

File No. 110350

Committee Item No. 3

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee Date: April 6, 2011

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Report                |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ethics Form 126                              |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |

#### OTHER

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Completed by: Victor Young

Date: April 1, 2011

Completed by: Victor Young

Date: \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

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[Annual Reports - Yerba Buena Community Benefit District]

**Resolution regarding Yerba Buena Community Benefit District Annual Reports to the City by receiving and approving the District's Annual Reports for FYs 2008-2009 and 2009-2010, which include the District's proposed budget for FY2010-1011, as submitted, pursuant to Section 36650 of the Property and Business Improvement District Law of 1994 (California Streets and Highways Code §§36600 et seq.) and Section 3.4 of the District's management contract with the City.**

WHEREAS, On June 10, 2008, pursuant to the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 et seq., as augmented by Article 15 of the San Francisco Business and Tax Regulations Code, the Board of Supervisors adopted Resolution No. 246-08 "Resolution of Intention to form the Yerba Buena Community Benefit District (CBD)" ("Resolution of Intention," BOS File No. 080784); and,

WHEREAS, On July 29, 2008 the Board of Supervisors adopted Resolution No. 330-08 "Resolution to Establish the Yerba Buena Community Benefit District" (Resolution to Establish) for a period of seven (7) years commencing with fiscal year 2008-2009, (BOS File No. 080917); and,

WHEREAS, On February 10, 2009 the Board of Supervisors adopted Resolution No. 44-09 "Contract with Owners' Association for Administration of Yerba Buena Community Benefit District" (BOS File No. 090027); and,

1           WHEREAS, The Board of Supervisors has received the Yerba Buena  
2 Community Benefit District's Annual Reports for Fiscal Years 2008-2009 and  
3 2009-2010, including the proposed budget for 2010-2011, with supporting materials;  
4 now, therefore, be it

5  
6           RESOLVED, that the Board of Supervisors declares as follows:

7           **Section 1. RECEIPT AND APPROVAL OF THE YERBA BUENA**  
8 **COMMUNITY BENEFIT DISTRICT'S ANNUAL REPORTS TO THE CITY.**

9           The Board hereby receives and approves the Yerba Buena Community Benefit  
10 District's Annual Reports for Fiscal Years 2008-2009 and 2009-2010.

11           Supporting documents for these annual reports are on file with the Clerk of the  
12 Board of Supervisors in File No. 110350, and include a transmittal letter and  
13 memorandum report from the City's Office of Economic and Workforce Development  
14 dated February 9, 2011, and documentation from the owners' nonprofit corporation that  
15 is named "Yerba Buena Community Benefit District Corporation."

16           These annual reports and proposed budget are submitted pursuant to Section  
17 36650 of the Property and Business Improvement District Law of 1994 (California  
18 Streets and Highways Code §§36600 *et seq.*), and pursuant to Section 3.4 of the  
19 District's Management Contract with the City (*i.e.*, Section 3.4 of the City's management  
20 agreement/contract with the nonprofit property owners' association which uses the  
21 name "Yerba Buena Community Benefit District Corporation," for management and  
22 administration of the Yerba Buena Community Benefit District), which is on file with the  
23 Clerk of the Board of Supervisors in File No. 090027 (re Resolution No. 44-09).

February 9, 2011

Supervisor Jane Kim  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, Ca 94102-4689

Dear Supervisor Kim,

We are submitting this packet on the Yerba Buena Community Benefit District (YBCBD) for your review. Per their contract with the City, we are requesting that you introduce a resolution to approve the annual reports and financial statements of the YBCBD for FY 2008-2009 and FY 2009-2010 and their organizational budget for FY 2010-2011. We also ask that you schedule a public hearing through the appropriate committee to take testimony on the work of YBCBD for the past two fiscal years.

Included in this packet:

- 1) Draft resolution from the City Attorney
- 2) Memo summarizing the accomplishments of the YBCBD
- 3) Summary and analysis of their financial statements
- 4) Annual Reports from FY 2008-2009 and FY 2009-2010
- 5) CPA Financial Review for FY 2008-2009 and Audit for FY 2009-2010

Per their contract with the City, Yerba Buena CBD is required to submit the following reports:

- 1) Mid-year report (due January 31<sup>st</sup>, on two quarters of work)
- 2) Annual Report (due July 31<sup>st</sup>, 30 days after the end of fiscal year)
- 3) Unaudited Financial Statements and Budget for the following year (due July 31<sup>st</sup>, 30 days after the end of fiscal year)
- 4) CPA Financial Review/Audit (due August 31<sup>st</sup>, 60 days after the end of fiscal year)

Yerba Buena CBD has complied with all of these requirements. Attached please find a memo that summarizes their accomplishments for the past two years and a summary and analysis of their financial statements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the YBCBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2008.

OEWD's staff report reviewed the following budget related benchmarks for YBCBD:



- 1) Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget of the previous fiscal year – *YBCBD has met this requirement for the fiscal years covered in this report. Please see Table 1 on page 7.*
- 2) Whether five percent of their income came from sources other than assessment revenue – *While YBCBD generated other sources of income, they did not meet this requirement for the fiscal years covered in this report. Please see Table 2 on page 8.*
- 3) Whether the variance between budget amount and actual expenses within a fiscal year was within 10 percent – *This analysis is explained on pages 4 and 5 of this report. Please see Table 3 on Page 9.*
- 4) Whether the annual budget indicates the amount of funds carried over from the previous fiscal year – *YBCBD has met this requirement for the fiscal years covered in this report. Please see Tables 3 and 4 on pages 9 and 10.*
- 5) Whether a spending plan for carryover funds was provided in the annual budget – *YBCBD has met this requirement for the fiscal years covered in this report. This is discussed on page 5 of this report. Also, please see 5-year budget projection on Table 5 on page 11.*

The Board of Supervisors will need to vote on the attached resolution to approve the FY 2008-2009 and FY2009-2010 YBCBD annual reports and financial statements as well as their organizational budget for FY 2010-2011.

Thank you for your support of the Yerba Buena CBD. We look forward to working with you throughout this process.

Sincerely,



Lisa Pagan  
Project Manager  
Community Benefit District Program





**MEMO**

To: SF Board of Supervisors

From: Lisa Pagan and Trina Villanueva, OEWD

RE: Yerba Buena Community Benefit District Annual Report Review FY 08-09 and FY 09-10

Date: February 9, 2010

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The mission of the Yerba Buena Community Benefit District (YBCBD) is to advance the quality of life for residents and visitors in the Yerba Buena neighborhood and San Francisco on an ongoing basis by fostering a safer and more secure community, enhancing environmental quality and beauty and reinforcing the viability of their economic base.

The YBCBD has over 1700 parcels and five benefit zones which are based on the level of special services desired by the property owners. The map included in the Annual Report shows the different benefit zones. YBCBD is one of the largest CBDs in San Francisco and is bound by Market Street, 2<sup>nd</sup> Street, Harrison Street and 5<sup>th</sup> Street. The district blends world-class museums, hotels, restaurants, convention space and educational institutions and thousands of residents living in both market rate and affordable developments in the area.

Background

- July 29, 2008, the Board of Supervisors approved the creation of the Yerba Buena Community Benefit District (Resolution # 330-08).
- February 10, 2009, the Board approved the contract for the administration and management of the Yerba Buena Community Benefit District (Resolution # 44-09).
- The CBD began receiving assessment funds in April 2009 and started providing cleaning and security services in June 2009

Basic Info about the Yerba Buena Community Benefit District

Year Established – July 2008

Assessments Collected – FY 2008-09 to FY 2014-15 (July 1, 2008 to June 30, 2015)

Services Start and End Date -- January 1, 2009 – December 31, 2015

Initial Estimated Annual Budget -- \$2,509,521

Fiscal Year – July 1 – June 30

Executive Director – Cathy Maupin

Name of Nonprofit Entity – Yerba Buena Community Benefit District

Each year the YBCBD is required to submit a mid-year report, an annual report and a CPA Financial Review or Audit. The Yerba Buena Community Benefit District has complied with all of these requirements. Attached please find a memo that summarizes their accomplishments for the past two years and a summary and analysis of their financial statements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the YBCBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2008.

OEWD's staff report reviewed the following budget related benchmarks for YCBCD:

- 1) Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget of the previous fiscal year – *YCBCD has met this requirement for the fiscal years covered in this report. Please see Table 1 on page 7.*
- 2) Whether five percent of their income came from sources other than assessment revenue – *While YCBCD generated other sources of income, they did not meet this requirement for the fiscal years covered in this report. Please see Table 2 on page 8.*
- 3) Whether the variance between budget amount and actual expenses within a fiscal year was within 10 percent – *This analysis is explained on pages 4 and 5 of this report. Please see Table 3 on Page 9.*
- 4) Whether the annual budget indicates the amount of funds carried over from the previous fiscal year – *YCBCD has met this requirement for the fiscal years covered in this report. Please see Tables 3 and 4 on pages 9 and 10.*
- 5) Whether a spending plan for carryover funds was provided in the annual budget – *YCBCD has met this requirement for the fiscal years covered in this report. This is discussed on page 5 of this report. Also, please see 5-year budget projection on Table 5 on page 11.*

### **Summary of Accomplishments and Challenges 2008-2010**

#### **Administrative and Corporate Operations**

While the creation of the YCBCD was passed in July 2008, the organization did not begin operating in force until April 2009 when they started receiving their assessment funds from the City. From July to December 2008, the interim Board of Directors worked on establishing the nonprofit entity that would administer the services of the CBD. This included establishing the Board of Directors and Board Committees; adopting Bylaws and other governing documents; and hiring an interim Executive Director and support staff.

The YCBCD board hired Cathy Maupin as an Interim Executive Director (ED) and she started on April 15, 2009. She set up their office and internal operations and implemented their programs including seeking bids for their cleaning and security programs. Ms. Maupin has continued to develop and fundraise for the organization, established more board and advisory committees, began their streetscape improvement and greening efforts and established the Community Benefit Fund grant program. Ms. Maupin also worked with CompassPoint Nonprofit Services on their executive search process for a permanent ED. Following the executive search process, the YCBCD board decided to extend their contract with Cathy Maupin until October 31, 2011.

The YCBCD has 27 board members who represent residents, property owners, community organizations, non-profit arts organizations, government and educational institutions and businesses. Board members are all required to actively participate in committees. The YCBCD currently has board and advisory committees including Executive, Finance, Services, Marketing, Greening, Community Benefit Fund and Fundraising. The YCBCD also has Ad Hoc Nominating and Audit Committees that were formed to accomplish specific tasks for a shorter period of time each year. All in all, there are over 60 volunteers who participate in the YCBCD's nine committees.



### **Sidewalk Operations, Beautification and Order**

The YBCBD's service year started on January 1, 2009. However, actual cleaning services began on June 1, 2009, which meant that they were in full operation for only one month during their first fiscal year.

#### Street Maintenance:

The YBCBD hired MJM Management Group in May 2009 to provide cleaning and community guide services throughout the district. The Clean Team launched its work on June 1, 2009, sweeping and cleaning sidewalks, removing graffiti, power washing sidewalks, removing trash, cleaning tree wells and painting poles and mailboxes. The Clean Team works seven days a week from 6am to 9pm.

The YBCBD also began their Community Guides program on June 1, 2009. There are eight guides who serve as goodwill ambassadors, providing the public with information about businesses, giving directions and connecting those who need help with the right social services. They also report cleaning and maintenance issues. They wear black and green uniforms and work seven days a week from 6am to midnight.

#### Security:

At the end of the 2008-09 fiscal year, the YBCBD contracted with the San Francisco Police Department to engage 10B police officers. Their contract began on July 1, 2009. The 10B officers are paid by the YBCBD and add 70 hours per week (10 hours a day) of police time in the neighborhood. They are on bicycles and primarily address issues such as public drinking, trespassing, permit violations, littering and pedestrian safety. The 10B police officers also work with the Community Guides to address quality of life issues. They work from Sunday through Thursday from 11am to 9pm and from Friday to Saturday from noon to 10pm.

### **District Identity and Streetscape Improvements**

Because the YBCBD was just ramping up, they did not have a chance to implement any major district identity or streetscape improvement projects during their first fiscal year. However, during FY 09-10, they did a number of activities that promoted the neighborhood and brought the residents and businesses together.

#### District Identity:

The YBCBD began their district identity work by establishing a temporary website hosted by the Yerba Buena Alliance. They sponsored some local events in the district and started doing some public relations and communications work to help market the CBD.

The YBCBD now has its own website, [www.ybcd.org](http://www.ybcd.org) which includes all the pertinent information about the organization, their reports and meeting schedules. They also began sending out quarterly news bulletins to keep people informed of their activities.

For the past few months, the YBCBD worked with the marketing and branding firm of Tomorrow Partners to develop a neighborhood brand and identity. A campaign to promote the neighborhood will be unveiled in Fall 2010. They have also outreached to neighborhood groups and homeowner's associations and sponsored a few local events. Since February 2010 they have hosted six "block parties". The parties bring together residents and business owners within a certain geographic area so that they can get to know each other and learn about the YBCBD.

### Streetscape Improvements:

In 2010 the YBCBD set up their Greening Committee and the members include people with skills in landscaping, planning and environmental design. They are also working with SF Environment and the Better Streets Plan. Their Greening Committee programs include tree planting, installing hanging flower baskets and public art projects. The Greening Committee is currently working to develop a 5-10 year streetscape and public realm plan for the neighborhood. The First Yerba Buena Community Design Meeting was held in December 2010.

