



*Reports of Independent Auditors and  
Financial Statements with Federal Awards  
Supplementary Information*

**Yerba Buena Gardens Conservancy**

*June 30, 2020*



# Table of Contents

---

<b>REPORT OF INDEPENDENT AUDITORS .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position .....	4
Statement of Activities and Changes in Net Assets.....	5
Statement of Functional Expenses .....	6
Statement of Cash Flows.....	7
Notes to Financial Statements .....	8
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards.....	12
Notes to the Schedule of Expenditures of Federal Awards .....	13
<b>REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>.....</b>	<b>14</b>
<b>REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....</b>	<b>16</b>
Schedule of Findings and Questioned Costs.....	18

## **Report of Independent Auditors**

To the Board of Directors  
Yerba Buena Gardens Conservancy

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Yerba Buena Gardens Conservancy (the "Conservancy"), which comprise the statement of financial position as of June 30, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Conservancy'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 Conservancy'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 Yerba Buena Gardens Conservancy as of June 30, 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.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, on our consideration of the Conservancy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conservancy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservancy's internal control over financial reporting and compliance.

Moss Adams LLP

San Francisco, California  
May 25, 2021

## **Financial Statements**

---

**Yerba Buena Gardens Conservancy**  
**Statement of Financial Position**  
**As of June 30, 2020**

---

**ASSETS**

Cash and cash equivalents	\$ 9,555,710
Rent receivable, net	1,087,320
Due from City of San Francisco	566,354
Prepaid expenses	244,478
Contributed right of use asset	<u>147,682,760</u>
Total assets	<u>\$ 159,136,622</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 586,459
Accrued expenses	16,318
Deferred revenue	<u>1,531,184</u>
Total liabilities	<u>2,133,961</u>

**NET ASSETS**

Without donor restrictions	9,319,901
With donor restrictions	<u>147,682,760</u>
Total net assets	<u>157,002,661</u>
Total liabilities and net assets	<u>\$ 159,136,622</u>

**Yerba Buena Gardens Conservancy**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2020**

	Without donor restrictions	With donor restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributed lease revenue	\$ -	\$ 151,270,195	\$ 151,270,195
Rental income	19,278,917	-	19,278,917
Event revenue	467,744	-	467,744
Contributions	19,857	-	19,857
Other income	238,093	-	238,093
Net assets released from restriction	3,587,435	(3,587,435)	-
Total support and revenue	<u>23,592,046</u>	<u>147,682,760</u>	<u>171,274,806</u>
<b>EXPENSES</b>			
Program services	13,035,193	-	13,035,193
General and administrative	827,493	-	827,493
Total expenses	<u>13,862,686</u>	<u>-</u>	<u>13,862,686</u>
<b>CHANGE IN NET ASSETS</b>	9,729,360	147,682,760	157,412,120
<b>NET ASSETS, beginning of year</b>	<u>(409,459)</u>	<u>-</u>	<u>(409,459)</u>
<b>NET ASSETS, end of year</b>	<u>\$ 9,319,901</u>	<u>\$ 147,682,760</u>	<u>\$ 157,002,661</u>

**Yerba Buena Gardens Conservancy**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services				Total	General and Administrative	Total
	Garden Operations	Capital Projects	Cultural Entities	City and County of San Francisco, Department of Real Estate Overhead			
EXPENSES							
Yerba Buena Center for the Arts	\$ -	\$ -	\$ 3,330,000	\$ -	\$ 3,330,000	\$ -	\$ 3,330,000
Contracted services	2,805,547	-	-	-	2,805,547	95	2,805,642
Capitalized expenditures	-	1,967,038	-	-	1,967,038	-	1,967,038
Yerba Buena Children's Creativity Museum	-	-	600,000	-	600,000	-	600,000
Rent and utilities	3,844,639	-	-	-	3,844,639	19,332	3,863,971
Consulting fees	-	-	-	-	-	271,053	271,053
Salaries	-	-	-	-	-	199,525	199,525
Maintenance and repair	184,547	-	-	-	184,547	-	184,547
Bad debt expense	-	-	-	-	-	164,009	164,009
Insurance	43,451	-	-	58,891	102,342	59,165	161,507
Yerba Buena Arts and Events	-	-	75,000	-	75,000	-	75,000
Taxes and benefits	-	-	-	-	-	72,108	72,108
City administration expense	-	-	-	103,189	103,189	-	103,189
Other expense	20,791	-	-	-	20,791	26,529	47,320
Marketing and branding	2,100	-	-	-	2,100	15,677	17,777
Total expenses	<u>\$ 6,901,075</u>	<u>\$ 1,967,038</u>	<u>\$ 4,005,000</u>	<u>\$ 162,080</u>	<u>\$ 13,035,193</u>	<u>\$ 827,493</u>	<u>\$ 13,862,686</u>



