>16,780,535</u>
Net assets, end of year	<u>\$ 11,581,062</u>	<u>\$ 3,159,652</u>	<u>\$ 14,740,714</u>	<u>\$ 15,474,212</u>

See accompanying notes.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020
AND COMPARATIVE TOTALS FOR 2019**

	Program Services	Management and General	Fundraising	2020 Totals	2019 Totals only
Salaries	\$ 3,099,199	\$ 313,843	\$ 509,995	\$ 3,923,037	\$ 4,076,837
Payroll taxes	221,667	22,447	36,477	280,591	281,533
Employee benefits	274,757	27,823	45,213	347,793	361,322
Bad debts	28,045	2,840	4,615	35,500	39,334
Conference and meetings	6,281	636	1,034	7,951	11,670
Depreciation and amortization	291,333	29,502	47,941	368,776	383,654
Information technology	45,767	4,635	7,531	57,933	62,051
Insurance	26,141	2,647	4,302	33,090	31,737
Interest expense	53,402	5,408	8,788	67,598	70,525
Marketing and advertising	960	97	158	1,215	33,510
Miscellaneous expenses	16,979	1,719	2,794	21,492	33,621
Occupancy	407,444	43,590	70,833	521,867	529,220
Office expenses	55,149	15,052	24,459	94,660	96,726
Postage and shipping	38,631	3,912	6,357	48,900	79,576
Printing and reproductions	83,550	8,461	13,749	105,760	179,826
Professional fees	1,348,719	138,297	224,733	1,711,749	1,460,087
Program supplies	106,843	30,310	49,254	186,407	224,612
Telephone	35,681	3,613	5,872	45,166	59,540
Travel	99,418	10,068	16,360	125,846	194,058
	<u>\$ 6,239,966</u>	<u>\$ 664,900</u>	<u>\$ 1,080,465</u>	<u>\$ 7,985,331</u>	<u>\$ 8,209,439</u>

<u>Overhead rate calculation</u>	<u>Expenses</u>	<u>2020</u>	<u>2019</u>
Program services	\$ 6,239,966	78.14%	78.98%
Management and general	\$ 664,900	8.33%	8.01%
Fundraising	\$ 1,080,465	13.53%	13.01%
Base	<u>\$ 7,985,331</u>	<u>100.00%</u>	<u>100.00%</u>

See accompanying notes.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (733,497)	\$ (1,306,323)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	368,776	383,654
Unrealized loss on investments	273,243	661
Realized gain on investments	-	(96)
(Increase) decrease in assets:		
Receivables	(240,975)	715,278
Prepaid expenses	(73,953)	15,507
Deposits	(200)	(1,050)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	44,199	(70,769)
Accrued compensated balances	34,528	(15,453)
Accrued interest	(1,455)	(1,456)
Deferred revenue	401,500	(35,890)
Deferred rent	2,878	78,022
	<u>75,044</u>	<u>(237,915)</u>
Cash provided (used) by operating activities		
Cash flows from investing activities		
Change in investments	613,156	(471,878)
Change in donor advised fund	-	316,766
Purchases of property and equipment	<u>(52,344)</u>	<u>(73,926)</u>
	560,812	(229,038)
Cash provided (used) by investing activities		
Cash flows from financing activities		
Change in loan payable	<u>(116,000)</u>	<u>(116,000)</u>
	<u>(116,000)</u>	<u>(116,000)</u>
Cash used for financing activities		
Increase (decrease) in cash and cash equivalents	519,856	(582,953)
Cash and cash equivalents, beginning of year	<u>1,241,529</u>	<u>1,824,482</u>
Cash and cash equivalents, end of year	<u>\$ 1,761,384</u>	<u>\$ 1,241,529</u>
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ 69,054	\$ 69,878

See accompanying notes.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

Notes to Financial Statements

March 31, 2020

Note 1 – Summary of significant accounting policies

Organization

SPUR - San Francisco Bay Area Planning and Urban Research Association (SPUR) is a non-profit California corporation engaged in activities relating to current issues affecting the future of the San Francisco Bay Area. SPUR's history dates back to 1910, and SPUR was incorporated in 1959. SPUR provides continuing independent guidance to the community and governing bodies involving matters vital to the economic and social welfare of the San Francisco Bay Area.