### Community Benefit Fund:

YBCBD established a Community Benefit Fund grant program that will start at the beginning of FY 2010-2011 and will provide small grants for activities in the Sidewalk Operations, Beautification & Order and the District Identity & Streetscape Improvement service categories. The grant fund is one of the unique aspects of YBCBD. Community groups can apply for funds to support a variety of activities that prevent crime and graffiti; activate alleys; improve pedestrian safety and lighting; increase community greening and access to open space and events that bring together residents, businesses and visitors in the area. The Fund also makes available mini-grants to resident or resident organization initiated projects focused on greening, improved streetscape, public safety, and/or public art.

### CBD Annual Budget Analysis

Below is a summary of YBCBD's income and expenses for the past two fiscal years. While the YBCBD submitted a CPA Financial Review for FY 08-09, they conducted a Governmental Accounting Standards Board (GASB) audit for FY 09-10 which reviewed the past two fiscal years. In some instances the audit corrected the financial figures that were originally listed in the CPA Financial Review. This financial analysis is based on the audit (year end June 30, 2010).

#### FY 2008 - 2009

According to the audit, YBCBD received \$2,238,831 in assessment funds and \$103,148 in contributed services. They expended \$409,304 in FY 08-09. As mentioned above, the YBCBD was in operation for only three months during their first fiscal year and provided one month of cleaning and Community Guides services. As a result, they did not meet their budget goals for the Sidewalk Operations, Beautification & Order (SOBO) or the District Identity & Streetscape Improvements (DISI) service categories which explains the difference between the year one budget for services and actual expenses.

In FY 08-09, the YBCBD spent \$85,301 (21%) of their total expenses on SOBO and spent \$15,304 (4%) of their total expenses on DISI activities. Unspent funds in these two categories were carried forward to FY 2009-2010 totaling approximately \$1,494,073 for SOBO and \$264,239 for DISI.

The YBCBD spent \$163,475 on administration costs which included paying for staff, consultants, legal fees, insurance and setting up the office. While this amount represents 40% of actual expenditures in FY 08-09, much of these were one-time, up front set up costs.

The YBCBD had \$1,617,443 in cash available at the end of their first fiscal year. Of this amount, \$840,143 was used for operations during the first six months of the 09-10 fiscal year. As with all CBDs, the YBCBD did not receive their first assessment payment for FY 09-10 until January 2010, therefore carry over funds from FY 08-09 were used to pay for all CBD related expenses from July – December 2009.

The income sources for the YCBCD in FY 2008-09 were from assessment funds and in-kind donations. Four percent of their income came from in-kind donations in FY 08-09 which is 1 percent less than the target benchmark of 5% for other income per the management plan.

FY 2009 – 2010

Based on their Audit (year ended June 30, 2010), the YCBCD received \$2,269,640 in assessment funds and \$30,226 in contributed services. As a result, one percent of their income came from sources other than assessment funds. The CBD was 4% below their target benchmark of 5% for other income per the management plan.

FY 09-10 was the first full year of operations for YCBCD. They spent less on Sidewalk Operations, Beautification & Order as well as on Administrative costs than budgeted. They were under budget for the District Identity and Streetscape Improvement program because they had not fully developed this service category. They expended \$1,775,525 in programmatic and administrative expenses. Of this, they spent 73% for Sidewalk Operations, Beautification and Order; 7% for District Identity and Streetscape Improvements; 20% on Administration and Operations and 0% on Contingency costs. Overall, YCBCD's actual expenses were proportional to their budgeted amounts in each service category.

The YCBCD ended FY 09-10 with net assets<sup>1</sup> of \$2,389,096 and \$1,983,140 in cash available as of June 30, 2010.

FY 2010-2011

The YCBCD's budget for FY 2010-2011 is \$3,315,758. YCBCD budgeted 60% for Sidewalk Operations, Beautification and Order; 16% for District Identity and Streetscape Improvements; 16% for Administration costs; and 8% for Contingency/Reserve. All budget line items (percentage of total budget) are consistent with their Management Plan.

Based on their audit, the YCBCD currently has \$2,389,069 in carryover funds from FY 08-09 and FY 09-10. YCBCD staff has drafted a five year budget projection that allocates these carryover funds in all service categories over that time. This projection also includes an operating reserve to fund services during the last six months that the YCBCD will be in operation when they no longer receive assessment revenues from July 1, 2015 to December 31, 2015. Lastly, the projection assumes no increase in assessment payments for the rest of the term of the YCBCD.

Use of Carryover Funds from July 1, 2010 to December 31, 2015 in all service categories (*Please see attached spreadsheet for more details*)

|                                  |           |
|----------------------------------|-----------|
| FY 2010-2011                     | \$772,330 |
| FY 2011-2012                     | \$170,254 |
| FY 2012-2013                     | \$201,220 |
| FY 2013-2014                     | \$245,801 |
| FY 2014-2015                     | \$181,251 |
| July 1, 2015 – December 31, 2015 | \$818,213 |

<sup>1</sup> Net Assets are the difference between the organization's total assets and its total liabilities on the balance sheet indicating the net financial worth for the organization.

|       |             |
|-------|-------------|
| TOTAL | \$2,389,069 |
|-------|-------------|

**Finding/Recommendation**

Per their contract with the City, the YBCBD is required to have at least 5% of their funding come from other sources. The YBCBD had other sources of income for the past two years but was short of their 5% requirement. OEWD recommends that YBCBD apply for grants with the Community Challenge Grant, SF Beautiful and other foundations for future streetscape improvement projects.

**Conclusion**

The YBCBD has complied with their contract with the City by submitting all their required documents on time. While they did not meet their budget goals during the first fiscal year due to being in operation for only three months, they implemented their services per their Management Plan in FY 09-10, their first full year of operation and have submitted their projections on how to allocate the carryover funds over the next five years. The Yerba Buena Community Benefit District is a well-run organization and will continue to provide the services as stated in their Management Plan.

Table 1

# Annual Budget compared to original Management Plan Budget

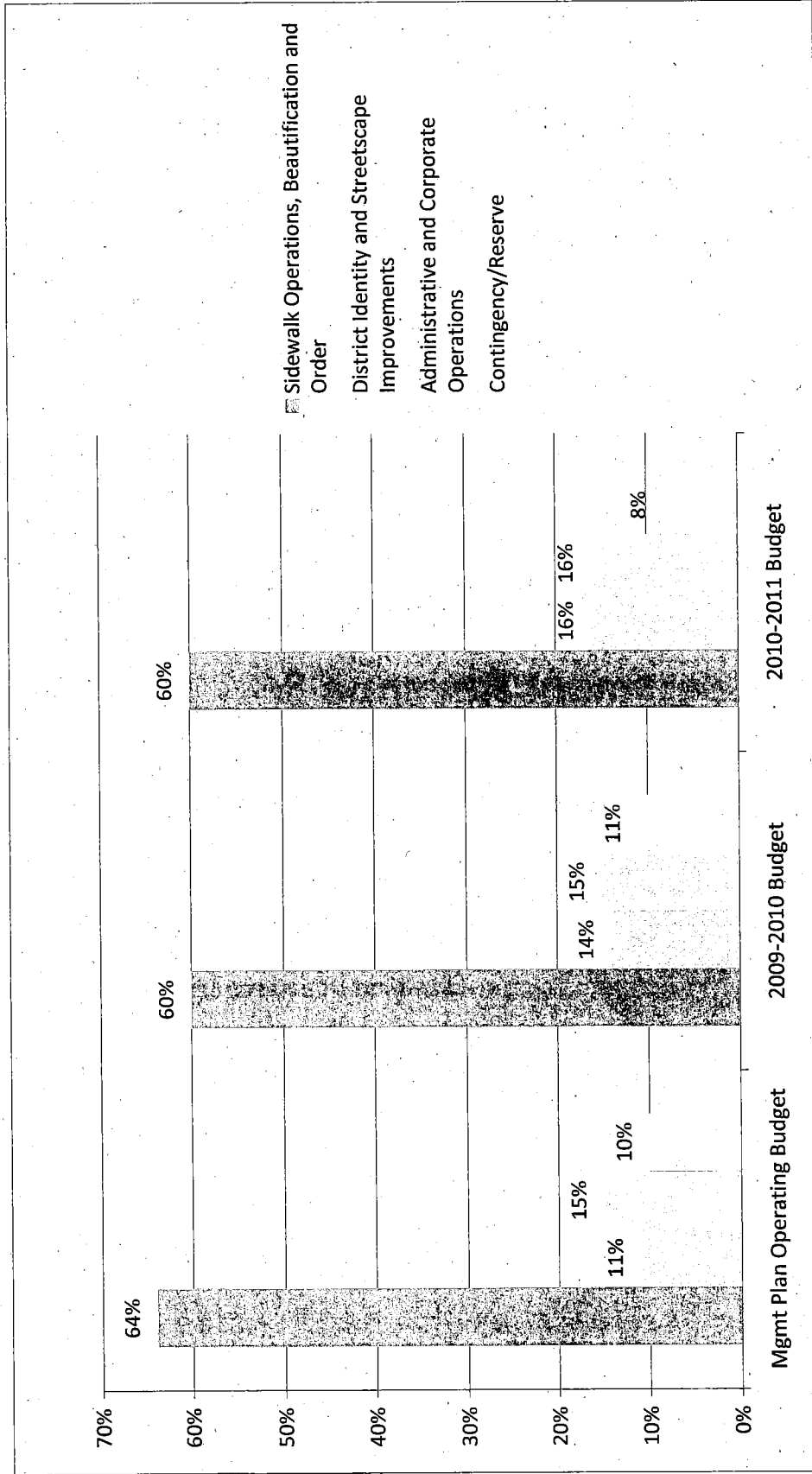
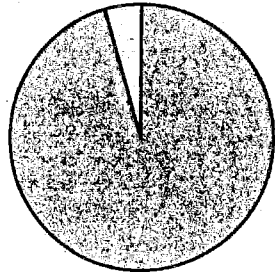


Table 2

## Other Income Sources (e.g. Grants, Donations, In-Kind, etc.) / 5% requirement

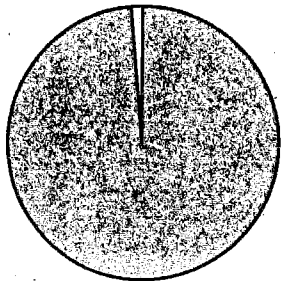
### 2008 Assessment Revenue & Other Income



■ Assessment Revenue  
96%

□ In-Kind Donations 4%

### 2009 Assessment Revenue & Other Income



■ Assessment Revenue 99%

□ In-Kind Donations 1%

Table 3

**YERBA BUENA COMMUNITY BENEFIT DISTRICT**

**Revenue and Expenditures - Budget vs. Actual**

**Fiscal Years Ending June 30, 2009 and June 30, 2010**

|  | Year Ended June 30, 2009* |                  |                         | Year Ended June 30, 2010 |                  |                         |
|--|---------------------------|------------------|-------------------------|--------------------------|------------------|-------------------------|
|  | Actuals                   | Budget           | Difference % Difference | Actuals                  | Budget           | Difference % Difference |
| <b>REVENUES</b>                                |                           |                  |                         |                          |                  |                         |
| Special Benefit Assessments                    | 2,238,891                 | 2,384,045        |                         | 2,269,640                | 2,384,045        |                         |
| In-Kind/Contributed Services                   | 103,148                   | 125,476          |                         | 30,226                   | 125,000          |                         |
| Interest Income                                |                           | 5,000            |                         | 692                      | 5,000            |                         |
| Carryover from previous year                   |                           |                  |                         | 1,864,036                | 484,134          |                         |
| Total support and revenue                      | <b>2,341,979</b>          | <b>2,514,521</b> |                         | <b>4,164,594</b>         | <b>2,998,179</b> |                         |
| <b>EXPENDITURES</b>                            |                           |                  |                         |                          |                  |                         |
| Program services                               |                           |                  |                         |                          |                  |                         |
| Sidewalk Operations, Beautification and Order  | 85,301                    | 1,596,700        | -1,511,399 -95%         | 1,301,194                | 1,785,815        | -484,621 -27%           |
| District Identity and Streetscape Improvements | 15,304                    | 279,597          | -264,293 -95%           | 121,077                  | 416,400          | -295,323 -71%           |
| General and administrative expenses            | 377,338                   | 370,000          | 7,338 2%                | 353,254                  | 450,740          | -97,486 -22%            |
| Contingency/Reserve                            |                           | 263,224          | -263,224 -100%          |                          | 345,224          | -345,224 -100%          |
| Total Carryover to next year                   | <b>477,943</b>            | <b>2,509,521</b> | <b>-2,031,578</b>       | <b>1,775,525</b>         | <b>2,998,179</b> | <b>-1,222,654</b>       |
|  | 1,864,036                 |                  |                         | 2,389,069                |                  |                         |

\* Expenses were not incurred until April 2009 when assessment funds were received and CBD began operations.

