

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

Financial Statements

For the year ended March 31, 2024

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

### **Opinion**

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, 2024, 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.

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, 2024, 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.

### **Basis for Opinion**

We conducted our audit 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 SPUR - San Francisco Bay Area Planning and Urban Research Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Adoption of New Standard**

As discussed in Note 16 to the financial statements, SPUR has adopted ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 SPUR - San Francisco Bay Area Planning and Urban Research Association'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 SPUR - San Francisco Bay Area Planning and Urban Research Association'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 SPUR - San Francisco Bay Area Planning and Urban Research Association'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 audit.

## **Report on Summarized Comparative Information**

We have previously audited the financial statements of SPUR – San Francisco Bay Area Planning and Urban Research Association for the year ended March 31, 2023, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

WMB<sup>2</sup>, LLP  
Larkspur, California  
December 9, 2024

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

**STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2024 AND 2023**

	<b>Assets</b>	
	<u>2024</u>	<u>2023</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 347,222	\$ 259,218
Receivables:		
Accounts receivable	275,237	72,161
Contributions receivable	993,367	675,633
Foundation grants receivable	204,970	582,952
Prepaid expenses	<u>45,136</u>	<u>49,864</u>
Total current assets	<u>1,865,932</u>	<u>1,639,828</u>
<b>Property and equipment</b>		
Property, and equipment, net of accumulated depreciation of \$5,665,677 in 2024	10,256,864	10,564,120
<b>Other noncurrent assets</b>		
Contributions receivable, long-term	462,774	238,334
Right-of-use operating lease asset	67,427	-
Long-term investments	2,855,681	4,064,525
Deposits	<u>2,996</u>	<u>-</u>
Total noncurrent assets	<u>13,645,742</u>	<u>14,866,979</u>
<b>Total assets</b>	<u>\$ 15,511,674</u>	<u>\$ 16,506,807</u>
	<b>Liabilities and Net assets</b>	
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 321,150	\$ 200,794
Accrued compensated balances	301,565	397,376
Pass-through to new fiscal sponsor - Food & Agriculture	791,483	-
Deferred revenue	101,660	22,500
Current portion of operating lease liability	34,820	-
Current portion of long-term debt	<u>116,000</u>	<u>116,000</u>
Total current liabilities	<u>1,666,678</u>	<u>736,670</u>
<b>Noncurrent liabilities</b>		
Long-term operating lease liability	33,576	-
Long-term debt	<u>1,972,000</u>	<u>2,088,000</u>
Total noncurrent liabilities	<u>2,005,576</u>	<u>2,088,000</u>
<b>Total liabilities</b>	<u>3,672,254</u>	<u>2,824,670</u>
<b>Net assets</b>		
Without donor restrictions	9,847,630	11,802,456
With donor restrictions	<u>1,991,790</u>	<u>1,879,681</u>
Total net assets	<u>11,839,420</u>	<u>13,682,137</u>
<b>Total liabilities and net assets</b>	<u>\$ 15,511,674</u>	<u>\$ 16,506,807</u>

See accompanying notes.

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2024  
AND COMPARATIVE TOTALS FOR 2023**

