

**MID MARKET COMMUNITY  
BENEFIT DISTRICT**

**REVIEWED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**

Final Draft

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**MID MARKET COMMUNITY  
BENEFIT DISTRICT  
REVIEWED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Mid Market Community Benefit District  
San Francisco, California

We have reviewed the accompanying statement of financial position of Mid Market Community Benefit District (formerly known as Central Market Community Benefit District), a California nonprofit benefit organization, as of December 31, 2020, and the related statements of activities, functional expense, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement taken as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for them to be in accordance with generally accepted accounting principles in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modification 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.

Pleasant Hill, California  
November 1, 2021

**MID MARKET COMMUNITY BENEFIT DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2020**

ASSETS

Current Assets:	
Cash and cash equivalents (Note 3)	\$2,391,173
Cash designated for contingencies and reserve (Note 3)	810,013
Account receivable (Note 2B)	169,304
Security deposits and other	<u>2,190</u>
 Total Current Assets	 <u>3,372,680</u>
Non Current Assets:	
Property and equipment, net of accumulated depreciation of \$8,921 (Note 2C)	<u>33,025</u>
 Total Non Current Assets	 <u>33,025</u>
 Total Assets	 <u>3,405,705</u>

LIABILITIES

Current Liabilities:	
Accounts payable	303,080
Accrued expenses	230,993
Deferred revenue (Note 2C)	<u>1,549,268</u>
 Total Current Liabilities	 <u>2,083,341</u>
Non Current Liabilities:	
Loans payable (Note 6)	<u>106,472</u>
 Total Non Current Liabilities	 <u>106,472</u>
 Total Liabilities	 <u>2,189,813</u>

NET ASSETS (Note 2A)

Without donor restrictions	<u>1,215,892</u>
 Total Net Assets	 <u><u>\$1,215,892</u></u>

See accountant's review report and notes to financial statements.

**MID MARKET COMMUNITY BENEFIT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2020**

**CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:**

Support and Revenues

Local property assessments (Note 5)	\$1,668,913
General Benefit Non-Assessment Revenue:	
Grants	280,325
Fees for Service	628,289
Contributions and Other	5,869
Investment Income	<u>414</u>
 Total Support and Revenues	 <u>2,583,810</u>

Expenses

Program services:	
Public Safety, Cleaning and Maintenance	927,324
General Benefit Non-Assessment Expenses	<u>858,082</u>
Sub-total Program services	<u>1,785,406</u>
 Support services:	
Management and Economic Development	582,007
Fundraising	<u>28,722</u>
Sub-total Support services	<u>610,729</u>
 Total Expenses	 <u>2,396,135</u>

Change in Net Assets	187,675
 Net Assets, Beginning of Year	 <u>1,028,217</u>
 Net Assets, End of Year	 <u><u>\$1,215,892</u></u>

See accountant's review report and notes to financial statements.

**MID MARKET COMMUNITY BENEFIT DISTRICT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2020**

	Program Services		Supporting Services		Total
	Public Safety, Cleaning and Maintenance	Non- Assessment	Management and Economic Development	Fundraising	
FUNCTIONAL EXPENSES					
Personnel Costs:					
Salaries			\$288,124	\$22,314	\$310,438
Payroll taxes			27,522	2,132	29,654
Health and other fringe benefits			36,233	3,167	39,400
Worker's compensation			2,894	392	3,286
Payroll fees			3,358	717	4,075
Subtotal Personnel Costs			358,131	28,722	386,853
Public Safety	\$407,394				407,394
Cleaning and maintenance	519,930				519,930
Economic Development and Marketing:					
Economic development			40,306		40,306
Marketing and promotion			65,322		65,322
Subtotal Economic Development and Marketing Expense			105,628		105,628
Accounting and auditing fees			64,385		64,385
Consultants and contractors		\$851,060	3,470		854,530
Dues, membership and subscriptions		2,123	1,753		3,876
Insurance			11,646		11,646
Interest			1,586		1,586
Legal			2,425		2,425
Miscellaneous			425		425
Office supplies			4,539		4,539
Other equipment		4,399	4,178		8,577
Postage and delivery			186		186
Printing and reproduction		500	3,594		4,094
Rent			12,539		12,539
Telephone and internet			2,491		2,491
Travel and meetings			5,031		5,031
Total Functional Expenses	\$927,324	\$858,082	\$582,007	\$28,722	\$2,396,135

See accountant's review report and notes to financial statements.