Table 4

**YERBA BUENA COMMUNITY BENEFIT DISTRICT  
2010/2011 Budget**

**REVENUES**

|                             |                    |
|-----------------------------|--------------------|
| Special Benefit Assessments | 2,412,952          |
| Fundraising/In-kind         | 125,476            |
| Interest earned             | 5,000              |
| Carryover from prior year   | 772,330            |
|                             | <u>\$3,315,758</u> |

**EXPENDITURES**

|   |                    |
|---|--------------------|
| Program services                                  |                    |
| Sidewalk Operations, Beautification<br>and Order  | 1,998,862          |
| District Identity and Streetscape<br>Improvements | 542,108            |
| General and administrative expenses               | 529,564            |
| Contingency/Reserve                               | 245,224            |
|   | <u>\$3,315,758</u> |

**EXCESS OF REVENUE OVER EXPENDITURES**      \$ -

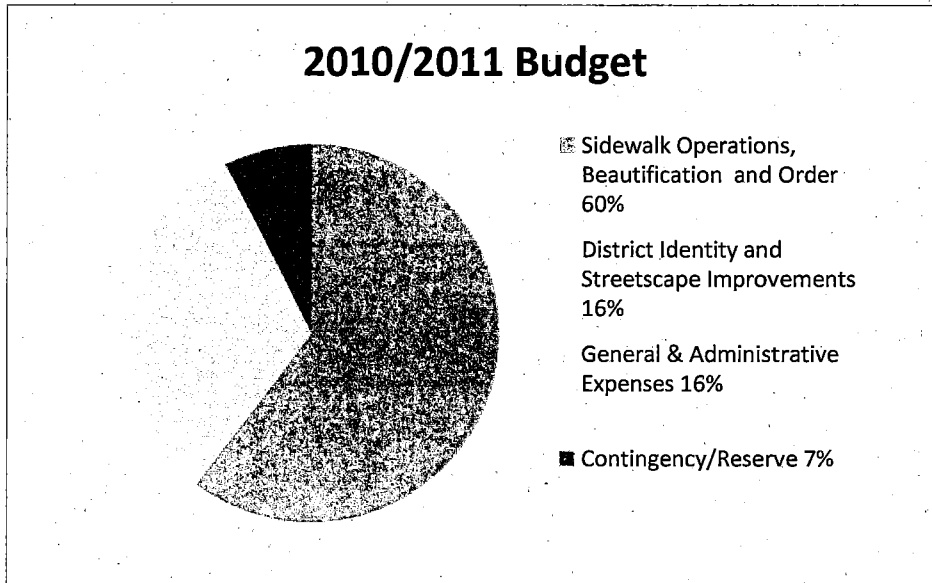




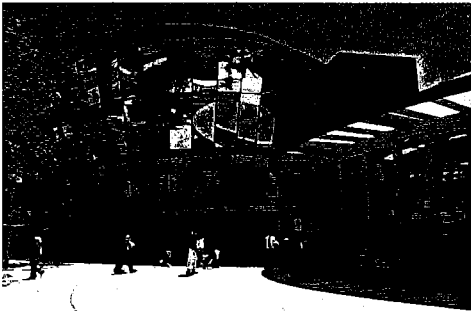
Table 5

Yerba Buena Community Benefit District  
Budget Projection thru December 31, 2015

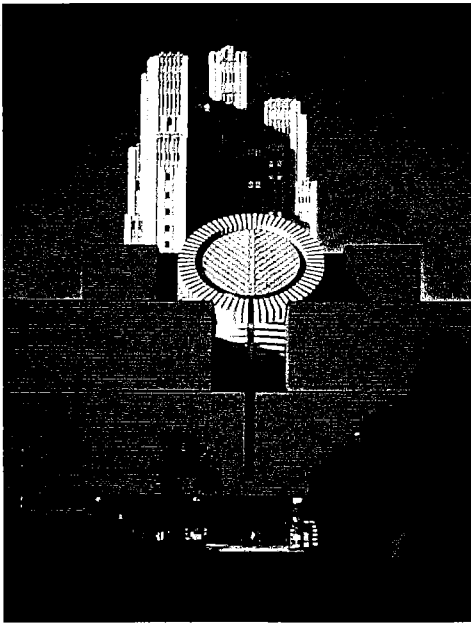
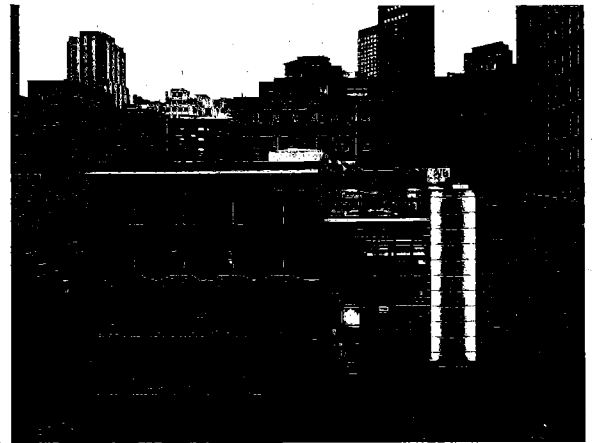
|   | Projected FY 2011-2012 |                        | Projected FY 2012-2013 |                        | Projected FY 2013-2014 |                        | Projected FY 2014-2015 |                      | Projected Budget July 1 - Dec. 31, 2015 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|---|
|   | Budget                 | Budget                 | Budget                 | Budget                 | Budget                 | Budget                 | Budget                 | Budget               |   |
| <b>INCOME</b>                                 |                        |                        |                        |                        |                        |                        |                        |                      |   |
| Assessments                                   | \$ 2,412,952.00        | \$ 2,412,952.00        | \$ 2,412,952.00        | \$ 2,412,952.00        | \$ 2,412,952.00        | \$ 2,412,952.00        | \$ 2,412,952.00        | \$ -                 | \$ -                                    |
| Fundraising                                   | \$ 125,476.00          | \$ 125,476.00          | \$ 125,476.00          | \$ 125,476.00          | \$ 125,476.00          | \$ 125,476.00          | \$ 125,476.00          | \$ -                 | \$ -                                    |
| Interest Income                               | \$ 5,000.00            | \$ 5,000.00            | \$ 5,000.00            | \$ 5,000.00            | \$ 5,000.00            | \$ 5,000.00            | \$ 5,000.00            | \$ 2,500.00          | \$ 2,500.00                             |
| Release from Restriction (carryover funds)*   | \$ 772,330.00          | \$ 170,254.00          | \$ 201,220.00          | \$ 245,801.00          | \$ 181,251.00          | \$ 181,251.00          | \$ 181,251.00          | \$ 818,213.00        | \$ 818,213.00                           |
|   | <u>\$ 3,315,758.00</u> | <u>\$ 2,713,682.00</u> | <u>\$ 2,744,648.00</u> | <u>\$ 2,789,229.00</u> | <u>\$ 2,724,679.00</u> | <u>\$ 2,724,679.00</u> | <u>\$ 2,724,679.00</u> | <u>\$ 820,713.00</u> | <u>\$ 820,713.00</u>                    |
| <b>EXPENSE</b>                                |                        |                        |                        |                        |                        |                        |                        |                      |   |
| Sidewalk Operations, Beautification and Order |                        |                        |                        |                        |                        |                        |                        |                      |   |
| Cleaning/Greening                             | \$ 1,101,782.00        | \$ 915,982.00          | \$ 930,538.00          | \$ 945,458.00          | \$ 960,751.00          | \$ 960,751.00          | \$ 960,751.00          | \$ 207,550.00        | \$ 207,550.00                           |
| Safety/Security                               | \$ 897,080.00          | \$ 910,719.00          | \$ 935,143.00          | \$ 960,234.00          | \$ 986,075.00          | \$ 986,075.00          | \$ 986,075.00          | \$ 221,337.00        | \$ 221,337.00                           |
| District Identity and Streetscape Improvement |                        |                        |                        |                        |                        |                        |                        |                      |   |
| Marketing/Branding                            | \$ 542,108.00          | \$ 302,750.00          | \$ 302,750.00          | \$ 302,750.00          | \$ 271,542.00          | \$ 271,542.00          | \$ 271,542.00          | \$ 131,500.00        | \$ 131,500.00                           |
| Administration                                | \$ 529,564.00          | \$ 507,931.00          | \$ 499,917.00          | \$ 504,487.00          | \$ 506,311.00          | \$ 506,311.00          | \$ 506,311.00          | \$ 260,326.00        | \$ 260,326.00                           |
| Contingency                                   | \$ 245,224.00          | \$ 76,300.00           | \$ 76,300.00           | \$ 76,300.00           | \$ -                   | \$ -                   | \$ -                   | \$ -                 | \$ -                                    |
|   | <u>\$ 3,315,758.00</u> | <u>\$ 2,713,682.00</u> | <u>\$ 2,744,648.00</u> | <u>\$ 2,789,229.00</u> | <u>\$ 2,724,679.00</u> | <u>\$ 2,724,679.00</u> | <u>\$ 2,724,679.00</u> | <u>\$ 820,713.00</u> | <u>\$ 820,713.00</u>                    |
| Income over Expenses                          | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                 | \$ -                                    |
| * Carryover Funds FY 09-10                    | \$ 2,389,069.00        |                        |                        |                        |                        |                        |                        |                      |   |



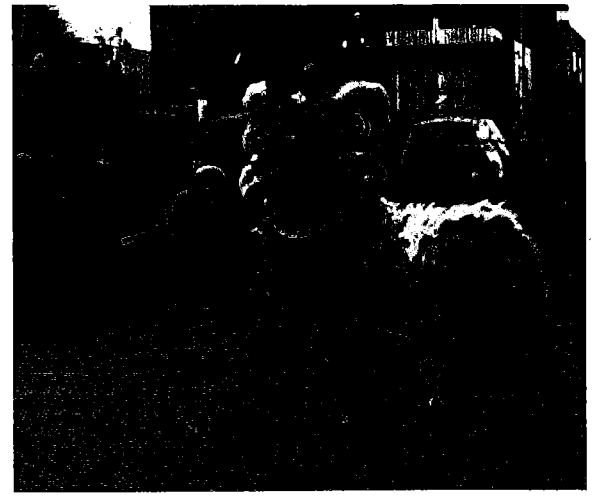
2008-2009



YERBA BUENA  
COMMUNITY  
BENEFIT  
DISTRICT



YBCBD



ANNUAL  
REPORT

STATEMENT OF PURPOSE The purpose of the Yerba Buena Community Benefit District is to create an ideal place for people to live, work, study and visit through programs that: Improve safety and security • Enhance cleanliness and neighborhood greening • Increase economic viability.

YERBA BUENA  
COMMUNITY  
BENEFIT  
DISTRICT

YBCBD

## Letter from the Board Chair



We're pleased to present the Yerba Buena Community Benefit District's first Annual Report. It symbolizes a new chapter in the evolution of a neighborhood defined by its diversity. The area bustles with world-class museums, shopping, dining, convention space, hotels, and educational institutions. Senior housing blends with live/work lofts and luxury condominiums. YBCBD is perhaps the most dynamic district in the City – a celebration of San Francisco's eclectic backbone.

Our mission is to make it even better by implementing programs to improve its quality of life and economic viability. After several years of work by people that live and work in the area to determine neighborhood needs, approval to create the YBCBD was given on July 29, 2008 by the San Francisco Board of Supervisors and district property owners. At the time, it established the largest and most complex community benefit district in San Francisco's history. With the support of many, YBCBD set a course to create an entirely new organization and begin implementing services to achieve our mission.

During our first year, the organization's foundation was built. The Board of Directors and several committees were created to advance programs. Bylaws and other governing documents were adopted to give the organization its legal legs to take steps forward. YBCBD staff and a management organization were retained. Bids were sought to establish our Community Guide, beautification, safety and other programs.

Today, we're starting to see the results of this hard work. Services have begun with the goal making our community safer, cleaner and greener, and better for people who conduct business, live and visit the district.

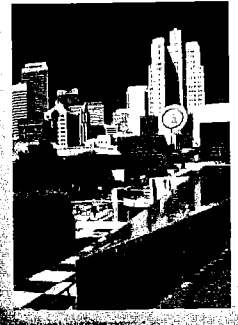
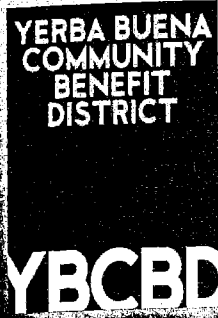
- In June 2009, YBCBD Community Guides began their work as a reassuring and helpful presence on the streets of our district. They provide directions, public transit advice and contribute to the safety, comfort and enjoyment of people in the district.
- Also that month, the Clean Team launched its efforts to beautify the area by sweeping and cleaning sidewalks and gutters, removing graffiti, power washing sidewalks and removing trash.
- Additional San Francisco Police Department officers began providing daily coverage in the neighborhood on July 1. This new police presence, funded by YBCBD, adds 70 hours per week of police time to the 5,000 hours a week already provided by the Southern District Station.

In the coming year, new programs will start. "Greening" plans are under development. Marketing initiatives are being designed to strengthen the area's economic viability by making it even more inviting to businesses and visitors. A Community Grant Fund Committee is being created to provide assistance to organizations that support YBCBD activities to improve the district.

With the support of literally hundreds of individuals that care deeply about the Yerba Buena Neighborhood, I look forward to the next exciting chapter in our dynamic history.