	Without donor restrictions	With donor restrictions	2024 Totals	2023 Totals only
<b>Support and revenue</b>				
Contributions	1,836,024	\$ 2,261,104	\$ 4,097,128	\$ 3,327,486
Memberships	171,525	-	171,525	216,000
Foundation grants	1,135,659	-	1,135,659	1,269,999
Special events, net	775,570	-	775,570	632,962
Service contracts	860,268	-	860,268	533,690
Rental income	158,603	-	158,603	198,514
Program fees	45,010	-	45,010	94,044
Net investment return	293,764	-	293,764	(370,204)
Net assets released from restrictions	2,148,995	(2,148,995)	-	-
	<u>7,425,418</u>	<u>112,109</u>	<u>7,537,527</u>	<u>5,902,492</u>
<b>Expenses</b>				
Program services	6,531,776	-	6,531,776	6,458,017
Management and general	1,055,332	-	1,055,332	851,936
Fundraising	1,156,967	-	1,156,967	1,245,267
	<u>8,744,075</u>	<u>-</u>	<u>8,744,075</u>	<u>8,555,220</u>
<b>Change in net assets, before transfer</b>	<u>(1,318,657)</u>	<u>112,109</u>	<u>(1,206,548)</u>	<u>(2,652,728)</u>
<b>Transfer to new fiscal sponsor - Food &amp; Agriculture</b>	636,169	-	636,169	-
<b>Change in net assets, after transfer</b>	<u>(1,954,826)</u>	<u>112,109</u>	<u>(1,842,717)</u>	<u>(2,652,728)</u>
<b>Net assets, beginning of year</b>	<u>11,802,456</u>	<u>1,879,681</u>	<u>13,682,137</u>	<u>16,334,865</u>
<b>Net assets, end of year</b>	<u>\$ 9,847,630</u>	<u>\$ 1,991,790</u>	<u>\$ 11,839,420</u>	<u>\$ 13,682,137</u>

See accompanying notes.

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

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2024  
AND COMPARATIVE TOTALS FOR 2023**

	Program Services	Management and General	Fundraising	2024 Totals	2023 Totals only
Salaries	\$ 3,362,285	\$ 486,646	\$ 575,128	\$ 4,424,059	\$ 4,551,140
Payroll taxes	251,727	36,434	43,059	331,220	347,447
Employee benefits	291,958	42,258	49,939	384,155	371,138
Bad debt	-	29,000	-	29,000	-
Conference and meetings	28,617	15,412	839	44,868	70,794
Contributions	24,000	-	-	24,000	2,000
Depreciation and amortization	233,514	33,798	39,944	307,256	319,920
Information technology	65,190	9,435	11,151	85,776	86,402
Insurance	27,059	3,916	4,628	35,603	40,956
Interest expense	42,470	6,147	7,265	55,882	58,811
Marketing and advertising	-	2,760	-	2,760	55,194
Miscellaneous expenses	12,754	17,193	6,246	36,193	52,768
Occupancy	91,900	13,301	15,720	120,921	86,723
Short-term leases	5,741	5,723	335	11,799	16,120
Office expenses	69,646	10,080	11,912	91,638	93,362
Operating lease costs	25,850	3,742	4,422	34,014	-
Postage and shipping	7,751	9,311	6,878	23,940	15,224
Printing and reproductions	32,201	17,791	17,348	67,340	76,758
Professional fees	1,769,743	256,147	302,719	2,328,609	1,860,770
Program supplies	55,930	35,761	47,205	138,896	330,087
Telephone	23,196	3,357	3,968	30,521	39,978
Travel	110,244	17,120	8,261	135,625	79,628
	<u>\$ 6,531,776</u>	<u>\$ 1,055,332</u>	<u>\$ 1,156,967</u>	<u>\$ 8,744,075</u>	<u>\$ 8,555,220</u>

<u>Overhead rate calculation</u>	<u>Expenses</u>	<u>2024</u>	<u>2023</u>
Program services	\$ 6,531,776	74.70%	77.65%
Management and general	\$ 1,055,332	12.07%	9.32%
Fundraising	\$ 1,156,967	13.23%	13.03%
Base	<u>\$ 8,744,075</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, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,206,548)	\$ (2,652,728)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	307,256	319,920
Unrealized (gain) loss on investments	(209,511)	436,106
Realized loss on investments	699	-
Noncash portion of lease expense for operating lease	34,014	-
Transfer to new sponsor	(636,169)	-
(Increase) decrease in assets:		
Receivables	(367,268)	284,872
Prepaid expenses	4,729	24,456
Deposits	(2,996)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	120,356	36,850
Accrued compensated balances	(95,811)	69,246
Pass-through to new sponsor	791,483	-
Deferred revenue	79,160	(17,600)
Repayment of lease liability - operating lease	<u>(33,046)</u>	<u>-</u>
<b>Net cash used by operating activities</b>	<b>(1,213,652)</b>	<b>(1,498,878)</b>
<b>Cash flows from investing activities</b>		
Change in investments	<u>1,417,656</u>	<u>1,184,654</u>
<b>Net cash provided by investing activities</b>	<b>1,417,656</b>	<b>1,184,654</b>
<b>Cash flows from financing activities</b>		
Change in loan payable	<u>(116,000)</u>	<u>(116,000)</u>
<b>Net cash used for financing activities</b>	<b>(116,000)</b>	<b>(116,000)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>88,004</b>	<b>(430,224)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>259,218</u>	<u>689,443</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 347,222</u></u>	<u><u>\$ 259,218</u></u>
<b>Noncash investing and financing activities</b>		
Cash paid during the year for interest	\$ 55,882	\$ 60,267
Establishing of operating right-of-use asset	\$ 101,441	\$ -
Establishing of operating lease liability	\$ 101,441	\$ -

