

**SPUR - San Francisco Bay Area Planning and Urban Research Association**

Financial Statements

For the year ended March 31, 2021

with

Report of Independent Auditors



101 LARKSPUR LANDING CIRCLE  
SUITE 200. LARKSPUR. CA. 94939

MAIN OFFICE (415) 925-1120  
FAX (415) 925-1140

## 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 SPUR - San Francisco Bay Area Planning and Urban Research Association, which comprise the statement of financial position as of March 31, 2021, 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 SPUR - San Francisco Bay Area Planning and Urban Research Association as of March 31, 2021, 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

*WMB<sup>2</sup>, LLP*

WMB<sup>2</sup>, LLP  
Larkspur, California  
September 29, 2021

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021 AND 2020**

	<b>Assets</b>	
	<u>2021</u>	<u>2020</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,260,946	\$ 1,761,384
Receivables:		
Contributions receivable	5,000	645,358
Grants receivable	720,478	765,471
Other receivables	-	48,413
Prepaid expenses	52,509	128,091
	<u>3,038,933</u>	<u>3,348,717</u>
<b>Property and equipment</b>		
Property, and equipment, net of accumulated depreciation of \$4,457,429 in 2021 and \$4,341,976 in 2020	11,217,636	11,563,295
<b>Other noncurrent assets</b>		
Long-term investments	4,819,977	3,327,821
Deposits	-	14,575
	<u>16,037,613</u>	<u>14,905,691</u>
<b>Total assets</b>	<u>\$ 19,076,546</u>	<u>\$ 18,254,408</u>
	<b>Liabilities and Net assets</b>	
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 143,290	\$ 83,592
Accrued compensated balances	355,918	325,174
Accrued interest	-	32,028
Deferred revenue	57,000	440,000
Current portion of long-term debt	116,000	116,000
	<u>672,208</u>	<u>996,794</u>
<b>Noncurrent liabilities</b>		
Long-term debt	2,320,000	2,436,000
Deferred rent	-	80,900
	<u>2,320,000</u>	<u>2,516,900</u>
<b>Total liabilities</b>	<u>2,992,208</u>	<u>3,513,694</u>
<b>Net assets</b>		
Unrestricted	10,587,092	9,327,522
Unrestricted-board designated	3,085,796	2,253,540
Without donor restrictions	13,672,888	11,581,062
With donor restrictions	2,411,450	3,159,652
	<u>16,084,338</u>	<u>14,740,714</u>
<b>Total liabilities and net assets</b>	<u>\$ 19,076,546</u>	<u>\$ 18,254,408</u>

See accompanying notes.

SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2021  
AND COMPARATIVE TOTALS FOR 2020

	Without donor restrictions	With donor restrictions	2021 Totals	2020 Totals only
<b>Support and revenue</b>				
Contributions	\$ 3,941,008	\$ -	\$ 3,941,008	\$ 2,675,843
Memberships	292,767	-	292,767	280,966
PPP loan forgiven	733,105	-	733,105	-
Grants	596,630	1,163,418	1,760,048	2,574,963
Special events, net	411,657	419,250	830,907	1,097,367
Fee for service	132,917	-	132,917	284,589
Rental income	28,138	-	28,138	367,725
Program fees	11,923	-	11,923	71,363
Net investment return	1,115,812	126,765	1,242,577	(100,982)
Net assets released from restrictions	2,457,635	(2,457,635)	-	-
<b>Total support and other revenue</b>	<b>9,721,592</b>	<b>(748,202)</b>	<b>8,973,390</b>	<b>7,251,834</b>
<b>Expenses</b>				
Program services	5,924,541	-	5,924,541	6,239,966
Management and general	711,233	-	711,233	664,900
Fundraising	993,991	-	993,991	1,080,465
<b>Total expenses</b>	<b>7,629,765</b>	<b>-</b>	<b>7,629,765</b>	<b>7,985,331</b>
<b>Change in net assets</b>	<b>2,091,827</b>	<b>(748,202)</b>	<b>1,343,625</b>	<b>(733,497)</b>
<b>Net assets, beginning of year</b>	<b>11,581,062</b>	<b>3,159,652</b>	<b>14,740,714</b>	<b>15,474,212</b>
<b>Net assets, end of year</b>	<b>\$ 13,672,889</b>	<b>\$ 2,411,450</b>	<b>\$ 16,084,339</b>	<b>\$ 14,740,714</b>

See accompanying notes.

