



Communication with
Those Charged with Governance

Yerba Buena Gardens Conservancy

June 30, 2023

Communication with Those Charged with Governance

The Board of Directors
Yerba Buena Gardens Conservancy

We have audited the financial statements of Yerba Buena Gardens Conservancy (the “Conservancy”) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 13, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter dated June 16, 2023, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America (“*Government Auditing Standards*”). As part of an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we considered Conservancy’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the Conservancy’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, and noncompliance, which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, we examined, on a test basis, evidence about the Conservancy’s compliance with the types of compliance requirements described in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) applicable to each of the major federal programs for the purpose of expressing an opinion on the Conservancy’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Conservancy’s compliance with those requirements.

We also considered the internal controls over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information was in accordance with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter dated June 16, 2023, and planning letter dated July 7, 2023.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Conservancy are described in Note 2 to the financial statements. There were no new accounting pronouncements adopted during 2023. We noted no transactions entered into by the Conservancy during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the allowance for doubtful accounts and the allocation of functional expenses.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were related to the contributed lease asset/revenue and the liquidity and funds available.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the Conservancy's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the Conservancy’s financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor’s report in accordance with U.S. GAAS. There were no circumstances that affected the form and content of the auditor’s report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Below are all corrected misstatements identified:

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To record Interest Accrued for CD			
1040	Cash & Investments:Investments	88,696.00	
9110	Other Income:Interest & Dividend Income		88,696.00
Total		88,696.00	88,696.00
Adjusting Journal Entries JE # 2			
To adjust AR and Revenue to Match City Records			
1100	Accounts Receivable	28,795.00	
4212	Earned Income:Lease Revenue- City Retained Areas:City Retained Leases-Minimum Rent:Metreon (28,795.00
Total		28,795.00	28,795.00
Adjusting Journal Entries JE # 3			
To Eliminate Gross Up of AR and Deferred Revenue			
2300	Deferred Revenue	128,787.00	
1130	Accounts Receivable:Other Receivables		128,787.00
Total		128,787.00	128,787.00
Adjusting Journal Entries JE # 4			
To Recognized Revenue Previously Deferred			
2300	Deferred Revenue	252,397.00	
4421	Earned Income:Lease Revenue-Premises:Premises-Percentage Rent:Mariott		252,397.00
Total		252,397.00	252,397.00

There were no uncorrected misstatements identified:

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated November 13, 2023.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Conservancy’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board of Directors and management of Yerba Buena Gardens Conservancy, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California
November 13, 2023

November 13, 2023

Moss Adams LLP
101 Second Street, Suite 900
San Francisco, CA 94105

We are providing this letter in connection with your audits of the financial statements of Yerba Buena Gardens Conservancy (the "Conservancy"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). We have also provided you with the Schedule of Expenditures of Federal Awards (SEFA), for the purpose of expressing an opinion as to whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$18,000 collectively, are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter,

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 16, 2023, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed, if applicable.
7. There are no known actual or possible litigation and claims that are required to be disclosed in accordance with U.S. GAAP.
8. We are not aware of any uncorrected misstatements to the financial statements.

Information Provided

9. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared;
 - c. Additional information that you have requested from us for the purpose of the audits;
 - d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the financial statements.
11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves—
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others when the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators or others.
14. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
15. There are no known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
16. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
17. 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.
18. We accept responsibility for the preparation of the financial statements and have reviewed the financial statements and determined that the amounts, and disclosures, included within the financial statements are in conformity with accounting principles generally accepted in the United States of America.
19. The Conservancy has defined its financial instruments which are potentially subject to credit risk as cash and investments. The Conservancy holds amounts in excess of the institution's federally insured amounts. The Conservancy places its funds with high credit quality financial institutions.
20. We have assessed the Conservancy's accounting for uncertainties in income taxes recognized in our financial statements and prescribed a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in the tax returns. We believe that there was no material impact on the Conservancy's financial statements as a result of assessing these uncertainties.
21. As of June 30, 2023 and 2022, 99% and 92% of rent receivable was from two and three tenants, respectively.
22. We have responded fully and truthfully to all inquiries made to us by you during your audits.

23. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements.
24. We have reviewed the classification of amounts in net assets and believe that all amounts are appropriately classified as without and with donor restrictions in the statements of financial position.
25. The Conservancy has appropriately reconciled its general ledger accounts to the related supporting information. All reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany and intercompany accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
26. We have evaluated the Conservancy's ability to continue as a going concern and concluded that conditions and events, considered in aggregate, do not raise substantial doubt about its ability to continue as a going concern.
27. The costs of the Conservancy's various activities have been summarized on a functional basis in the accompanying statements 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.
28. Contributions and grants received with donor restrictions contained purpose restrictions to be used for the Perimeter Landscape Dog Spot Park for \$193,227 and \$33,352 for the years ended June 30, 2023 and 2022, respectively. There was additionally a time restriction on the \$1,739,044 government grant received during the year ended June 30, 2023. Amounts that were released due to meeting the purpose restrictions were \$18,800 and \$0 for the years ended June 30, 2023 and 2022, respectively. The purpose and time restrictions are expected to be released during the year ending June 30, 2024.
29. There are no Board designated net assets as of June 30, 2023 and 2022.
30. 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. 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. For the years ended June 30, 2023 and 2022, \$3,587,435, has been recorded as rent expense and released from restriction. Ending net assets with donor restriction and asset balances were \$137,128,154 and \$140,507,582 at June 30, 2023 and 2022, respectively.
31. Other income primarily consists of a community benefits package that was received as a part of a developer agreement for developments done in the neighborhood, which had an impact to the Yerba Buena Gardens. Such amounts recognized as revenue for the years ended June 30, 2023 and 2022 were \$447,753 and \$440,887, respectively.
32. In 2022, the Conservancy adopted ASU 2016-12, Leases (Topic 842). The adoption did not have a significant impact on the financial statements.
33. In May 2021, the Conservancy was granted a loan under the PPP offered by the SBA under the CARES Act, section 7(a)(36) for \$257,239. The loan was subject to partial or full forgiveness if the Conservancy used all proceeds for eligible purposes, maintained certain employment levels, and maintained certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations, and related guidance. During the year ended June 30, 2022, the Conservancy was granted forgiveness of the full loan from the SBA in the amount of \$257,239, including all accrued interest. As of June 30, 2022, there is no balance owed on the loan. The Conservancy accounts for forgiveness of the loan in accordance with ASC 470-50-40, as a debt extinguishment. The loan forgiveness is included as gain on forgiveness of PPP loan on the accompanying statement of activities and changes in net assets for the year ended June 30, 2022.

34. In regards to your assistance with drafting the financial statements and data collection form, we have:

- a. Made all management decisions and performed all management functions.
- b. Designated an individual with suitable skill, knowledge, or experience to oversee the services.
- c. Evaluated the adequacy and results of the services performed.
- d. Accepted responsibility for the results of the services.

35. With respect to each federal award programs:

- a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to the preparation of the schedule of expenditures of federal awards.
- b. We acknowledge our responsibility for presenting the SEFA and related notes in accordance with the requirements of Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have identified and included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on the major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. There were no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j. There were no findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- k. There were no interpretation of compliance requirements that may have varying interpretations.
- l. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- m. There were no subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- n. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- o. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- p. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- q. The copies of program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- r. We have charged costs to federal awards in accordance with applicable cost principles.
- s. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- t. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- u. We have disclosed to you all contracts or other agreements with service organizations, and we are not aware of any noncompliance at the service organizations.

To the best of our knowledge and belief, no events have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

DocuSigned by:

52C91349242646C
Subhajeet Ghose, Executive Director

DocuSigned by:

08000212B17D4B4
Kimberly Kelly, Principal at Metis Partner Solutions LLC

Certificate Of Completion

Envelope Id: 74F62F9416A34055B5E2C9723ACE242E	Status: Completed
Subject: Complete with DocuSign: YBGC - Management Rep Letter.docx	
Delttek Client Engagement Code (123456.XXXX): 704327	
Office Location:	
San Francisco	
Document Type: AS - Mgmt Rep Letter	
Source Envelope:	
Document Pages: 6	Signatures: 2
Certificate Pages: 3	Initials: 0
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Enveloped Stamping: Enabled	Zachary Gard
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	999 Third Avenue
	Suite 2800
	Seattle, WA 98104
	Zachary.Gard@mossadams.com
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Signer Events

Kimberly Kelly
 kkelly@metispartnersllc.com
 Founding Principal
 Metis Partner Solutions LLC
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

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 Signature Adoption: Pre-selected Style
 Using IP Address: 24.4.69.85

Timestamp

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Electronic Record and Signature Disclosure:

Accepted: 11/14/2023 4:27:34 PM
 ID: d62ac0c1-f312-4ff9-a13c-bbaa206b1f25

Subhajeet Ghose
 sghose@ybgardens.org
 Security Level: Email, Account Authentication (None)

DocuSigned by:

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 Signature Adoption: Pre-selected Style
 Using IP Address: 104.57.229.161

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Electronic Record and Signature Disclosure:

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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Certified Delivered	Security Checked	11/13/2023 8:07:47 AM
Signing Complete	Security Checked	11/13/2023 8:08:56 AM
Completed	Security Checked	11/14/2023 4:29:16 PM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure

CONSENT FOR USE OF ELECTRONIC SIGNATURES AND DOCUMENTS

By selecting the "I Accept" button, you are signing this document electronically. You agree your electronic signature is the legal equivalent of your handwritten signature on this document. By selecting "I Accept" using any device, means or action, you consent to the legally binding terms and conditions of this document. You further agree that your signature on this document (your "E-Signature") is as valid as if you signed the document in writing. You also agree that no certification authority or other third party verification is necessary to validate your E-Signature, and that the lack of such certification or third party verification will not in any way affect the enforceability of your E-Signature or any resulting agreement between you and Moss Adams LLP. You are also confirming that you are authorized to sign this document. Finally, you understand and agree that your E-Signature will be legally binding and such transaction will be considered authorized by you.