See accompanying notes.

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

Notes to Financial Statements

March 31, 2024

### 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. The Board of Directors may designate some net assets without donor restrictions for certain purposes. Accordingly, SPUR segregates its net assets without donor restrictions between designated and undesignated.



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

Notes to Financial Statements

March 31, 2024

### Note 1 – Summary of significant accounting policies (continued)

*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. SPUR reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. SPUR reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

#### 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

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.

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

Notes to Financial Statements

March 31, 2024

### Note 1 – Summary of significant accounting policies (continued)

#### Accounts receivable and credit policies

Accounts receivable, all due within one year, consists principally of amounts due from various service contracts and cost-reimbursement government contracts.

SPUR uses the allowance method to account for uncollectible accounts receivable. Under this method, SPUR records an allowance for credit loss when collectability is uncertain based on a review of outstanding receivables, historical collection information, and existing economic conditions. 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, 2024, SPUR's management concluded that all receivables are fully collectible; accordingly, no allowance for credit losses has been established.

#### Grants and contributions receivable

Grants and contributions receivable short-term are recorded at net realizable value. Grants and contributions receivable long-term are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

SPUR uses the allowance method to account for uncollectible grants and contributions receivable. Under this method, SPUR records an allowance for doubtful accounts based on a review of outstanding receivables, historical collection information, and existing economic conditions. 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, 2024, SPUR's management concluded that all contributions are fully collectible; accordingly, no allowance for doubtful accounts has been established.

#### 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.

#### Right-of-use assets and lease liabilities

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring SPUR's right-of-use assets and lease liabilities. Lease and non-lease components (if any) are accounted for separately when determining the payments for the office lease class of assets. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

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

Notes to Financial Statements

March 31, 2024

### Note 1 – Summary of significant accounting policies (continued)

SPUR considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability.

#### Deferred revenue

Deferred revenue consists principally of amounts advanced or drawn down under government contracts and other service contracts that exceed revenue earned.

#### Revenue and revenue recognition

Contributions are recognized when cash, securities, other assets, an unconditional contribution, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met or substantially waived by the donor. Revenue is recognized on the date the condition is met. Consequently, at March 31, 2024, contributions approximating \$22,708 have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The contributions depend on SPUR occupying a leased facility for a three-year period.

Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. SPUR recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately. Payments are required at the time of sale or start of the membership period; amounts received in advance are deferred to the applicable period.

Revenue from cost-reimbursable contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures, are recognized as revenue when SPUR has incurred expenditures in compliance with specific contract or grant provisions or when the performance obligations are met and delivered.

Service contracts are recognized over time as the related services are performed.

Rental income consists of revenue generated from the Urban Center for third party special events. SPUR has elected the short-term lease exemption for all leases with a term of 12 months or less. 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.

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

## Notes to Financial Statements

March 31, 2024

### Note 1 – Summary of significant accounting policies (continued)

#### 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, 2024, 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.

#### Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual reports could differ from those estimates, and those differences could be material.

#### 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 2020 to 2023 are open for examination by the Internal Revenue Service and years 2019 to 2023 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 audited financial statements as of and for the year ended March 31, 2023, from which SPUR derived the summarized information.