A significant amount of SPUR's revenue is obtained from its approximately 6,500 members that include individuals and public sector businesses. In addition, SPUR receives funds from charitable foundations for both baseline support and special projects to meet its mission.

The following programs are included in the accompanying financial statements:

- Policy – SPUR provides objective analysis on the following seven policy areas: community planning, economic development, good government, housing, regional planning, sustainability and resilience and transportation.
- Public Engagement – SPUR provides analysis through educational events, exhibitions, policy reports, a voter guide, a monthly publication, and a website.

Basis of accounting

SPUR prepared the accompanying financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). SPUR records revenues when earned and expenses when incurring the related obligation. SPUR recognizes revenues from reimbursable cost contracts when incurring the related expenses.

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) 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.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION
Notes to Financial Statements
March 31, 2020

Note 1 – Summary of significant accounting policies (continued)

Fair value

SPUR uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority. SPUR uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, SPUR measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. SPUR only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

Cash and cash equivalents

Cash and cash equivalents consist principally of amounts on deposit with commercial banks. SPUR considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Short-term investments consist principally of certificates of deposit with original maturities of twelve months or less. Long term investments consist principally of registered investment company shares (mutual funds). Investments are recorded at fair value Level 1 in the statement of financial position. Net investment return consists of interest, dividends, gain or loss on the sale of investments, and appreciation or depreciation of holding investments, net of investment management fees. SPUR recognizes net investment return when earned.

Receivables

Contributions and grants receivable consist principally of amounts due from SPUR members and several donors, all due within one year.

Other receivables consist principally of amounts expended by SPUR under cost-reimbursement contracts but not reimbursed by the contractor, all due within one year.

Allowance for uncollectible receivables

SPUR uses the allowance method to account for uncollectible receivables. Under this method, SPUR reviews all receivables for any problems with collectability. If SPUR feels that there may be a problem with collections, it provides for an allowance for the receivable. When attempts to collect a specific receivable are unsuccessful, SPUR considers the account uncollectible and writes it off against the allowance. As of March 31, 2020, the allowance for uncollectible receivables was \$10,000.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

Notes to Financial Statements

March 31, 2020

Note 1 – Summary of significant accounting policies (continued)

Property and equipment

Property and equipment consist of land, building, leasehold improvements and equipment. SPUR records purchased property and equipment at cost. SPUR records donated property and equipment at fair value. SPUR computes depreciation on property and equipment using the straight-line method over estimated useful lives ranging from five years for equipment to forty years for building and improvements. SPUR employs a policy of capitalizing expenditures of \$5,000 or more and with a useful life of more than one year.

Revenue

Fee for service contracts are conditional cost-reimbursement contracts. SPUR does not recognize support from these contracts until it fulfills the conditions, generally by expending costs and performing services to accomplish the requirements of the contracts.

For rental income, SPUR recognizes revenue when the event takes place.

SPUR earns revenue from its various programs. SPUR recognizes program revenue when the related program occurs. Payments received prior to the event are included in deferred revenue.

Contributed goods and services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized when received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended March 31, 2020, no contributed goods and services were provided that met the criteria for valuation and recordation.

Special events

Special events revenue, net of direct donor benefit costs, is recognized when the fundraising event takes place.

Advertising expenses

The costs of advertising are expenses as incurred. Advertising expenses for the year ended March 31, 2020 was \$1,215.

Leases

Leases are reviewed and classified as capital or operating at the inception. For leases that contain fixed rent escalations, SPUR records the total rent payable on a straight-line basis over the term of the lease. The difference between rent payments and straight-line rent expense is recorded as deferred rent.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION
Notes to Financial Statements
March 31, 2020

Note 1 – Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although management of SPUR based these estimates on their knowledge of current events and actions they may undertake in the future, they may ultimately differ from actual results.