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2021  
AND COMPARATIVE TOTALS FOR 2020**

	Program Services	Management and General	Fundraising	2021 Totals	2020 Totals only
Salaries	\$ 3,171,094	\$ 365,895	\$ 528,515	\$ 4,065,504	\$ 3,923,037
Payroll taxes	232,586	26,837	38,764	298,187	280,591
Employee benefits	284,652	32,844	47,442	364,938	347,793
Bad debts	26,277	3,032	4,379	33,688	35,500
Conference and meetings	1,594	184	266	2,044	7,951
Depreciation and amortization	283,084	32,664	47,181	362,929	368,776
Information technology	73,361	5,898	8,519	87,778	35,689
Insurance	-	27,427	6,270	33,697	33,090
Interest expense	50,442	5,820	8,407	64,669	67,598
Marketing and advertising	304	35	51	390	1,215
Miscellaneous expenses	3,211	4,711	6,805	14,727	21,492
Occupancy	206,581	11,343	16,384	234,308	521,867
Office expenses	41,252	12,469	18,011	71,732	94,660
Postage and shipping	14,077	1,624	2,346	18,047	48,900
Printing and reproductions	40,974	2,610	3,770	47,354	105,760
Professional fees	1,269,962	149,101	215,368	1,634,431	1,733,993
Program supplies	183,098	23,894	34,514	241,506	186,407
Telephone	41,993	4,845	6,999	53,837	45,166
Travel	-	-	-	-	125,846
	<u>\$ 5,924,541</u>	<u>\$ 711,233</u>	<u>\$ 993,991</u>	<u>\$ 7,629,765</u>	<u>\$ 7,985,331</u>

<u>Overhead rate calculation</u>	<u>Expenses</u>	<u>2021</u>	<u>2020</u>
Program services	\$ 5,924,541	77.65%	78.14%
Management and general	\$ 711,233	9.32%	8.33%
Fundraising	\$ 993,991	13.03%	13.53%
Base	<u>\$ 7,629,765</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,343,625	\$ (733,497)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	362,929	368,776
Unrealized (gain) loss on investments	(1,112,068)	273,243
Realized loss on investments	259	-
(Increase) decrease in assets:		
Receivables	733,764	(240,975)
Prepaid expenses	75,582	(73,953)
Deposits	14,575	(200)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	59,698	44,199
Accrued compensated balances	30,744	34,528
Accrued interest	(32,028)	(1,455)
Deferred revenue	(383,000)	401,500
Deferred rent	(80,900)	2,878
<b>Net cash provided by operating activities</b>	<b>1,013,180</b>	<b>75,044</b>
<b>Cash flows from investing activities</b>		
Change in investments	(380,347)	613,156
Purchases of property and equipment	(17,270)	(52,344)
<b>Net cash (used) provided by investing activities</b>	<b>(397,617)</b>	<b>560,812</b>
<b>Cash flows from financing activities</b>		
Change in loan payable	(116,000)	(116,000)
<b>Net cash used for financing activities</b>	<b>(116,000)</b>	<b>(116,000)</b>
<b>Increase in cash and cash equivalents</b>	<b>499,563</b>	<b>519,856</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,761,384</b>	<b>1,241,529</b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 2,260,947</u></b>	<b><u>\$ 1,761,384</u></b>
<b>CASH PAID DURING THE YEAR FOR:</b>		
<b>INTEREST</b>	<b>\$ 66,125</b>	<b>\$ 69,054</b>

See accompanying notes.

# SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

Notes to Financial Statements

March 31, 2021

## 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 justice, good government, housing, regional planning, sustainability and resilience and transportation.
- Public Engagement – SPUR provides education through 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, 2021

#### 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, 2021, the allowance for uncollectible receivables was \$10,000.

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**

Notes to Financial Statements

March 31, 2021

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

SPUR does not recognize support from fee for service contracts until it fulfills the conditions, generally by expending costs and performing services to accomplish the requirements of the contracts.

Rental income consists of revenue generated from the Urban Center for third party special events. SPUR recognizes the 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, 2021, 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 expensed as incurred. Advertising expenses for the year ended March 31, 2021 were \$390.

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, 2021

### 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 2017 to 2020 are open for examination by the Internal Revenue Service and years 2018 to 2020 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, 2020, 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, 2021

Note 1 – Summary of significant accounting policies (continued)

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.

Note 2 – Property and equipment

Property and equipment	
Land	\$ 3,269,975
Building and improvements	11,334,780
Library, furniture and equipment	<u>1,070,309</u>
Total property and equipment	15,675,064
Accumulated depreciation	<u>(4,457,428)</u>
Property and equipment, net	<u>\$ 11,217,636</u>

Note 3 – Investments

As of March 31, 2021, investments total as follows:

<u>Mutual funds</u>	
Equity	\$ 2,626,880
Fixed income	2,003,301
Real estate	<u>189,796</u>
	<u>\$ 4,819,977</u>

During the year ended March 31, 2021, SPUR did not transfer any investments among the different fair value input levels.

During the year ended March 31, 2021, net investment return totals as follows:

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**  
Notes to Financial Statements  
March 31, 2021

Note 3 – Investments (continued)

Interest and dividend income	\$	145,263
Realized losses		(259)
Unrealized gains		1,112,068
Advisory fees		(14,495)
		1,242,577
	\$	1,242,577

Note 4 – Deferred revenue

Deferred revenue mainly consists of monies collected in advance for events to be held during the year ended March 31, 2021. Due to the pandemic, some of these events were cancelled.