**Yerba Buena Gardens Conservancy**  
**Statement of Cash Flows**  
**Year Ended June 30, 2020**

---

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 157,412,120
Adjustments to reconcile change in net assets to net cash from operating activities:	
Contributed lease revenue	(151,270,195)
Amortization of contributed right of use asset	3,587,435
Change in allowance for doubtful accounts	164,009
Changes in operating assets and liabilities:	
Rent receivable	(1,251,329)
Due from City and County of San Francisco	(566,354)
Prepaid expenses	(244,478)
Accounts payable	400,264
Accrued expenses	16,318
Deferred revenue	1,531,184
Net cash from operating activities	<u>9,778,974</u>
CASH FLOWS USED IN FINANCING ACTIVITIES	
Payments on note payable	<u>(300,000)</u>
Net cash used in financing activities	<u>(300,000)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	9,478,974
CASH AND CASH EQUIVALENTS, beginning of year	<u>76,736</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 9,555,710</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES	
Cash paid for taxes	<u>\$ 72,108</u>

# Yerba Buena Gardens Conservancy

## Notes to Financial Statements

---

### NOTE 1 – DESCRIPTION OF ORGANIZATION

Yerba Buena Gardens Conservancy (the “Conservancy”) is a civic nonprofit organization established to program, operate, maintain, and improve the publicly-owned three City blocks of Yerba Buena Gardens on behalf of the residents and visitors of the City and County of San Francisco. Located in central San Francisco, the Yerba Buena Gardens are a treasured cultural asset visited by over 5 million people annually.

Consistent with the City of San Francisco's vision, the Yerba Buena Gardens is a self-financing entity, where surrounding developments and retail leases financially support the operation and maintenance of its public park and cultural facilities. Donations to the Conservancy keep the park safe, clean, and welcoming for all to enjoy and support capital improvements.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting** – The accompanying financial statements of the Conservancy have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). Under the accrual basis of accounting, contributions are recognized when promised, revenues are recognized when earned and expenses are recognized when incurred.

The Conservancy is required to report information regarding its financial position and activities according to the following classes of net assets:

***Without donor restrictions*** include resources for which there are no donor restrictions. Such amounts are available to support the Conservancy's operations and programs. A portion of these net assets may be designated by the Board of Directors for specific purposes. There were no Board designated net assets as of June 30, 2020.

***With donor restrictions*** include resources that have restrictions on the specific use or the occurrence of a certain future event. All donor restricted revenues are recorded as with donor restrictions on the statement of activities and changes in net assets. Once the restriction is met, contributions are reported as net assets released from restriction on the statement of activities and changes in net assets.

**Use of estimates** – The Conservancy prepares its financial statements in accordance with U.S. GAAP. 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 bases these estimates on its knowledge of current events and actions it may undertake in the future, actual results could differ from those estimated.

**Cash and cash equivalents** – The Conservancy considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Conservancy places its cash and cash equivalents only with high credit quality institutions.

**Rent receivable** – Rent receivable represents past due obligations of tenants owed to the Conservancy. The Conservancy used the allowance method to account for uncollectible receivables. The allowance for uncollectible receivables reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2020, the allowance for uncollectible receivables was \$164,009.

# Yerba Buena Gardens Conservancy

## Notes to Financial Statements

---

**Contributed right of use asset/lease revenue** – Effective July 1, 2019, the Conservancy entered into a lease agreement (the “Lease Agreement”) with the City and County of San Francisco to lease the properties commonly referred to as the Yerba Buena Gardens and owned by the City. The lease is effective until the termination date of September 1, 2061 and annual rental payments are \$1. The Conservancy has estimated the fair present value of the lease to be \$151,270,195, which is reported as contributed lease revenue with donor restriction on the statement of activities and changes in net assets. The lease has been discounted using a borrowing rate of 4.75%, which is deemed by management to be the best estimate of future borrowing rates. The asset is being amortized annually on a straight-line basis over the life of the lease. As of and for the year ended June 30, 2020, \$3,587,435 has been recorded as rent expense and released from restriction, resulting in an ending net assets with donor restriction and asset balance of \$147,682,760.

**Due from City and County of San Francisco** – Due from City and County of San Francisco represents start-up costs and earned interest owed to the Conservancy as a part of the signing of the Lease Agreement.

**Deferred revenue** – Deferred revenue represents rental revenue for the subsequent fiscal year, received in advance.

**Note payable** – The Conservancy received an interest free, unsecured loan from the Yerba Buena Community Benefit District for \$300,000 to help fund start-up costs. The loan was repaid in full during the year ended June 30, 2020.