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

Notes to Financial Statements

March 31, 2024

Note 1 – Summary of significant accounting policies (continued)

Reclassifications

SPUR reclassified certain prior year amounts to conform to the current year presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

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.

Advertising expenses

The costs of advertising are expensed as incurred. Advertising expenses for the year ended March 31, 2024 were \$2,760.

Note 2 – Contributions receivable

Contributions receivable as of March 31, 2024 total as follows:

Receivable in less than one year	\$ 993,367
Receivable in one to five years	<u>505,000</u>
	1,498,367
Less discount to net present value at rates ranging from 3.29% to 4.48%	<u>(42,226)</u>
Contributions receivable, net	<u>\$ 1,456,141</u>

Note 3 – Property and equipment

As of March 31, 2024, property and equipment, net of accumulated depreciation, total as follows:

Land	\$ 3,269,975
Building and improvements	11,501,904
Library, furniture and equipment	<u>1,150,662</u>
Total property and equipment	15,922,541
Accumulated depreciation	<u>(5,665,677)</u>
Property and equipment, net	<u>\$ 10,256,864</u>

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

Notes to Financial Statements

March 31, 2024

Note 4 – Investments

As of March 31, 2024, investments total as follows:

<u>Mutual funds</u>	<u>Total</u>	<u>Level 1</u>
Equity	\$ 1,174,760	\$ 1,174,760
Fixed income	1,058,187	1,058,187
Money Market	622,734	622,734
	<u>\$ 2,855,681</u>	<u>\$ 2,855,681</u>

During the year ended March 31, 2024, SPUR did not transfer any investments among the different fair value input levels.

During the year ended March 31, 2024, net investment return totals as follows:

Interest and dividend income	\$ 113,554
Realized gains	699
Unrealized gains	209,511
Advisory fees	<u>(30,000)</u>
	<u>\$ 293,764</u>

Note 5 – Contracts with clients

Revenue from contracts with clients for the year ended March 31, 2024 reconciles as follows:

<u>Revenue from contracts with clients</u>	
Government contracts	\$ 408,928
Other service contracts	<u>451,340</u>
	860,268
Membership fees	171,525
Program fees	<u>45,010</u>
Total	<u>\$ 1,076,803</u>

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**  
 Notes to Financial Statements  
 March 31, 2024

Note 5 – Contracts with clients (continued)

Receivables and liabilities from contracts with clients for the year ended March 31, 2024 reconcile as follows:

	<u>Accounts receivable</u>	<u>Deferred revenue</u>
Government contracts	\$ 242,962	\$ -
Other service contracts	19,000	101,660
	<u>261,962</u>	<u>101,660</u>
Membership fees	10,275	-
Program fees	3,000	-
	<u>275,237</u>	<u>101,660</u>
Total	<u>\$ 275,237</u>	<u>\$ 101,660</u>

The following table provides information about significant changes in deferred revenue:

	<u>Contracts</u>	<u>Memberships</u>	<u>Program fees</u>	<u>Total</u>
Deferred revenue, beginning of year	\$ -	\$ -	\$ 22,500	\$ 22,500
Revenue recognized that was included in deferred revenue at the beginning of year	-	-	(22,500)	(22,500)
Increases in deferred revenue due to cash received during the year	<u>101,660</u>	<u>-</u>	<u>-</u>	<u>101,660</u>
Deferred revenue, end of year	<u>\$ 101,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,660</u>

Note 6 – 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 contains covenants requiring SPUR to maintain a debt service coverage ratio of at least 1.20 at fiscal year-end. SPUR was not in compliance with the loan covenants as of March 31, 2024 and received a waiver from the lender.