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 financing 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:

2022	\$	116,000
2023		116,000
2024		116,000
2025		116,000
2026		116,000
Thereafter		1,856,000
		2,436,000
	\$	2,436,000

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**  
Notes to Financial Statements  
March 31, 2021

Note 6 – Net assets without donor restrictions

During the year ended year ended March 31, 2021, net assets without donor restrictions reconcile as follows:

Net assets without donor restrictions

Undesignated	\$ 10,587,092
Board designated: Operations	2,311,860
Board designated: Building fund	438,919
Board designated: Capital replacement	335,018
	\$ 13,672,889

Note 7 – Net assets with donor restrictions

During the year ended year ended March 31, 2021, net assets with donor restrictions reconcile as follows:

Purpose restricted

<u>Activity</u>	<u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Regional strategy	\$ 1,040,067	260,000	(1,095,614)	204,453
Regional work	75,000	120,000	(75,000)	120,000
San Jose	587,500	120,000	(387,500)	320,000
Food and Agriculture	353,659	663,418	(703,019)	314,058
Piero N. Patri Fellowship (interest)	13,083	56,413	-	69,496
Total program restricted net assets	2,069,309	1,219,831	(2,261,133)	1,028,007
<u>Time restricted</u>	384,978	489,602	(196,500)	678,080
<u>Perpetual in nature</u>				
Permanently restricted	705,365	-	-	705,365
	\$ 3,159,652	\$ 1,709,433	\$ (2,457,633)	\$ 2,411,452

Note 8 – Permanently restricted and board designated funds

Permanently restricted and board designated 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

## SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION

Notes to Financial Statements

March 31, 2021

### Note 8 – Permanently restricted and board designated funds (continued)

Fellowship is to be used to fund students or post-graduate fellows to work on projects selected by SPUR. The Board designated funds generate income to be used to fund operations. As required by generally accepted accounting principles, net assets associated with these 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 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 the fund, unless a donor stipulates the contrary.

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 instruments. 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 funds:

1. The duration and preservation of the funds
2. The purposes of SPUR and the 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 these assets that attempt to provide a predictable stream of funding to programs supported by the funds while seeking to maintain the purchasing power of the 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

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**  
Notes to Financial Statements  
March 31, 2021

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 an Ideas + Action Symposium.

Special events for the year ended March 31, 2021 consist of the following:

	Silver SPUR Awards	Other events	Total
Support and revenue	\$ 698,830	\$ 133,905	\$ 832,735
Direct donor-benefit costs	1,828	-	1,828
Special events, net	\$ 697,002	\$ 133,905	\$ 830,907

Note 10 – 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, 2021, SPUR contributed \$79,285 to the plan.

Note 11 – 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.



**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**  
Notes to Financial Statements  
March 31, 2021

Note 11 – Liquidity and availability of financial assets (continued)

Financial assets, at year-end:	
Cash and cash equivalents	\$ 2,260,946
Receivables	725,478
Investments	<u>4,819,977</u>
	7,806,401
Less those unavailable for general expenditures within one year, due to:	
Donor restricted	705,365
Donor restricted for specific purpose	716,582
Donor restricted for specific period	258,830
Board designated for building fund	438,919
Board designated for operating reserve	2,311,860
Board designated for capital reserve	335,018
Undesignated	<u>259,463</u>
	<u>5,026,037</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,780,364</u>

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

Note 12 – Paycheck Protection Program

On April 14, 2020 SPUR received loan proceeds of \$733,105 from a promissory note issued by JP Morgan Chase Bank under the Paycheck Protection Program (PPP) which was established under the CARES Act and is administered by the U.S. Small Business Administration. The term on the loan is two years and the annual interest rate is 1%. Payments of principal and interest are deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under the PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. SPUR expects to meet the PPP's eligibility criteria and has concluded that the PPP loan represents, in substance, a conditional contribution. The PPP forgivable loan is considered to be conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Proceeds received under the PPP are recognized as revenue when SPUR has incurred expenditures in compliance with the promissory note provisions.

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**  
Notes to Financial Statements  
March 31, 2021

Note 12 – Paycheck Protection Program (continued)

For the year ended March 31, 2021, SPUR recognized \$733,105 in PPP grant revenue based on qualifying expenditures under the PPP that are expected to be forgiven.

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, 2021.

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 limits at various times during the year ended March 31, 2021 .

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.

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 September 29, 2021, the date which these financial statements were available to be issued. Management concluded that the only material subsequent event that occurred since March 31, 2021 that required recognition or disclosure in such financial statements was the forgiveness of the PPP loan mentioned in Note 12 on July 29, 2021.