Regards,

Heather L. Almond  
Senior Asset Manager  
Westfield San Francisco Properties



2008-JUNE 2009 BUDGET

| INCOME              | ACTUALS            | BUDGET             | OVER/UNDER BUDGET | DETAILS                                  |
|---------------------|--------------------|--------------------|-------------------|--|
| Assessments         | \$2,384,045        | \$2,384,045        | \$0               |  |
| Fundraising/In-Kind | \$103,148          | \$125,000          | \$21,852          | In-kind meeting space and start up costs |
| Interest Income     | \$0                | \$5,000            | \$5,000           |  |
| <b>TOTAL INCOME</b> | <b>\$2,487,193</b> | <b>\$2,514,045</b> | <b>\$26,852</b>   |  |

| EXPENSES                                     | ACTUALS          | BUDGET             | OVER/UNDER BUDGET | DETAILS                 |
|--|------------------|--------------------|-------------------|-------------------------|
| Administration                               | \$265,123        | \$252,107          | (\$13,016)        | less than a full year   |
| Sidewalk Operations & Beautification         | \$85,301         | \$394,900          | \$309,599         | services started 6.1.09 |
| District Identity & Streetscape Improvements | \$14,504         | \$185,000          | \$170,496         |                         |
| Contingency/Reserve                          | \$259,375        | \$263,224          | \$3,849           |                         |
| <b>TOTAL EXPENSES</b>                        | <b>\$624,303</b> | <b>\$1,095,231</b> | <b>\$470,928</b>  |                         |

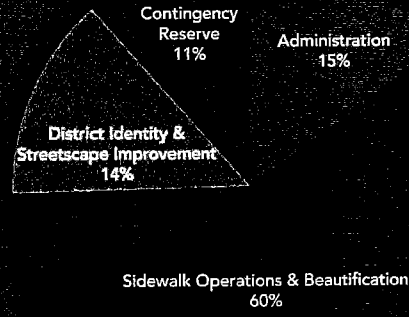
Net Income \$1,862,890

2008 - JUNE 2009 BALANCE SHEET

|                                       |                    |
|---------------------------------------|--------------------|
| <b>ASSETS</b>                         |                    |
| Cash in Bank                          | \$1,617,105        |
| Accounts Receivable, Net              | \$346,765          |
| <b>TOTAL ASSETS</b>                   | <b>\$1,963,870</b> |
| <b>LIABILITIES</b>                    |                    |
| Accounts Payable                      | \$100,980          |
| <b>EQUITY</b>                         |                    |
| Net Income/(Loss)                     | \$1,862,890        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$1,963,870</b> |

2009-JUNE 2010 BUDGET

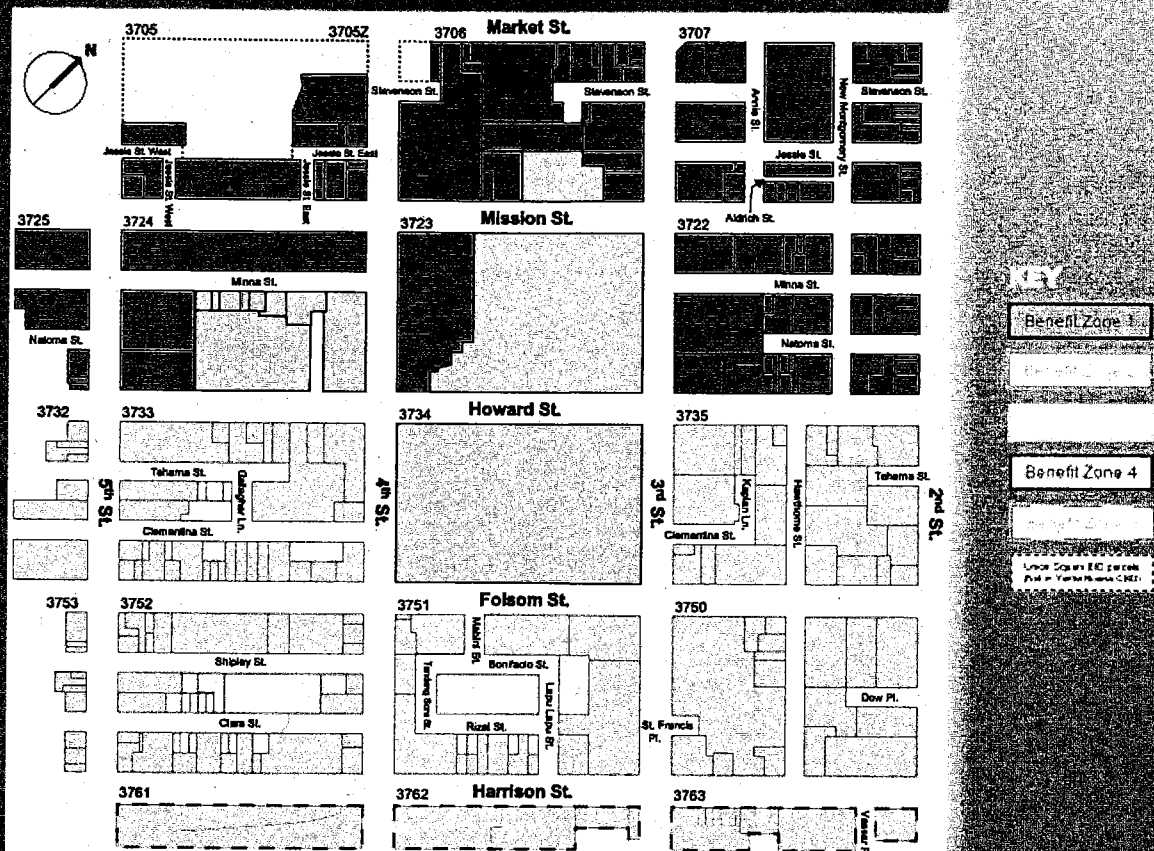
|   |                    |
|---|--------------------|
| <b>INCOME</b>                               |                    |
| Assessments                                 | \$2,384,045        |
| Fundraising/In-Kind                         | \$125,000          |
| Interest Income                             | \$5,000            |
| Release from Restriction                    | \$484,134          |
| <b>TOTAL INCOME</b>                         | <b>\$2,998,179</b> |
| <b>EXPENSES</b>                             |                    |
| Administration                              | \$450,740          |
| Sidewalk Operations & Beautification        | \$1,785,815        |
| District Identity & Streetscape Improvement | \$416,400          |
| Contingency/Reserve                         | \$345,224          |
| <b>TOTAL EXPENSES</b>                       | <b>\$2,998,179</b> |



**YERBA BUENA  
COMMUNITY  
BENEFIT  
DISTRICT**

**YBCBD**

**Area Map of the Yerba Buena Community Benefit District**



**Assessment Methodology**

The Yerba Buena Community Benefit District is funded through an annual assessment from business and property owners. Annual assessments are based on one or more of the following four property factors:

- Linear frontage (sidewalk frontage)
- Gross building square footage
- Location in a particular benefit zone
- Property usage

There are 5 benefit zones in the Yerba Buena Community Benefit District. The creation of the benefit zones was based upon the level of special services desired by property owners by use, the type of special services needed in the zone, and the intensity of use in the public right of way in the specific zone.

Yerba Buena Community Benefit District  
5 Third St., Suite 914 (as of August 15, 2009)  
San Francisco, California 94103  
info@ybcabd.org

\*Photos Courtesy San Francisco Convention & Visitors Bureau, Contemporary Jewish Museum, TODCO, The Business Times, Iwaan Baari, and the Yerba Buena Alliance.

**COTE & COMPANY, APC**  
CERTIFIED PUBLIC ACCOUNTANTS

**YERBA BUENA COMMUNITY BENEFIT DISTRICT**

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FINANCIAL STATEMENTS  
WITH  
ACCOUNTANTS' REVIEW REPORT

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JUNE 30, 2009

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YERBA BUENA COMMUNITY BENEFIT DISTRICT

TABLE OF CONTENTS

JUNE 30, 2009

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|   | <u>Page</u> |
|---|-------------|
| ACCOUNTANTS' REVIEW REPORT                        | 1           |
| FINANCIAL STATEMENTS                              |             |
| Statement of Financial Position                   | 2           |
| Statement of Activities and Changes in Net Assets | 3           |
| Statement of Cash Flows                           | 4           |
| Notes to Financial Statements                     | 5 - 8       |

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Coté & Company, APC

CERTIFIED PUBLIC ACCOUNTANTS

703 Market Street, Suite 600

San Francisco, CA 94103

Telephone: (415) 931-0300

Facsimile: (415) 931-3020

www.cotecpa.com

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Yerba Buena Community Benefit District  
San Francisco, California

We have reviewed the accompanying statement of financial position of **YERBA BUENA COMMUNITY BENEFIT DISTRICT** as of June 30, 2009, and the related statements of activities and cash flows for the three months then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Yerba Buena Community Benefit District.

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Coté & Company, APC*

San Francisco, California  
October 27, 2009

YERBA BUENA COMMUNITY BENEFIT DISTRICT

STATEMENT OF FINANCIAL POSITION

June 30, 2009

ASSETS

CURRENT ASSETS

|  |              |
|--|--------------|
| Cash - checking account  | \$ 1,617,443 |
| Assessments receivable, net of allowance<br>for uncollectible assessments of \$145,224 | 346,775      |
| Prepaid expenses   | <u>4,814</u> |
| Total current assets   | 1,969,032    |

FIXED ASSETS

|   |       |
|---|-------|
| Equipment, net of accumulated depreciation of \$152 | 1,671 |
|---|-------|

OTHER ASSETS

|   |                |
|---|----------------|
| Start-up costs, net of accumulated amortization of \$11,519 | <u>218,863</u> |
|---|----------------|

TOTAL ASSETS \$ 2,189,566

LIABILITIES AND NET ASSETS

LIABILITIES

|                   |                |
|-------------------|----------------|
| Accounts payable  | \$ 338         |
| Accrued expenses  | <u>111,329</u> |
| Total liabilities | 111,667        |

NET ASSETS

|              |                  |
|--------------|------------------|
| Unrestricted | <u>2,077,899</u> |
|--------------|------------------|

TOTAL LIABILITIES AND NET ASSETS \$ 2,189,566

See Accountants' Review Report.

The accompanying notes are an integral  
part of these financial statements.

**YERBA BUENA COMMUNITY BENEFIT DISTRICT**

**STATEMENT OF ACTIVITIES**

For the Three Months Ended June 30, 2009

**SUPPORT AND REVENUES**

|                           |  |                |              |
|---------------------------|--|----------------|--------------|
| Assessments               |  | \$ 2,384,055   |              |
| In-Kind                   |  | <u>103,148</u> |              |
| Total support and revenue |  |                | \$ 2,487,203 |

**EXPENSES**

|  |            |  |                |
|--|------------|--|----------------|
| Programs                                       |            |  |                |
| Sidewalk operations and beautification         |            |  |                |
| Cleaning and security services                 | \$ 85,301  |  |                |
| District identity and streetscape improvements |            |  |                |
| Events   | 5,000      |  |                |
| Public relations and communications            | 6,298      |  |                |
| Website  | 3,750      |  |                |
| Postage and delivery                           | <u>256</u> |  |                |
| Total programs                                 |            |  | 100,605        |
| Administration                                 |            |  |                |
| Temporary and contracted staff                 | 72,050     |  |                |
| Consultants                                    | 29,987     |  |                |
| Legal fees                                     | 33,142     |  |                |
| Accounting                                     | 5,000      |  |                |
| Insurance                                      | 1,840      |  |                |
| Rent   | 3,850      |  |                |
| Utilities                                      | 3,724      |  |                |
| Office supplies                                | 2,211      |  |                |
| Amortization                                   | 11,519     |  |                |
| Depreciation                                   | <u>152</u> |  |                |
| Total administration                           |            |  | 163,475        |
| Contingency reserve                            |            |  |                |
| Unpaid assessments                             |            |  | <u>145,224</u> |
| Total expenses                                 |            |  | <u>409,304</u> |

**EXCESS OF SUPPORT AND REVENUES  
OVER EXPENSES**

2,077,899

**NET ASSETS**

|                   |  |                            |
|-------------------|--|----------------------------|
| Beginning of year |  | <u>-</u>                   |
| End of year       |  | <u><u>\$ 2,077,899</u></u> |

See Accountants' Review Report.  
The accompanying notes are an integral part of these financial statements.

YERBA BUENA COMMUNITY BENEFIT DISTRICT

STATEMENT OF CASH FLOWS

For the Three Months Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

|   |              |           |
|---|--------------|-----------|
| Increase in net assets  | \$ 2,077,899 |           |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |              |           |
| Amortization  | 11,519       |           |
| Depreciation  | 152          |           |
| In-kind donations   | (100,648)    |           |
| (Increase) decrease in:   |              |           |
| Assessments receivable  | (346,775)    |           |
| Prepaid expenses  | (4,814)      |           |
| Increase (decrease) in:   |              |           |
| Accounts payable  | 338          |           |
| Accrued expenses  | 111,329      |           |
| Net cash provided by operating activities   |              | 1,749,000 |

CASH FLOW FROM INVESTING ACTIVITIES

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Equipment purchased                   | (1,823)   |           |
| Start-up costs incurred               | (129,734) |           |
| Net cash used in investing activities |           | (131,557) |

CASH FLOW FROM FINANCING ACTIVITIES

|                      |  |                     |
|----------------------|--|---------------------|
| NET INCREASE IN CASH |  | 1,617,443           |
| CASH                 |  |                     |
| Beginning of year    |  | -                   |
| End of year          |  | <u>\$ 1,617,443</u> |

See Accountants' Review Report.

The accompanying notes are an integral part of these financial statements.

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## YERBA BUENA COMMUNITY BENEFIT DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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#### NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Yerba Buena Community Benefit District (“Organization”) is presented to assist in the understanding of the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for their integrity and objectivity.