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Notes to Financial Statements

March 31, 2024

Note 6 – Loan payable (continued)

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

2025	\$ 116,000
2026	116,000
2027	<u>1,856,000</u>
	<u>\$ 2,088,000</u>

Note 7 – Net assets without donor restrictions

During the year ended year ended March 31, 2024, net assets without donor restrictions reconcile as follows:

Undesignated	\$ 8,183,732
Board designated: Operations	644,974
Board designated: Building fund	549,013
Board designated: Capital replacement	<u>469,911</u>
	<u>\$ 9,847,630</u>

Note 8 – Net assets with donor restrictions

During the year ended year ended March 31, 2024, net assets with donor restrictions reconcile as follows:

<u>Purpose restricted</u>				
<u>Activity</u>	<u>2023</u>	<u>Additions</u>	<u>Releases</u>	<u>2024</u>
Sustainability & Resilience	\$ 14,250	\$ 160,000	\$ (174,250)	\$ -
Regional work	-	1,045,000	(625,000)	420,000
San Jose	207,952	-	(207,952)	-
San Francisco	386,148	500,000	(211,148)	675,000
Food & Agriculture	519,591	330,734	(850,325)	-
Piero N. Patri Fellowship (interest)	-	16,698	(16,698)	-
	<u>1,127,941</u>	<u>2,052,432</u>	<u>(2,085,373)</u>	<u>1,095,000</u>
Total program restricted net assets	1,127,941	2,052,432	(2,085,373)	1,095,000



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Note 8 – Net assets with donor restrictions (continued)

<u>Time restricted</u>	46,375	208,672	(63,622)	191,425
<u>Perpetual in nature</u>				
SPUR Endowment	524,267	-	-	524,267
Piero N. Patri Fellowship	181,098	-	-	181,098
	<u>705,365</u>	<u>-</u>	<u>-</u>	<u>705,365</u>
Total perpetual in nature	<u>705,365</u>	<u>-</u>	<u>-</u>	<u>705,365</u>
	<u>\$ 1,879,681</u>	<u>\$ 2,261,104</u>	<u>\$ (2,148,995)</u>	<u>\$ 1,991,790</u>

Note 9 – Endowment funds

Endowment funds consist of donor-restricted funds that SPUR must hold in perpetuity or for a donor-specified period. 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 SPUR endowment 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.

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 endowment funds:

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

Notes to Financial Statements

March 31, 2024

Note 9 – Endowment funds (continued)

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 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

As of March 31, 2024, endowment funds total :

	Net assets with donor restrictions	Totals
Donor restricted	<u>\$ 705,365</u>	<u>\$ 705,365</u>
	<u>\$ 705,365</u>	<u>\$ 705,365</u>

The composition of endowment net assets and the changes in endowment net assets as of March 31, 2024, are as follows:

	Net assets with donor restrictions	Totals
Endowment net assets, March 31, 2023	\$ 705,365	\$ 705,365
Investment return, net	16,998	16,998
Appropriations for expenditure	<u>(16,998)</u>	<u>(16,998)</u>
Endowment net assets, March 31, 2024	<u>\$ 705,365</u>	<u>\$ 705,365</u>

**SPUR - SAN FRANCISCO BAY AREA PLANNING AND URBAN RESEARCH ASSOCIATION**  
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Note 10 – 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, 2024 consist of the following:

	Silver SPUR		
	<u>Awards</u>	<u>Other events</u>	<u>Total</u>
Support and revenue	\$ 689,080	\$ 272,424	\$ 961,504
Direct donor-benefit costs	<u>94,543</u>	<u>91,391</u>	<u>185,934</u>
Special events, net	<u>\$ 594,537</u>	<u>\$ 181,033</u>	<u>\$ 775,570</u>

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, 2024, SPUR contributed \$85,571 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 funds that could be drawn upon if the Board of directors approves that action.

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Notes to Financial Statements

March 31, 2024

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

Financial assets, at year-end:	
Cash and cash equivalents	\$ 347,222
Current receivables	1,473,574
Investments	<u>2,855,681</u>
	4,676,477
Less those unavailable for general expenditures within one year, due to:	
Donor restricted to maintain as an endowment	705,365
Board designated for building fund	549,013
Board designated for operating reserve	644,974
Board designated for capital reserve	<u>469,911</u>
	<u>2,369,263</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,307,214</u></u>

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

Note 13 – Leases

SPUR rents an office in San Jose under a non-cancellable operating lease. The lease expires on February 2026 with no option to extend or terminate early. The lease provides for increases in future minimum rental payments.