Income taxes

The Internal Revenue Service (IRS) and State of California Franchise Tax Board approved SPUR as exempt from federal income tax under the Internal Revenue Code (IRC) and from California bank and corporation taxes under the California Revenue and Taxation Code. In addition, the IRS approved SPUR to receive contributions that qualify for the charitable contribution deduction under the IRC and as a publicly supported organization as described in the IRC. Accordingly, donors are entitled to the maximum charitable contribution deduction allowed by law. Management of SPUR concluded that no activities of SPUR jeopardized its exemption from income taxes or its classification as a “public charity”, or subjected SPUR to taxes on unrelated business income. Consequently, SPUR did not provide for any income taxes. SPUR follows accounting principles generally accepted in the United States relating to the accounting for uncertainty in income taxes. Adoption of these provisions did not have any impact on SPUR’s accounting for unrecognized tax liabilities. Management believes that SPUR has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2016 to 2019 are open for examination by the Internal Revenue Service and years 2017 to 2019 by the California Franchise Tax Board.

Prior year totals

The columns on the accompanying financial statements captioned “Totals only” represent certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, read such information in conjunction with the financial statements as of and for the year ended March 31, 2019, from which SPUR derived the summarized information.

Allocation of functional expenses

SPUR summarizes the costs of providing various programs and other activities on a functional basis herein. Accordingly, SPUR allocated certain costs between program and supporting services based on estimates of time and usage.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION
Notes to Financial Statements
March 31, 2020

Note 1 – Summary of significant accounting policies (continued)

Recent accounting pronouncement - adopted

Effective April 1, 2019, SPUR adopted the following pronouncements:

FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. The new pronouncement establishes a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. SPUR has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new pronouncement assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The determining factor for whether an organization will account for a grant or contract agreement as a contribution or an exchange transaction is whether the asset provider is receiving commensurate value in return for those assets. SPUR has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with implementation of ASU 2018-08.

FASB ASU 2016-01, *Financial Instruments (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities*. This amendment requires, among other things, equity investments to be measured at fair value with changes in fair value recognized in net income. The amendment has been applied retrospectively to all periods presented. The implementation of ASU 2016-01 did not have a material impact on the financial statements

Pending accounting pronouncement – effective in the future

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842)*. The guidance in this ASU supersedes the current leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION
Notes to Financial Statements
March 31, 2020

Note 2 – Property and equipment

Land	\$ 3,269,975
Building and improvements	11,334,780
Leasehold improvements	167,124
Library, furniture and equipment	<u>1,133,392</u>
 Total property and equipment	 15,905,271
Accumulated depreciation	<u>(4,341,976)</u>
 Property and equipment, net	 <u>\$ 11,563,295</u>

Note 3 – Investments

As of March 31, 2020, investments total as follows:

<u>Mutual funds</u>	
Equity	\$ 1,760,307
Fixed income	1,439,157
Real estate	<u>128,357</u>
	 <u>\$ 3,327,821</u>

During the year ended March 31, 2020, SPUR did not transfer any investments among the different fair value input levels.

During the year ended March 31, 2020, net investment return totals as follows:

Interest and dividend income	\$ 189,229
Realized gains	-
Unrealized gains (losses)	(273,243)
Advisory fees	<u>(16,968)</u>
	 <u>\$ (100,982)</u>

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION
Notes to Financial Statements
March 31, 2020

Note 4 – Deferred revenue

Deferred revenue mainly consists of several grants collected in advance for events to be held during the year ended March 31, 2020. Due to the pandemic, some of these events were cancelled. SPUR is waiting for guidance from the grantor as to how they would like to reallocate their funds to other programs.

Note 5 – Loan payable

On December 1, 2007, the California Municipal Finance Authority issued Variable Rate Revenue bonds in the amount of \$6,935,000, the proceeds financed the construction of SPUR's new building in San Francisco. Partial redemptions were made between 2012 and 2016. On October 3, 2016, the remaining bonds payable of \$2,900,000 was converted to a term interest rate loan with JP Morgan Chase Bank. The loan is to be paid over a 10-year period and bears a fixed interest rate of 2.51%. Principal is payable annually beginning on October 1, 2017 and interest is payable semiannually beginning October 1, 2017. The loan is secured by a Deed of Trust. The loan payable is subject to various financial covenants.