##### Organizational Purpose

The Organization is a not-for-profit organization whose purpose is to create an ideal place for people to live in, work in, study in and visit the District through programs that 1) improve safety and security, 2) enhance cleanliness and neighborhood greening and 3) increase economic vitality.

The Yerba Buena Community Benefit District Corporation (“Corporation”) entered into an agreement with the City and County of San Francisco (“City”) by and through the Office of Economic and Workforce Development (“OEWD”) and pursuant to Sections 36614.5 and 36651 of the California Streets and Highways Code, to implement, administer and provide the property-related services, improvements and activities to be funded by special assessments the City has levied on identified parcels of real property included within the property-based business improvement district known as the Yerba Buena Community Benefit District.

The agreement commenced with the levy and collection of assessments on the properties located within the district with the fiscal year 2008-2009 and will terminate with the fiscal year 2014-2015.

##### Basis of Presentation

The financial statements have been prepared in accordance with Statements of Financial Accounting Standards No. 116 – *Accounting for Contributions Received and Contributions Made* and No. 117 – *Financial Statements of Not-for-Profit Organizations*.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

YERBA BUENA COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

---

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There are currently no temporarily restricted net assets.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There are currently no permanently restricted net assets.

Fixed Assets

Furniture, fixtures and equipment are recorded at cost. Depreciation is calculated on a straight line basis over the estimated useful lives of the respective assets.

Start-Up Costs

The Organization's start-up costs are being amortized over a five year period at \$46,076 per year.

In-Kind Contributions

In-Kind contributions from other not-for-profit organizations amounted to \$103,148 in 2009. See Note E.

Income Taxes

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3) and from California Franchise taxes under Revenue and Taxation Code Section 23701d. The Organization has not been classified as a private foundation.

YERBA BUENA COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

---

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are defined as demand deposits at banks.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – CONCENTRATION OF RISK

The Organization has \$1,638,128 on deposit with one financial institution, which exceeds the FDIC limit by \$1,388,128. The limit was recently raised to \$250,000 from \$100,000 and will remain in effect until January 1, 2010.

NOTE C – FIXED ASSETS

An analysis of fixed assets at June 30, 2009 is as follows:

|           | <u>Cost</u>     | <u>Acc/Dep</u> | <u>Book Value</u> |
|-----------|-----------------|----------------|-------------------|
| Equipment | \$ <u>1,823</u> | \$ <u>152</u>  | \$ <u>1,671</u>   |



YERBA BUENA COMMUNITY BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE D - LEASE OBLIGATIONS

In July, 2009 the Organization signed a lease agreement for its office facilities. The lease commences on August 15, 2009 and will terminate on August 14, 2015. Monthly rent will be \$1,894 in year one and two and \$1,973, \$2,052, \$2,131 and \$2,210 in years three through six, respectively. In addition, the Organization will pay for its share (1.12%) of the operating expenses which will commence after the 2010 actual building expenses have been determined

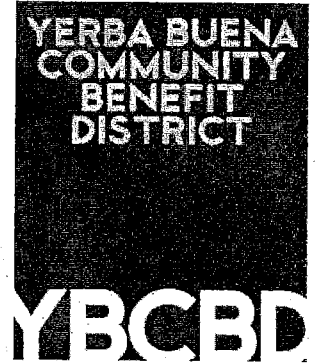
The minimum future lease payments are as follows:

| Year Ended<br><u>June 30,</u> | <u>Amount</u>     |
|-------------------------------|-------------------|
| 2010                          | \$ 17,046         |
| 2011                          | 22,728            |
| 2012                          | 23,558            |
| 2013                          | 24,506            |
| 2014                          | 25,454            |
| 2015                          | 26,402            |
| 2016                          | <u>3,315</u>      |
|                               | <u>\$ 143,009</u> |

NOTE E - CONTRIBUTIONS-IN-KIND

The corresponding expenditures relate to donated services for the year ended June 30, 2009:

|                        |               |                   |
|------------------------|---------------|-------------------|
| Rent                   |               | \$ 2,500          |
| Start-Up Costs         |               |                   |
| Investigation phase    | \$ 8,114      |                   |
| Meetings and outreach  | 26,519        |                   |
| Newsletter and website | 328           |                   |
| Postage                | 1,561         |                   |
| Printing and design    | 12,006        |                   |
| Staffing               | <u>52,120</u> | <u>100,648</u>    |
|                        |               | <u>\$ 103,148</u> |



## Memorandum

**TO:** Lisa Pagan, Office of Economic and Workforce Development  
City of San Francisco

**FROM:** Cathy Maupin, Executive Director  
Yerba Buena Community Benefit District

**DATE:** March 8, 2011

---

I'm writing to officially inform you that the YBCBD has reviewed a request for an assessment exemption from Related Properties, owners of the Paramount Apartments at 680 Mission Street, for a portion of their building square footage assessment. We have determined that Parcel 3707-63 does benefit from YBCBD services as the property and building tenants benefit from the improved cleanliness, safety, beauty, and branding of the neighborhood that are a direct result of YBCBD programs and services.

As a result we have determined they are not exempt from the building square footage assessment and do not qualify for one of the exclusions stated in the Yerba Buena Community Benefit District Management Plan on page 4.1.

### Exemptions and Exclusions

Consistent with Article XIII D of the State Constitution (1996 Proposition 218), it has been determined that all parcels within the proposed district will derive special benefits from the assessments. Therefore, no parcels will be exempted from payment of assessments, regardless of use or ownership. However, the following building uses are eligible for exclusion from the building square footage component of the assessment formulas:

- Non-profit/limited partnership or government owned affordable housing developments regulated by restricted covenants or regulatory agreements with a public agency;
- Parking areas not open to the public at large, dedicated to office or residential uses only, including parking spaces, vehicle ramps, and common areas;
- Non-profit operated social service office and service delivery space (not including square footage dedicated to ground floor commercial space or retail sales by a social service organization); and
- Religious places of worship.

Our response to the property owner is attached for your reference.

Please let me know if you have any questions about this matter.

*Email sent to Hugh Goodwin, Attorney for Related Properties on Wednesday, October 13, 2010 at 10:58 a.m.*

Hi Hugh,

I'm writing to follow-up on Chris Bricker's request to determine whether or not some of the space at Third and Mission is exempt from the YCBCD property tax assessment. As articulated in our Management District Plan, and consistent with Article 13 of the California Constitution, no parcels are exempted from payment of assessments, regardless of use or ownership, because all properties derive a special benefit from the assessment. Our District Plan does allow for certain properties to seek an exclusion from the assessment. But as explained below, none of the properties located in the Paramount qualify for the exclusion. I also confirmed this with the City's Office of Economic and Workforce Development. That is the office that helps establish Community Benefit Districts in San Francisco and the office that was involved throughout the creation of the Yerba Buena Community Benefit District.

Response to the requested exemptions is provided below:

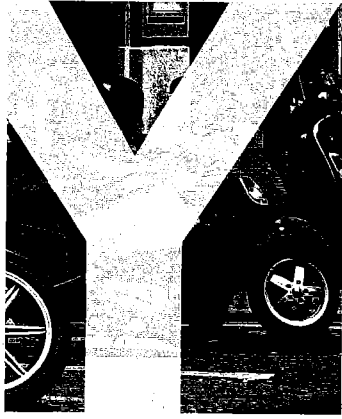
1. California Historical Society – This 17,030 square feet is not exempt from paying the assessment as it is not a direct-service nonprofit organization. An example of a direct service organization is a food bank, mental health counseling, domestic violence shelter, etc.
2. UC Berkeley Extension – This 33,840 square feet is not exempt from paying the assessment as it is not a direct-service nonprofit organization. An example of a direct service organization is a food bank, mental health counseling, domestic violence shelter, etc.
3. Affordable Rental Units at the Paramount Apartments – This 62,209 square feet is not exempt from paying the assessment as it is not non-profit or government owned or operated. An example of a non-profit owned affordable housing complex is TODCO, the Salvation Army, Mercy Housing units, etc.

I assume you'll relay this information to Chris Bricker on our behalf.

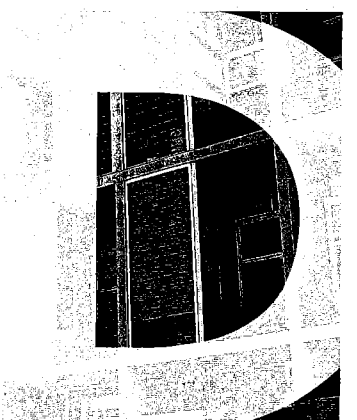
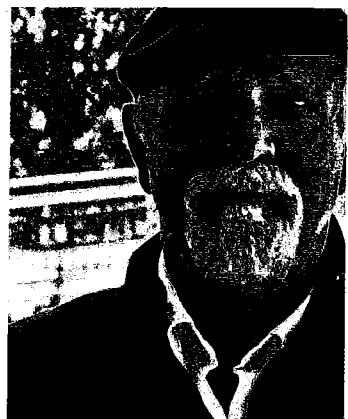
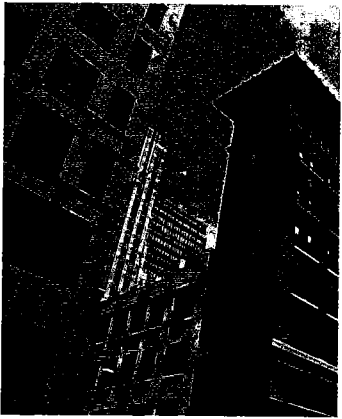
Thanks,

Cathy

Cathy Maupin  
Executive Director  
Yerba Buena Community Benefit District  
5 Third Street, Suite 914  
San Francisco, CA 94103  
P: 415.644.0728  
F: 415.644.0751  
E: [cmaupin@ybcbd.org](mailto:cmaupin@ybcbd.org)  
W: [www.ybcbd.org](http://www.ybcbd.org)



YERBA BUENA  
COMMUNITY  
BENEFIT  
DISTRICT  
  
YBCBD



2009-2010 ANNUAL REPORT

# YERBA BUENA COMMUNITY BENEFIT DISTRICT

# PEOPLE + PLACES:

## OUR EVOLVING NEIGHBORHOOD



We are privileged to be part of a dynamic mix of people and places that shape our neighborhood. The passion, commitment, and investment among those that live and work in Yerba Buena contribute to its improvement and inspire confidence in an even brighter future.

Our district's commitment to community extends to the efforts of the YBCBD. More than 60 volunteers participate on our board and provide expertise to nine committees. With this support, the YBCBD has gone from building an organizational foundation to launching a wide range of community services and programs that advance our mission of improving quality of life in the neighborhood.

These services help to make Yerba Buena a more secure, cleaner, greener, and inspiring place to conduct business, live, explore, and study. Today, the YBCBD has designated police patrols, Community Guides, and Clean Team focused on cleaning and public safety. Our new website and news bulletins keep people informed. The YBCBD block parties connect residents and businesses to collaborate on ways to improve the neighborhood.

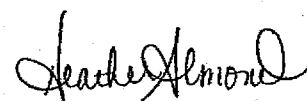
This fiscal year, new milestones will be reached. The YBCBD will announce the first grants from our Community Benefit Fund to nonprofits that support our mission. We will launch a campaign to promote the neighborhood to create a stronger sense of place and support our local businesses. Our Greening Committee will begin implementing streetscape and beautification projects.

Our district continues to evolve. New places to live are rising and growing our residential base. An increasing number of area businesses have become daily gathering spots for residents. Festivals and events bring together people of all ages who call Yerba Buena home.

Thank you to all whose optimism, ingenuity, and hard work improve the YBCBD. Working together, the neighborhood is well positioned to become even more vibrant, desirable, and connected.

Sincerely,

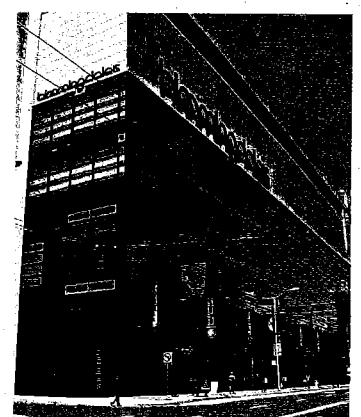
  
Cathy Maupin  
Executive Director



Heather Almond  
President, Board of Directors  
Senior Asset Manager  
Westfield San Francisco Properties

# MISSION

The Yerba Buena Community Benefit District will advance the quality of life for residents and visitors in the Yerba Buena Neighborhood and San Francisco on an ongoing basis by fostering a safer and more secure community, enhancing environmental quality and beauty, and reinforcing the viability of our economic base.



# CORE VALUES

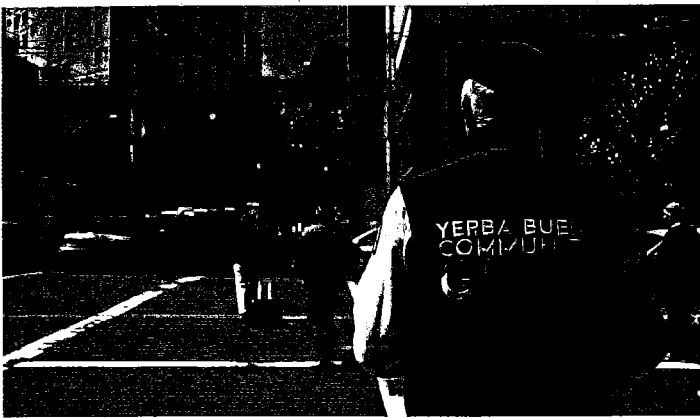
- Yerba Buena Gardens is the centerpiece of the neighborhood and a significant contributor to the quality of life in our community.
- Diversity is valued in all forms and all are welcome in the Yerba Buena Neighborhood.
- Arts and culture create critical connection points for our community and City.
- Stable and vibrant businesses and an engaged community are key to ensuring the success of the Yerba Buena Neighborhood.