**Rental income** – Rental income represents amounts received from tenants. Rental income is recognized in the period in which the rent relates to. Included in rental income is \$11,812,048 of previous years’ rental payments which was originally received by the City and County of San Francisco in prior years and transferred to the Conservancy during the year ended June 30, 2020, as stipulated in the Lease Agreement.

**Event revenue** – Event revenue is recognized when the event takes place.

### Concentration of risk

**Financial instruments** – Financial instruments which potentially subject the Conservancy to concentrations of credit risk consist principally of cash and cash equivalents. The Conservancy maintains its cash in various deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation (“FDIC”) thresholds. The Conservancy has not experienced any losses in such accounts. Management believes that the Conservancy is not exposed to any significant credit risk related to concentrations.

**Rent receivable** – As of June 30, 2020, 100% of rent receivable were due from three tenants.

**Covid-19** – The World Health Organization declared the novel coronavirus a public health emergency. The Conservancy’s operations are concentrated in California, which has restricted gatherings and implemented shelter-in-place restrictions. The Conservancy continues normal operations and will monitor the situation closely, but given the uncertainty about the situation, management can’t estimate the impact to the financial statements.

**Functional expenses** – The costs of the Conservancy’s various activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses are allocated to program and general and administrative based upon employees’ time for each function, purpose of each expenditure and service provided for each program.

## Yerba Buena Gardens Conservancy Notes to Financial Statements

---

**Income taxes** – The Conservancy is a qualified organization exempt from federal and state income taxes under 501(c)(3) of the Internal Revenue Code (“IRC”) and 23701d of the California Revenue and Taxation Code, respectively.

The Conservancy recognizes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events count potentially occur to jeopardize their tax-exempt status. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Conservancy’s evaluation on June 30, 2020, revealed no tax positions that would have a material impact on the financial statements.

The Conservancy’s tax returns are subject to examination by federal and state taxing authorities. However, management is unaware of any pending examinations nor are there any in progress.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Conservancy recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Conservancy’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

The Conservancy has evaluated subsequent events through May 25, 2021, which is the date the financial statements were available to be issued.

### NOTE 3 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Conservancy’s financial assets as of June 30, 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of non-liquid assets are donor restricted assets for specific expenditures, contractual reserve requirements, or governing board designations. All financial assets are considered expendable within one year.

Financial Assets:	
Cash and cash equivalents	\$ 9,555,710
Rent receivable, net	1,087,320
Due from City of San Francisco	<u>566,354</u>
Financial Assets, at June 30, 2020	<u><u>\$ 11,209,384</u></u>

## **Supplementary Information**

---

**Yerba Buena Gardens Conservancy**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

---

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through/ Program Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Pass Through City and County of San Francisco Mayor's Office of Housing CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 10,105,447
Total U.S. Department of Housing and Urban Development			<u>10,105,447</u>
Total Expenditures of Federal Awards			<u>\$ 10,105,447</u>

**Yerba Buena Gardens Conservancy**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

---

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Yerba Buena Gardens Conservancy (the “Conservancy”) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the cost principles contained in the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Conservancy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Conservancy.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Conservancy recognizes grants to the extent that eligible grant costs are incurred. The Conservancy has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 – SUBRECIPIENTS**

The Conservancy did not provide federal awards to subrecipients during the year ended June 30, 2020.

**NOTE 4 – USE OF PROGRAM INCOME**

During the year ended June 30, 2020, the Conservancy did not receive direct funding for the Community Development Block Grant / Entitlement Grants Program (Federal Assistance Listing Number 14.218). Program expenditures represent use of program income generated from programs funded by the Community Development Block Grant/Entitlement Grants Program.

## **Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Yerba Buena Gardens Conservancy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Yerba Buena Gardens Conservancy (the “Conservancy”) which comprise the statement of financial position as of June 30, 2020, and the related statement 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, and have issued our report thereon dated May 25, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Conservancy’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservancy’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Conservancy’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Conservancy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservancy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mass Adams LLP*

San Francisco, California  
May 25, 2021

## **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Yerba Buena Gardens Conservancy

### **Report on Compliance on the Major Federal Program**

We have audited Yerba Buena Gardens Conservancy's (the "Conservancy"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Conservancy's major federal program for the year ended June 30, 2020. The Conservancy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Conservancy's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Conservancy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Conservancy's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, Yerba Buena Gardens Conservancy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of the Conservancy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Conservancy's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Conservancy's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Francisco, California  
May 25, 2021

**Yerba Buena Gardens Conservancy**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over the major federal program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal program and type of auditor’s report issued on compliance for major federal program:

<i>CFDA Number</i>	<i>Name of Federal Program</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Program</i>
14.218	CDBG – Entitlement Grants Cluster	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee?  Yes  No

**Section II – Financial Statement Findings**

None reported

**Section III – Federal Award Findings and Questioned Costs**

None reported