Principal payments under the loan payable for the years ending March 31 are as follows:

2021	\$ 116,000
2022	116,000
2023	116,000
2024	116,000
2025	116,000
Thereafter	<u>1,972,000</u>
	<u>\$ 2,552,000</u>

Note 6 – Net assets without donor restrictions

During the year ended year ended March 31, 2020, net assets without donor restrictions reconcile as follows:

Undesignated	\$ 9,327,521
Board designated: Operations	978,662
Board designated: Building fund	383,872
Board designated: Capital replacement	267,572
Board designated: Quasi-endowment	<u>623,435</u>
	<u>\$ 11,581,062</u>

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION
Notes to Financial Statements
March 31, 2020

Note 7 – Net assets with donor restrictions

During the year ended year ended March 31, 2020, net assets with donor restrictions reconcile as follows:

<u>Purpose restricted</u>	2019	Additions	Releases	2020
<u>Activity</u>				
Regional strategy	\$ 1,595,616	535,000	(1,090,549)	1,040,067
Regional work	-	75,000	-	75,000
San Francisco	115,400	-	(115,400)	-
San Jose	155,000	562,500	(130,000)	587,500
Food system	225,639	661,114	(533,094)	353,659
Piero N. Patri Fellowship (interest)	18,418	-	(5,335)	13,083
	<hr/>	<hr/>	<hr/>	<hr/>
Total program restricted net assets	2,110,073	1,833,614	(1,874,378)	2,069,309
<u>Time restricted</u>	427,131	189,847	(232,000)	384,978
<u>Perpetual in nature</u>				
Board designated endowment	524,267	-	-	524,267
Piero N. Patri Fellowship	181,098	-	-	181,098
	<hr/>	<hr/>	<hr/>	<hr/>
	705,365	-	-	705,365
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 3,242,569	\$ 2,023,461	\$ (2,106,378)	\$ 3,159,652

Note 8 – Endowment funds

Endowment funds consist of both donor-restricted funds that SPUR must hold in perpetuity or for a donor-specified period and board-designated funds. Donor-restricted funds consist of the Piero N. Patri Fellowship in Urban Design funds. The income generated from the Fellowship is to be used to fund students or post-graduate fellows to work on projects selected by SPUR. The Board-designated funds generates income to be used to fund operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

SPUR is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. SPUR's board has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

Notes to Financial Statements

March 31, 2020

Note 8 – Endowment funds (continued)

As a result of this interpretation, SPUR would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. SPUR has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

In accordance with SPMIFA, SPUR considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds
2. The purposes of SPUR and the endowment funds
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of SPUR
7. The investment policy of SPUR

SPUR has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. The investment policy of SPUR is to preserve and protect assets of the organization while earning an appropriate rate of return of each category of assets.

The goals that will govern SPUR's investment activities are, in order of priority:

1. Safety and preservation of principal
2. Liquidity of investments sufficient to meet cash flow requirements
3. To maximize return on investments while meeting objectives 1 and 2 above

Board designated endowment funds are subject to redesignations at any time, including redesignations as other than endowment funds.

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Note 8 – Endowment funds (continued)

As of March 31, 2020, endowment funds total as follows:

	Net assets without donor restrictions	Net assets with donor restrictions	Totals
Donor restricted	\$ -	\$ 718,448	\$ 718,448
Board designated	623,435	-	623,435
	<u>\$ 623,435</u>	<u>\$ 718,448</u>	<u>\$ 1,341,883</u>

The composition of endowment net assets and the changes in endowment net assets as of March 31, 2020, are as follows:

Endowment net assets, March 31, 2019	\$ 723,435	\$ 723,783	\$ 1,447,218
Investment return, net	-	(5,335)	(5,335)
Board designations (undesignations)	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Endowment net assets, March 31, 2020	<u>\$ 623,435</u>	<u>\$ 718,448</u>	<u>\$ 1,341,883</u>

Note 9 – Special events

SPUR holds an annual event called the Silver SPUR Awards to honor citizens who have made a significant contribution to the community. It also holds the Good Government Awards honoring public sector managerial leadership, as well as the Summer Parties and Impact Awards.

Special events for the year ended March 31, 2020 consist of the following:

	Silver SPUR Awards	Good Government Awards	Other events	Total
Support and revenue	\$ 808,366	\$ 192,745	\$ 405,220	\$ 1,406,331
Direct donor-benefit costs	<u>145,710</u>	<u>47,969</u>	<u>115,285</u>	<u>308,964</u>
Special events, net	<u>\$ 662,656</u>	<u>\$ 144,776</u>	<u>\$ 289,935</u>	<u>\$ 1,097,367</u>

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Note 10 – Rental income and expense

SPUR leases office space in San Jose and Oakland. The leases are under operating lease agreements with fixed annual increases. The San Jose lease agreement expires June 2022 and the Oakland lease was terminated as of October 31, 2020. During the year ended March 31, 2020, facility rent totaled \$264,821.