# GOALS

- Improve safety and security in the Yerba Buena Neighborhood.
- Increase cleanliness and expand the beauty of the Yerba Buena Gardens with greening activities throughout the Yerba Buena Neighborhood.
- Define and brand the Yerba Buena Neighborhood to increase visitors, business, and community recognition while helping people effectively navigate the neighborhood.
- Increase the economic viability of the Yerba Buena Neighborhood.
- Create an ideal place to live, work, study, and visit.

# SERVICES + PROGRAMS

YBCBD services and programs strive to foster a safer and more secure community, create a cleaner and greener neighborhood, and reinforce the viability of our economic base. These efforts are funded by property owners.



**Community Guides.** YBCBD Community Guides serve as goodwill ambassadors in the neighborhood. Eight Community Guides began working June 1, 2009. They connect individuals to services, help tourists, provide information on local businesses, and report maintenance and security issues. Community Guides report safety concerns to our dispatch office and to the San Francisco Police Department.



**Public Safety.** Supporting a safer and more secure district is a priority. A San Francisco Police Department bike patrol officer is dedicated to the area to supplement existing police services. This service started July 1, 2009. The officer provides 70 hours of attention focused primarily on addressing quality of life issues, such as issuing citations for drinking, trespassing, permit violations, littering, and pedestrian safety infractions.

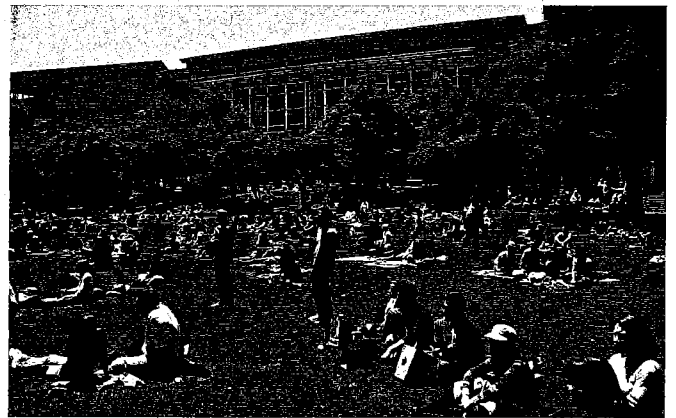
**Clean Team.** Our Clean Team works every day to make the neighborhood an even more attractive place for people to live, work, study and explore. Eleven Clean Team members began working June 1, 2009 with a focus on sidewalk and gutter sweeping, graffiti abatement, painting poles, mail boxes and fire plugs, cleaning and weeding tree wells, sidewalk steam cleaning, monitoring public trash receptacle overflow, and reporting large items for removal by the City.



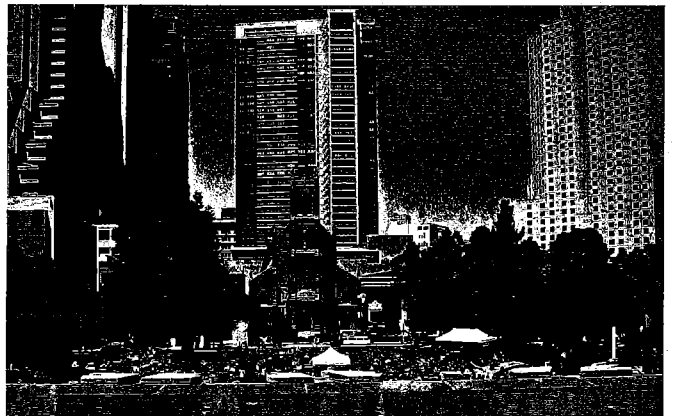


**Marketing and Branding.** By promoting the area, we create a sense of place to support our economic base, which will help improve the quality of life in the district. Working with a branding firm, extensive market research, analysis and recommendations on how to use the brand were completed in 2010. A campaign to promote the neighborhood will be unveiled in fall 2010.

**Community Support and Connections.** The first grants from our Community Benefit Fund to support nonprofits that improve quality of life in the district will be awarded in 2010. Additionally, the YCBCD's website was launched in January 2010 and news bulletins are distributed quarterly. Block parties are engaging residents and businesses. Event sponsorship support guidelines and processes have been developed, and grants will be made in the fourth quarter of 2010.



**Beautification.** The Greening Committee was formed in April 2010. Working groups were created for short and long-term projects. The short-term working group is focused on identifying neighborhood streetscape improvements that could be completed within the current fiscal year (July 1-June 30). The long-term working group is developing a 5-10 year plan that will harness the ideas of YCBCD constituents and the public to articulate: (1) a guiding vision; (2) list of projects; (3) phasing plan, and (4) conceptual drawings to improve the safety and beauty of the district.



**Management of District.** A non-profit management corporation administers the YCBCD and it is governed by a Board that represents a diversity of stakeholders and areas of the neighborhood. Nine committees meet monthly, including two ad hoc committees. Operational systems have been established including Finance Policies and Procedures, financial tracking and reporting systems, and Committee Structures. The first two organizational staff members have been hired.



# BUDGET + BALANCE SHEET

## JULY 2009-JUNE 2010 ACTUALS

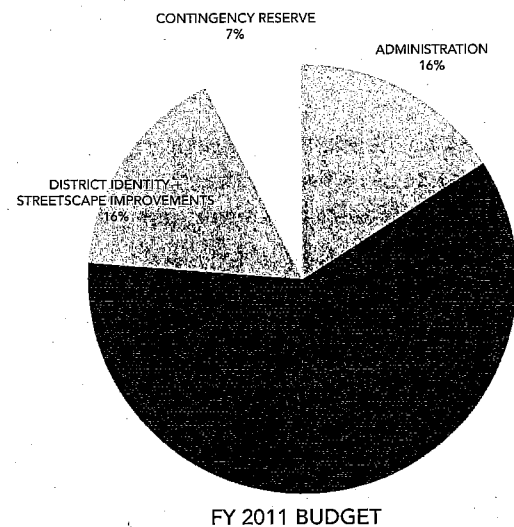
| INCOME                                      | ACTUALS            | BUDGET             | OVER/(UNDER) BUDGET  |
|---|--------------------|--------------------|----------------------|
| Assessments                                 | \$2,412,953        | \$2,384,045        | \$28,908             |
| Fundraising/In-Kind                         | \$30,226           | \$125,476          | \$(95,250)           |
| Interest Income                             | \$692              | \$5,000            | \$(4,308)            |
| Carryover                                   | —                  | \$483,658          | \$(483,658)          |
| <b>TOTAL INCOME</b>                         | <b>\$2,443,871</b> | <b>\$2,998,179</b> | <b>\$(554,308)</b>   |
| EXPENSES                                    | ACTUALS            | BUDGET             | OVER/(UNDER) BUDGET  |
| Administration                              | \$408,045          | \$450,740          | \$(42,695)           |
| Sidewalk Operations & Beautification        | \$1,301,194        | \$1,785,815        | \$(484,621)          |
| District Identity & Streetscape Improvement | \$120,852          | \$416,400          | \$(295,548)          |
| Contingency/Reserve                         | \$147,324          | \$345,224          | \$(197,900)          |
| <b>TOTAL EXPENSES</b>                       | <b>\$1,977,415</b> | <b>\$2,998,179</b> | <b>\$(1,020,764)</b> |
| <b>NET INCOME</b>                           | <b>\$466,456</b>   | <b>—</b>           | <b>\$466,456</b>     |

## JULY 2009-JUNE 2010 BALANCE SHEET

| ASSETS                                    |                    |
|---|--------------------|
| Cash In Bank                              | \$1,983,140        |
| Accounts Receivable, Net                  | \$533,990          |
| Other                                     | \$182,004          |
| <b>TOTAL ASSETS</b>                       | <b>\$2,699,134</b> |
| LIABILITIES                               |                    |
| Accounts Payable                          | \$121,708          |
| Other Liabilities                         | \$33,070           |
| <b>TOTAL LIABILITIES</b>                  | <b>\$154,778</b>   |
| <b>TOTAL NET ASSETS (CARRYOVER)</b>       | <b>\$2,544,356</b> |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b> | <b>\$2,699,134</b> |

## JULY 2010-JUNE 2011 BUDGET

| INCOME                                      |                    |
|---|--------------------|
| Assessments                                 | \$2,412,952        |
| Fundraising/In-Kind                         | \$125,476          |
| Interest Income                             | \$5,000            |
| Carryover                                   | \$772,330          |
| <b>TOTAL INCOME</b>                         | <b>\$3,315,758</b> |
| EXPENSES                                    |                    |
| Administration                              | \$529,564          |
| Sidewalk Operations & Beautification        | \$1,998,862        |
| District Identity & Streetscape Improvement | \$542,108          |
| Contingency/Reserve                         | \$245,224          |
| <b>TOTAL EXPENSES</b>                       | <b>\$3,315,758</b> |



## PROJECTED CARRYOVER DISBURSEMENT

| CARRYOVER                                   | TOTAL              | TO BE USED IN FY 2010-2011 | TO BE USED IN FUTURE YEARS |
|---|--------------------|----------------------------|----------------------------|
| Administration                              | \$178,949          | \$178,949                  | —                          |
| Sidewalk Operations & Beautification        | \$1,659,605        | \$345,650                  | \$1,313,955                |
| District Identity & Streetscape Improvement | \$391,515          | \$236,350                  | \$155,165                  |
| Contingency/Reserve                         | \$314,286          | \$11,381                   | \$302,905                  |
| <b>TOTAL CARRYOVER DISBURSEMENT</b>         | <b>\$2,544,355</b> | <b>\$772,330</b>           | <b>\$1,772,025</b>         |

# ASSESSMENT ANALYSIS

## ASSESSMENT METHODOLOGY

The Yerba Buena Community Benefit District is funded through an annual assessment from business and property owners. Annual assessments are based on one or more of the following four property factors:

- Linear frontage (sidewalk frontage)
- Gross building square footage
- Location in a particular benefit zone
- Property usage

There are five benefit zones in the Yerba Buena Community Benefit District. The creation of the benefit zones was based upon the level of special services desired by property owners by use, the type of special services needed in the zone, and the intensity of use in the public right of way in the specific zone.

## ASSESSMENT CALCULATION

The annual assessment is calculated by multiplying the gross square footage of the property by the square footage fee for a property's zone and use (Condominium or Commercial). If the property has linear frontage an additional fee is calculated by taking the total linear frontage of the property and multiplying by the frontage fee for the property's zone.

For example, a commercial property in Zone 1 of 1,000 gross square feet and with 10 feet of linear frontage would calculate their assessment as follows:

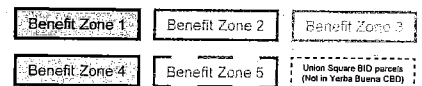
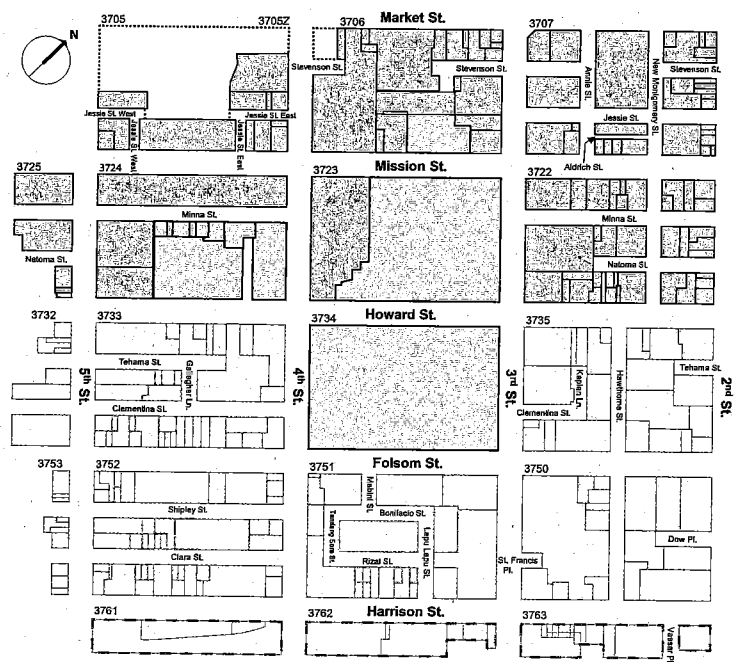
Zone 1 Commercial property fee (\$0.076) x 1,000 square feet = \$76.00

Zone 1 Frontage fee (\$15.30) x 10 linear feet = \$153.00

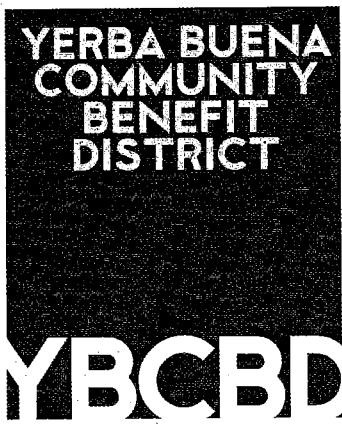
Add the two together to get the total assessment of \$329.00.