Lease costs for the year ended March 31, 2024 reconcile as follows:

Operating lease costs	\$ 34,014
Short-term lease costs:	
Daily rentals	<u>11,799</u>
Total lease costs	<u><u>\$ 45,813</u></u>

SPUR had no variable lease expenses during the year ended March 31, 2024.

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Note 13 – Leases (continued)

The future minimum lease payments under the noncancellable operating leases with a term greater than one year is listed below as of March 31, 2024:

<u>Years ending March 31,</u>	
2025	\$ 37,124
2026	<u>34,964</u>
Total lease payments	72,088
Less present value discount	<u>(3,692)</u>
Total lease liability	68,396
Less current portion	<u>(34,820)</u>
Long-term lease liability	<u><u>\$ 33,576</u></u>

As of March 31, 2024, the weighted-average remaining lease term for operating leases was approximately 1.83 years.

The weighted-average discount rate applied to calculate lease liabilities as of March 31, 2024 was approximately 3.85%.

Note 14 – 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, 2024.

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, 2024.

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.

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Note 14 – Risks and uncertainties (continued)

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. Credit risk from contractors/grantors is considered to be limited due to the high historical collection rates and because substantial portion of outstanding amounts are due from contractors/grantors that are supportive of SPUR's mission.

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.

Revenues in the accompanying financial statements include support received from certain governmental and private sources. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on SPUR's programs and activities.

Note 15 – Concentrations

At March 31, 2024, three donors totaled 60% of total contributions and foundation grants receivable.

During the year ended March 31, 2024, contributions received from two donors totaled 25% of total contributions and foundation grants.

Note 16 – Adoption of new standard

Effective April 1, 2023, SPUR adopted ASU 2016-13, *Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. SPUR adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on SPUR's financial statements but did change how the allowance for credit losses is determined.

Note 17 – Pass-through to new fiscal sponsor – Food & Agriculture

On April 12, 2024, the Food & Agriculture (Food & Ag) program announced that effective May 1, 2024, the Food & Ag program would be transitioning to a new fiscal sponsor. According to the Food & Ag "Transfer of Assets" agreement, amounts previously granted and received but not spent by SPUR would be transferred to the new sponsor. Additionally, amounts not yet received by SPUR as of May 1, 2024 under multi-year grants would be sent directly to the new fiscal sponsor. Once the transfer was complete, the new fiscal sponsor assumed full responsibility for all reporting and accounting of grant funds.

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

Notes to Financial Statements

March 31, 2024

Note 17 – Pass-through to new fiscal sponsor – Food & Agriculture (continued)

During the year ended March 31, 2024, SPUR released \$850,325 related to the Food & Ag program. At the date of transition (May 1, 2024), SPUR held \$791,483 of sponsored cash funds. Thus, at March 31, 2024, SPUR recognized a pass-through to new sponsor liability totaling \$791,483. The liability was fully paid as of August 21, 2024. The funds were transferred to a new 501(c)3 sponsor.

Amount due to new sponsor and net assets transferred reconciled as follows:

Cash collected by March 31, 2024	\$ 395,556
Cash collected after March 31, 2024	<u>510,388</u>
Total cash collected for project	905,944
Refund to donor	(27,241)
Accrued project expenses incurred after March 31, 2024	<u>(87,220)</u>
Pass-through to new fiscal sponsor - liability	791,483
Cash received on behalf of new fiscal sponsor (not included in SPUR revenue)	<u>(155,315)</u>
Net assets transferred to new fiscal sponsor	<u><u>\$ 636,169</u></u>

Note 18 – Subsequent events

SPUR evaluated subsequent events for recognition and disclosure through December 9, 2024, the date which these financial statements were available to be issued. Except as noted on Note 17, management concluded that there were no other material subsequent events that have occurred since March 31, 2024.