Future minimum rental payments due for the years ending March 31 are as follows:

2021	\$ 49,088
2022	50,138
2023	<u>12,600</u>
	<u>\$ 111,826</u>

SPUR rents its San Francisco and Oakland facilities on a short-term or daily use basis for special events. In addition, SPUR subleases a portion of its Oakland office. As of October 31, 2020, the sublease has been terminated. During the year ended March 31, 2020, rental income totaled \$367,725.

Note 11 – Retirement plan

SPUR offers a retirement plan under section 403(b) of the Internal Revenue Code. Employees may elect to defer a portion of their salary into the plan. SPUR may match up to 25% of employee deferrals or otherwise contribute additional amounts for the benefit of those employees meeting certain participation criteria. The funds are used to purchase an annuity contract with the Teachers Insurance and Annuity Association of America. During the year ended March 31, 2020, SPUR contributed \$86,793 to the plan.

Note 12 – Liquidity and availability of financial assets

The following reflects SPUR's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside as an endowment, and board designated building fund that could be drawn upon if the Board of directors approves that action.

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Note 12 – Liquidity and availability of financial assets (continued)

Financial assets, at year-end:	
Cash and cash equivalents	\$ 1,761,384
Receivables	1,384,242
Investments	<u>3,327,821</u>
	6,473,447
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to maintain as an endowment	705,365
Donor restricted for specific purpose	13,083
Donor restricted for specific period	188,478
Board designated to maintain as an endowment	623,435
Board designated for building fund	383,872
Board designated for operating reserve	978,662
Board designated for capital reserve	267,572
Undesignated	<u>167,354</u>
	<u>3,327,821</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,145,626</u></u>

As part of its liquidity management, SPUR invests cash in excess of daily requirements in long-term investments.

Note 13 – Risks and uncertainties

Cash and cash equivalents held by commercial banks exceeded federal deposit insurance limits at various times during the year ended March 31, 2020.

Two investment firms hold all the investments of SPUR and make investment decisions for SPUR, based on investment policies approved by the board of directors of SPUR. Investments held by the investment firm exceeded Securities Investor Protection Corporation at various times during the year ended March 31, 2020 .

Investments are subject to credit, interest rate and market risks. Credit risk is the probability that parties holding or supporting an investment will default or otherwise fail to perform. Interest rate risk is the risk that interest rates in the market will change relative to the interest rates earned on SPUR investments. Market risk is the inherent change in the fair value of an investment due to changes in conditions.

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Note 13 – Risks and uncertainties (continued)

SPUR manages risk to its investments by periodically reviewing investments for compliance with their investment policy and investment returns for comparability to the general market and specific investment class returns.

Receivables are subject to collection risk. Collection risk is the probability that the financial condition or other circumstances of a contractor/grantor may change, reducing or eliminating the subsequent collection of receivables.

SPUR has received support that may be subject to audit or review by the grantor agencies. Management believes that SPUR has complied with all aspects of grant and contract provisions and disallowed costs, if any, would be insignificant to its financial position.

Note 14 – Subsequent events

SPUR evaluated subsequent events for recognition and disclosure through December 21, 2020, the date which these financial statements were available to be issued. The COVID-19 pandemic and government responses has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. As a 501(c)(3) organization, SPUR received a Paycheck Protection Program (PPP) loan in the amount of \$733,000 through the CARES Act. SPUR intends to use the proceeds for purposes consistent with the PPP loan and believes that most, if not all, will meet the requirements for debt forgiveness.

Due to COVID-19, effective October 31, 2020, SPUR has terminated the lease agreement for their office space in Oakland, CA. By reasonable and manageable negotiation, SPUR has paid a termination fee of \$42,755.

While the pandemic continues, there is uncertainty around the ultimate impact. However, SPUR continues adhere to all guidelines in both financial and work practices and does not anticipate the impact from COVID-19 to be substantial.