## AREA MAP OF THE YERBA BUENA COMMUNITY BENEFIT DISTRICT

Yerba Buena bustles with world-class museums, shopping, dining, convention space, hotels, and educational institutions. Senior housing blends with live/work lofts and luxury condominiums. It is the most dynamic neighborhood in the City – a celebration of San Francisco's eclectic backbone stretching from Second to Fifth and Market to Harrison Streets.



|        | CONDO FEE / FT2 | COMMERCIAL PROP. FEE / FT2 | FRONTAGE FEE / LINEAR FT. |
|--------|-----------------|----------------------------|---------------------------|
| Zone 1 | \$0.215         | \$0.076                    | \$15.30                   |
| Zone 2 | \$0.215         | \$0.045                    | \$10.30                   |
| Zone 3 | \$0.215         | \$0.022                    | \$5.20                    |
| Zone 4 | —               | —                          | \$38.40                   |
| Zone 5 | —               | —                          | \$10.30                   |



5 Third Street, Suite 914  
San Francisco, CA 94103  
T 415.644.0728  
F 415.644.0751  
e info@ybcdbd.org  
w www.ybcdbd.org

### IMPORTANT NUMBERS AND LETTERS

**YBCBD Dispatch:**  
415-543-9223. Contact  
us for non-emergency  
services, public  
area cleaning and  
maintenance issues, and  
social services outreach.

**Emergency services:**  
Call 9-1-1.

Learn more about YBCBD  
programs and services at  
[www.ybcd.org](http://www.ybcd.org).

## YBCBD BOARD OF DIRECTORS

### BOARD CHAIR:

**Heather Almond**, Westfield LLC

### BOARD VICE-CHAIR:

**Regina Flanagan**, Resident

### SECRETARY/TREASURER:

**David Crosson**, California Historical Society

**Ray Bobbitt**, City Nights

**John Brown**, Fifth and Mission Garage

**Joe Brennan**, SFMOMA

**Geoffrey Cousineau**, San Francisco Marriott

**Carolyn Diamond**, Market Street Association

**John Elberling**, TODCO

**Saul Feldman**, Resident

**Matt Field**, TMG Partners

**Steven Glick**, CCSF, Downtown Campus

**LJ Hartman**, Contemporary Jewish Museum

**Paul Lamb**, Rocket Postcards & Nomad Printing

**Tim Leonoudakis**, City Park

**Lawrence Li**, SPUR

**Rhiannon Evans MacFadyen**, Catharine Clark Gallery

**Barbara McMillin**, Resident

**Noushin Mofakham**, South of Market Child Care Center

**John Noguchi**, The Moscone Center

**Herman Perez**, W Hotel

**Carol Perry**, San Francisco Convention and Visitors Bureau

**Danny Phelan**, Roe Restaurant and Lounge

**Cathy Pickering**, San Francisco Redevelopment Agency

**Eric Tao**, AGI Capital

**Audrey Yamamoto**, ZEUM

**Benjamin Yu**, Forest City Development

## YBCBD COMMITTEES

Audit, Community Benefit Fund, Executive, Finance,  
Fundraising, Greening, Marketing, Nominating, Services

## YBCBD STAFF

**Cathy Maupin**, Executive Director

**Paolo Cosulich-Schwartz**, Administrative Manager

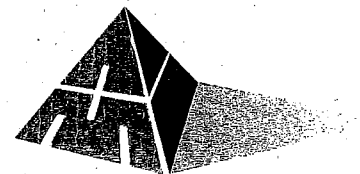
YERBA BUENA COMMUNITY  
BENEFIT DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2010

**ARMANINO MCKENNA LLP**

Certified Public Accountants & Consultants



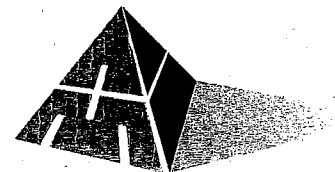
YERBA BUENA COMMUNITY  
BENEFIT DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2010

**ARMANINO MCKENNA LLP**

Certified Public Accountants & Consultants



## TABLE OF CONTENTS

|                                      | <u>Page No.</u> |
|--------------------------------------|-----------------|
| Independent Auditors' Report         | 1               |
| Management's Discussion and Analysis | 2 - 7           |
| Statement of Net Assets              | 8               |
| Statement of Activities              | 9               |
| Statement of Cash Flows              | 10              |
| Notes to Financial Statements        | 11 - 13         |

**ARMANINO MCKENNA LLP**

Certified Public Accountants & Consultants

12667 Alcosta Blvd., Suite 500  
San Ramon, CA 94583-4427  
ph: 925.790.2600  
fx: 925.790.2601  
www.amlp.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Yerba Buena Community Benefit District  
San Francisco, California

We have audited the accompanying statement of net assets of Yerba Buena Community Benefit District (the "District") ("YBCBD") (a California nonprofit, public benefit corporation) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the District's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2010 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis ("MD&A") on pages 2 through 7 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*ARMANINO MCKENNA LLP*

ARMANINO MCKENNA LLP

September 27, 2010



YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Management's Discussion and Analysis  
June 30, 2010

---

This section of Yerba Buena Community Benefit District's ("YBCBD") annual financial report includes some of management's insights and analysis of YBCBD's financial performance for the year.

Introduction to the Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board ("GASB") statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*. This standard is applicable to YBCBD that acts as the "Owners' Association" to implement, administer and provide the property related services, improvements and activities to be funded by special assessments the City of San Francisco (the "City") has levied on identified parcels of real property included within the property-based business improvement district. YBCBD was created based on majority vote by the residents and businesses within the district.

The financial statements include: the Statement of Net Assets, the Statement of Activities and the Statement of Cash Flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain a complete understanding of the financial picture of YBCBD.

*Statement of Net Assets:* The statement of net assets includes all assets, liabilities and net assets. Assets and liabilities are reported on an accrual basis, as of the statement date.

*Statement of Activities:* The statement of activities presents the revenues earned and expenses incurred during the year ended on an accrual basis.

*Statement of Cash Flows:* The statement of cash flows presents the inflows and outflows of cash, summarized by operating, capital and related financing and investing activities. The statements are prepared using the direct method of cash flows, and therefore, present gross rather than net amounts for the year's operating activities.



YERBA BUENA COMMUNITY BENEFIT DISTRICT  
 Management's Discussion and Analysis  
 June 30, 2010

Analytical Overview

A summary of key financial statement information is used as a basis for reviewing current year results in comparison with the prior year.

Net Assets  
As of June 30, 2010 and 2009

|                                  | <u>2010</u>        | <u>2009</u>        | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|----------------------------------|--------------------|--------------------|--------------------------------|---------------------------|
| <b>ASSETS</b>                    |                    |                    |                                |                           |
| Current assets                   | \$2,521,520        | \$1,969,032        | \$552,488                      | 28%                       |
| Other non-current assets         | 2,210              | -                  | 2,210                          | 100%                      |
| Capital assets                   | <u>2,617</u>       | <u>1,671</u>       | <u>946</u>                     | 57%                       |
| Total assets                     | <u>\$2,526,347</u> | <u>\$1,970,703</u> | <u>\$555,644</u>               | 28%                       |
| <b>LIABILITIES</b>               |                    |                    |                                |                           |
| Current liabilities              | \$ 137,278         | \$ 106,667         | \$ 30,611                      | 29%                       |
| <b>FUND BALANCE/NET ASSETS</b>   |                    |                    |                                |                           |
| Total liabilities and net assets | <u>\$2,526,347</u> | <u>\$1,970,703</u> | <u>\$555,644</u>               | 28%                       |

Net assets at June 30, 2010 increased to \$2,389,069 from \$1,864,036 in 2009 due to assessment revenue in excess of operating expenses of \$524,341 and interest income of \$692. Current year expenses were less than total assessment revenue due to a delayed start in some of the organization's significant programs including greening activities and a neighborhood identity and branding project. These funds will be carried over and spent in future years. As a result of this delayed spending, cash balances increased by \$365,697. Additionally, assessment revenue receivable increased by \$187,215, net of the allowance for uncollectible accounts.

YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Management's Discussion and Analysis  
June 30, 2010

Operating Results  
For the Years Ended June 30, 2010 and 2009

|                                 | <u>2010</u>        | <u>2009</u>        | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|---------------------------------|--------------------|--------------------|--------------------------------|---------------------------|
| Revenues                        | \$2,299,866        | \$2,341,979        | \$ (42,133)                    | (2%)                      |
| Less expenses                   | <u>1,775,525</u>   | <u>477,943</u>     | <u>1,297,582</u>               | 271%                      |
| Excess of revenue over expenses | <u>524,341</u>     | <u>1,864,036</u>   | <u>(1,339,695)</u>             | (72%)                     |
| Non-operating revenue           |                    |                    |                                |                           |
| Interest income                 | <u>692</u>         | <u>-</u>           | <u>692</u>                     | 100%                      |
| Change in net assets            | 525,033            | 1,864,036          | (1,339,003)                    | (72%)                     |
| Net assets, beginning of year   | <u>1,864,036</u>   | <u>-</u>           | <u>1,864,036</u>               | 100%                      |
| Net assets, end of year         | <u>\$2,389,069</u> | <u>\$1,864,036</u> | <u>\$ 525,033</u>              | 28%                       |

Total revenues decreased \$42,133 and total expenses increased \$1,297,582. The result was a decrease in the excess of revenue over expenses of \$1,339,695 from 2009. Assessment revenue increased slightly from 2009 to 2010 (by approximately \$42,000) while contributed service revenue decreased from \$103,148 in 2009 to \$30,226. Expenses increased significantly as many of the programs were put into place at the end of fiscal year 2009 and were up and running for the full 2010 fiscal year. Significant increases in cleaning and greening expenses (~\$486k), the addition of Community Guides (~\$460k) and increased police presence (~\$269k) accounted for nearly all of the increase in expenses.

YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Management's Discussion and Analysis  
June 30, 2010

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Revenues  
For the Years Ended June 30, 2010 and 2009

|                      | <u>2010</u>        | <u>2009</u>        | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|----------------------|--------------------|--------------------|--------------------------------|---------------------------|
| Revenues             |                    |                    |                                |                           |
| Assessments, net     | \$2,269,640        | \$2,238,831        | \$ 30,809                      | 1%                        |
| Contributed services | <u>30,226</u>      | <u>103,148</u>     | <u>(72,922)</u>                | (71%)                     |
| Total revenues       | <u>\$2,299,866</u> | <u>\$2,341,979</u> | <u>\$ (42,133)</u>             | (2%)                      |

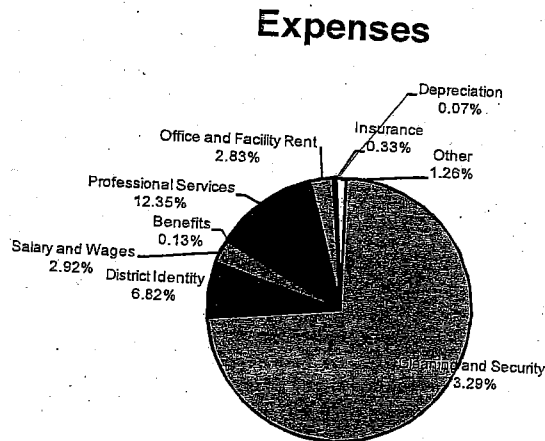
Total revenue decreased by \$42,133 from fiscal year 2009 to 2010. Assessment revenue increased slightly as the City of San Francisco refined its database and adjusted individual parcel assessments to account for better square footage and linear footage data as well as conversion of construction properties into individual housing units. However, this increase was offset by a decrease in contributed services from the previous year. Most contributed services in fiscal year 2009 were related to legal and other donated start-up costs. All in-kind contributions in fiscal year 2010 were related to operational activities, such as donated meeting space, donated food for meetings, and donated furniture and equipment.

YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Management's Discussion and Analysis  
June 30, 2010

Expenses  
For the Years Ended June 30, 2010 and 2009

| Expenses                                       | <u>2010</u>               | <u>2009</u>             | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|--|---------------------------|-------------------------|--------------------------------|---------------------------|
| Cleaning and security services                 | \$1,301,194               | \$ 85,301               | \$1,215,893                    | 1425%                     |
| District identity and streetscape improvements | 121,077                   | 15,304                  | 105,773                        | 691%                      |
| Salaries and wages                             | 51,931                    | -                       | 51,931                         | 100%                      |
| Employee benefits                              | 2,286                     | -                       | 2,286                          | 100%                      |
| Professional services                          | 219,310                   | 365,561                 | (146,251)                      | (40%)                     |
| Office and facility rent                       | 50,177                    | 3,850                   | 46,327                         | 1203%                     |
| Insurance                                      | 5,851                     | 1,840                   | 4,011                          | 218%                      |
| Depreciation                                   | 1,309                     | 152                     | 1,157                          | 761%                      |
| Other  | <u>22,390</u>             | <u>5,935</u>            | <u>16,455</u>                  | <u>277%</u>               |
| <b>Total expenses</b>                          | <b><u>\$1,775,525</u></b> | <b><u>\$477,943</u></b> | <b><u>\$1,297,582</u></b>      | <b><u>271%</u></b>        |

The following is a graphic illustration of expenses:



Expenses in 2010 for YBCBD were \$1,297,582 or 271% over 2009. Most of the administrative expenses (e.g. rent, insurance, etc) increased as the organization ramped up from start-up activities during fiscal year 2009. Salaries and benefits increased as the organization hired its first employees. Sidewalk operations and beautification, cleaning and security services, and district identity and streetscape improvements increased the most significantly as programs implemented at the end of fiscal year 2009 were in place for the full 2010 fiscal year. Purchased Services and other expenses consist mostly of consulting and other professional fees which decreased as staff were hired and much of the initial operational start-up implementation work was completed.

YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Management's Discussion and Analysis  
June 30, 2010

Cash Flows  
For the Years Ended June 30, 2010 and 2009

|  | <u>2010</u>        | <u>2009</u>        | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|--|--------------------|--------------------|--------------------------------|---------------------------|
| Cash provided by                           |                    |                    |                                |                           |
| Operating activities                       | \$ 367,260         | \$1,749,000        | \$(1,381,740)                  | (79%)                     |
| Capital and related financing activities   | (2,255)            | (1,823)            | (432)                          | (24%)                     |
| Investing activities                       | 692                | (129,734)          | 130,426                        | 101%                      |
| Net change in cash<br>and cash equivalents | <u>365,697</u>     | <u>1,617,443</u>   | <u>(1,251,746)</u>             | <u>(77%)</u>              |
| Cash and cash equivalents                  |                    |                    |                                |                           |
| Beginning of year                          | <u>1,617,443</u>   | -                  | <u>1,617,143</u>               | 100%                      |
| End of year                                | <u>\$1,983,140</u> | <u>\$1,617,443</u> | <u>\$ 365,697</u>              | 23%                       |

Cash provided by operating activities was \$1,381,740 or 79% below fiscal year 2009. The decrease is due to the fact that the YBCBD was just ramping up activities during fiscal year 2009.

Capital Assets, Net  
As of June 30, 2010 and 2009

|                               | <u>2010</u>    | <u>2009</u>    | <u>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|-------------------------------|----------------|----------------|--------------------------------|---------------------------|
| Capital assets                |                |                |                                |                           |
| Equipment                     | \$1,823        | \$1,823        | \$ -                           | 0%                        |
| Computer hardware             | <u>2,255</u>   | -              | <u>2,255</u>                   | 100%                      |
| Total                         | 4,078          | 1,823          | 2,255                          | 124%                      |
| Less accumulated depreciation | <u>(1,461)</u> | <u>(152)</u>   | <u>1,309</u>                   | 861%                      |
| Net capital assets            | <u>\$2,617</u> | <u>\$1,671</u> | <u>\$ 946</u>                  | 57%                       |

As of June 30, 2010, YBCBD had recorded \$4,078 in gross capital assets, \$1,461 in accumulated depreciation and \$2,617 in net capital assets. Computers were purchased during 2010 in anticipation of additional staffing hires.

YERBA BUENA COMMUNITY BENEFIT DISTRICT

Statement of Net Assets

June 30, 2010

| <u>ASSETS</u>                       | <u>General<br/>Fund</u> | <u>Adjustments</u> | <u>Statement of<br/>Net Assets</u> |
|-------------------------------------|-------------------------|--------------------|------------------------------------|
| Current assets                      |                         |                    |                                    |
| Cash and cash equivalents           | \$ 1,983,140            | \$ -               | \$ 1,983,140                       |
| Assessment receivables, net         | 533,990                 | -                  | 533,990                            |
| Prepaid expenses                    | 4,390                   | -                  | 4,390                              |
| Total current assets                | <u>2,521,520</u>        | <u>-</u>           | <u>2,521,520</u>                   |
| Capital assets                      |                         |                    |                                    |
| Equipment                           | -                       | 1,823              | 1,823                              |
| Computer hardware                   | -                       | 2,255              | 2,255                              |
|                                     | -                       | 4,078              | 4,078                              |
| Less accumulated depreciation       | -                       | (1,461)            | (1,461)                            |
| Net capital assets                  | <u>-</u>                | <u>2,617</u>       | <u>2,617</u>                       |
| Deposit                             | <u>2,210</u>            | <u>-</u>           | <u>2,210</u>                       |
| Total assets                        | <u>\$ 2,523,730</u>     | <u>\$ 2,617</u>    | <u>\$ 2,526,347</u>                |
| <u>LIABILITIES</u>                  |                         |                    |                                    |
| Current liabilities                 |                         |                    |                                    |
| Accounts payable                    | \$ 121,708              | \$ -               | \$ 121,708                         |
| Accrued expenses                    | 15,570                  | -                  | 15,570                             |
| Total liabilities                   | <u>137,278</u>          | <u>-</u>           | <u>137,278</u>                     |
| <u>FUND BALANCES AND NET ASSETS</u> |                         |                    |                                    |
| Fund balances                       |                         |                    |                                    |
| Unreserved                          | 2,386,452               | (2,386,452)        | -                                  |
| Total fund balances                 | <u>2,386,452</u>        | <u>(2,386,452)</u> | <u>-</u>                           |
| Total liabilities and fund balances | <u>\$ 2,523,730</u>     |                    |                                    |
| Net assets                          |                         |                    |                                    |
| Unrestricted                        |                         | 2,386,452          | 2,386,452                          |
| Invested in capital assets          |                         | <u>2,617</u>       | <u>2,617</u>                       |
| Total net assets                    |                         | <u>2,389,069</u>   | <u>2,389,069</u>                   |
| Total liabilities and net assets    |                         | <u>\$ 2,617</u>    | <u>\$ 2,526,347</u>                |

The accompanying notes are an integral part of these financial statements.

YERBA BUENA COMMUNITY BENEFIT DISTRICT

Statement of Activities

For the Year Ended June 30, 2010

|  | General<br>Fund     | Adjustments     | Statement of<br>Activities |
|--|---------------------|-----------------|----------------------------|
| Revenues                                       |                     |                 |                            |
| Assessments, net                               | \$ 2,269,640        | \$ -            | \$ 2,269,640               |
| Contributed services                           | 30,226              | -               | 30,226                     |
| Total revenues                                 | <u>2,299,866</u>    | <u>-</u>        | <u>2,299,866</u>           |
| Expenditures/expenses                          |                     |                 |                            |
| Cleaning and security services                 | 1,301,194           | -               | 1,301,194                  |
| Professional services                          | 219,310             | -               | 219,310                    |
| District identity and streetscape improvements | 121,077             | -               | 121,077                    |
| Salaries and wages                             | 51,931              | -               | 51,931                     |
| Employee benefits                              | 2,286               | -               | 2,286                      |
| Office and facility rent                       | 50,177              | -               | 50,177                     |
| Insurance                                      | 5,851               | -               | 5,851                      |
| Capital outlay                                 | 2,255               | (2,255)         | -                          |
| Depreciation                                   | -                   | 1,309           | 1,309                      |
| Other  | 22,390              | -               | 22,390                     |
| Total expenditures/expenses                    | <u>1,776,471</u>    | <u>(946)</u>    | <u>1,775,525</u>           |
| Excess of revenues over expenditures           | <u>523,395</u>      | <u>946</u>      | <u>524,341</u>             |
| Non-operating revenues                         |                     |                 |                            |
| Interest income                                | <u>692</u>          | <u>-</u>        | <u>692</u>                 |
| Change in net assets                           | 524,087             | 946             | 525,033                    |
| Fund balances/net assets, beginning of year    | <u>1,862,365</u>    | <u>1,671</u>    | <u>1,864,036</u>           |
| Fund balances/net assets, end of year          | <u>\$ 2,386,452</u> | <u>\$ 2,617</u> | <u>\$ 2,389,069</u>        |

The accompanying notes are an integral part of these financial statements.

YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Statement of Cash Flows  
For the Year Ended June 30, 2010

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|   |                     |
|---|---------------------|
| Cash flows from operating activities  |                     |
| Receipts from assessments   | \$ 2,080,514        |
| Payments to suppliers   | (1,662,634)         |
| Payments to employees   | (52,531)            |
| Other cash flow   | 1,911               |
| Net cash provided by operating activities   | <u>367,260</u>      |
| <br>  |                     |
| Cash flows from capital and related financing activities                              |                     |
| Acquisition of capital assets   | (2,255)             |
| Net cash used in capital and related financing activities                             | <u>(2,255)</u>      |
| <br>  |                     |
| Cash flows from investing activities  |                     |
| Interest income   | 692                 |
| Net cash provided by financing activities   | <u>692</u>          |
| <br>  |                     |
| Net change in cash and cash equivalents   | 365,697             |
| <br>  |                     |
| Cash and cash equivalents, beginning of year  | <u>1,617,443</u>    |
| <br>  |                     |
| Cash and cash equivalents, end of year  | <u>\$ 1,983,140</u> |
| <br>  |                     |
| Reconciliation of operating income to<br>net cash provided by operating activities    |                     |
| Operating income  | \$ 524,341          |
| Adjustments to reconcile operating income<br>to net cash used in operating activities |                     |
| Depreciation and amortization   | 1,309               |
| Changes in assets and liabilities   |                     |
| Accounts receivable   | (187,215)           |
| Prepaid expenses and other  | (1,786)             |
| Accounts payable  | 32,297              |
| Accrued liabilities   | (1,686)             |
| Net cash provided by operating activities   | <u>\$ 367,260</u>   |

The accompanying notes are an integral part of these financial statements.



YERBA BUENA COMMUNITY BENEFIT DISTRICT

Notes to Financial Statements

June 30, 2010

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1. Organization and Summary of Significant Accounting Policies

Organization

The Yerba Buena Community Benefit District (the "District") ("YBCBD") is a California nonprofit public benefit corporation whose purpose is to create an ideal place for people to live, work, study and visit the District through programs that 1) improve safety and security, 2) enhance cleanliness and neighborhood greening and 3) increase economic vitality.

The District entered into an agreement with the City and County of San Francisco ("City") by and through the Office of Economic and Workforce Development ("OEWD") and pursuant to Sections 36614.5 and 36651 of the California Streets and Highways Code, to implement, administer and provide the property-related services, improvements and activities to be funded by special assessments the City has levied on identified parcels of real property included within the property-based business improvement district known as the Yerba Buena Community Benefit District.

The agreement commenced with the levy and collection of assessments on the properties located within the district with the fiscal year 2008-2009 and will terminate with the fiscal year 2014-2015.

Basis of presentation

The financial statement presentation, required by the Governmental Accounting Standards Board ("GASB") Statements No. 34, 37 and No. 38 provides a full accrual basis, comprehensive, entity-wide perspective of the District's assets and liabilities, results of operations and cash flows. YBCBD follows the single governmental program reporting requirements of GASB Statement No. 34 and as such presents a combined institutional wide and governmental fund statement of net assets.

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those are reported as expenditures in the general fund. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Assessment revenue recognition

The District's operating revenue consists primarily of special assessments levied by the City. In accordance with GASB 33, revenue is recognized on the assessment date, net of any uncollectable amounts and refunds. The estimated uncollectable amount charged to revenue for the year ended June 30, 2010 was \$145,224.

YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Notes to Financial Statements  
June 30, 2010

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1. Organization and Summary of Significant Accounting Policies (continued)

Contributed services

As allowed under GASB, contributed services are donated goods and services that would typically need to be purchased if not donated and are recognized in the accompanying financial statements as contributed service revenue at their estimated fair value. The District's 2010 contributed service revenue relates to the donated use of facilities and legal services.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and estimates can change in light of new circumstances.

Cash and cash equivalents

The District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The District places its cash and temporary cash investments with high credit quality institutions. Periodically, such investments may be in excess of federally insured limits.

Assessment receivables

Assessment receivables are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is maintained, based on past experiences and other circumstances. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts was \$290,448 at June 30, 2010.

Capital assets

Furniture, fixtures and equipment are recorded at cost. Depreciation is calculated on a straight line basis over the estimated useful lives of three years. Depreciation and amortization expense for 2010 amounted to \$1,309.

YERBA BUENA COMMUNITY BENEFIT DISTRICT  
Notes to Financial Statements  
June 30, 2010

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1. Organization and Summary of Significant Accounting Policies (continued)

Income taxes

The District is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3) and from California Franchise taxes under Revenue and Taxation Code Section 23701d. The District has evaluated its current tax positions and has concluded that as of June 30, 2010, the District does not have any significant uncertain tax positions for which a reserve would be necessary.

2. Commitments

The District has entered into operating leases for its office space that expire in August 2015. Rent under the agreements is expensed as incurred to operations over the terms of the leases. Future minimum lease payments under these leases are as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u>    |
|----------------------------|------------------|
| 2011                       | \$ 22,373        |
| 2012                       | 23,603           |
| 2013                       | 24,510           |
| 2014                       | 25,451           |
| 2015                       | 26,398           |
| Thereafter                 | <u>3,314</u>     |
|                            | <u>\$125,649</u> |

3. Contributed Services

The corresponding expenses relate to donated services for the year ended June 30, 2010:

|                    |                 |
|--------------------|-----------------|
| Facility rental    | \$26,151        |
| Legal consultation | <u>4,075</u>    |
| Total              | <u>\$30,226</u> |

4. Prior Period Adjustment

Net assets at the beginning of 2010 have been restated to correct certain prior period capitalized start-up costs and accounting expenditures that were recorded in error in prior years. The effect of the restatement was to decrease beginning unrestricted net assets for 2010 by \$218,863. There was no impact on the current year change in net assets as a result of the restatement.