**MID MARKET COMMUNITY BENEFIT DISTRICT**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$187,675
Depreciation expense	8,921
Adjustments to reconcile support and revenue over expenses to net cash provided (used) by operating activities:	
Increase/decrease in:	
Accounts receivable	(60,249)
Security deposits and other	32,743
Accounts payable	213,150
Accrued expenses	146,447
Deferred revenue	<u>1,527,743</u>
Total adjustments	<u>1,859,834</u>
Net cash provided by operating activities	<u>2,056,430</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from capital loan	44,166
Payments made on capital loan	(10,445)
Purchase of property and equipment	(41,946)
Proceeds from SBA loan	<u>72,751</u>
Net cash provided by financing activities	<u>64,526</u>
Net increase in cash	2,120,956
Cash and cash equivalents, beginning of year	<u>1,080,230</u>
Cash and cash equivalents, end of year	<u><u>\$3,201,186</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Property taxes paid	\$186
Interest paid	\$1,586
Non-cash activities: In-kind contributions	\$2,500

See accountant's review report and notes to financial statements.

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**MID MARKET COMMUNITY BENEFIT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended December 31, 2020**

**NOTE 1 – ORGANIZATION AND PROGRAMS**

**A. Reporting Entity**

Mid Market Community Benefit District (MMCBD), formally known as Central Market Community Benefit Corporation, is a California nonprofit, community-based organization incorporated in February 2007, to provide programs and services to improve the overall cleanliness, safety and economic development of the Central Market District (District) in San Francisco, California.

Funding is provided primarily from special assessments collected from every property owner in the district through the City and County of San Francisco. The annual budget for MMCBD is allocated into the following spending categories: 28.7% cleaning and maintenance, 35.2% public safety, 24.6% management and economic development and 11.5% contingency.

**B. Programs and Activities**

**Cleaning and Maintenance** – MMCBD public realm services include: graffiti abatement, sidewalk sweeping and pressure washing, landscape maintenance and reporting of issues to the Department of Public Works.

**Public Safety** – MMCBD’s Community Ambassador program provides way-finding assistance, social service outreach and serves as eyes and ears on the street deterring and reporting crime. MMCBD may also from time to time provide a uniformed SFPD 10b Police Officer to support MMCBD field personnel. 10b Officers work alongside MMCBD staff and vendors to address crime and quality of life issues within the neighborhood.

**Management and Economic Development** – Management oversees the MMCBD’s operations and advocates for more responsive City services. Economic development efforts support District business attraction, retention and expansion; and marketing and special events that enhance District awareness and vitality.

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

**A. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

**MID MARKET COMMUNITY BENEFIT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended December 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

MMCBD reports information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

*Net Assets With Donor Restrictions* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**B. *Receivables***

MMCBD considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

**C. *Property and Equipment***

Property and equipment acquisitions are recorded at cost or, if donated, at their estimated fair value at date of donation. Property and equipment with a useful life of more than one year and an acquisition cost of \$2,500 or more is capitalized. Depreciation is computed over the estimated useful lives of the respective assets, ranging from 2 to 3 years for furniture and equipment, on a straight-line basis. Expenses for maintenance, repairs and minor renewals are charged against operations as incurred.

As of December 31, 2020, MMCBD's property and equipment consists of office chairs and a pressure washer recorded at a total cost of \$41,946. Depreciation expense during the year was \$8,921.

**MID MARKET COMMUNITY BENEFIT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended December 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Deferred Revenue***

As of December 31, 2020, deferred revenue consisted of the following:

Property Assessments	\$1,019,465
Silicon Valley Community Foundation	500,000
Urban Solutions	20,000
Mercy Housing	<u>9,803</u>
 Total Deferred Revenue	 <u><u>\$1,549,268</u></u>

***E. Functional Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on management's estimates. Direct costs are allocated to Assessment and Non-Assessment Programs, or Management and General. A portion of Personnel Costs have been allocated to Fundraising based on management's estimate of time spent on general fundraising efforts.

***F. Advertising***

MMCBD follows the policy of expensing advertising costs as incurred.

***G. Statement of Cash Flows***

For purposes of the statement of cash flows, MMCBD considers all highly liquid debt investments purchased with an initial maturity of three months or less to be cash equivalents.

***H. Estimates***

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

**MID MARKET COMMUNITY BENEFIT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended December 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Fair Value Measurements***

MMCBD reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the Foundations develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

***J. Income Taxes***

MMCBD is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the MMCBD qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The MMCBD paid no taxes on unrelated business income for the year ended December 31, 2020.

**MID MARKET COMMUNITY BENEFIT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended December 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that MMCBD does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the MMCBD's tax returns will not be challenged by the taxing authorities and that the MMCBD will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, MMCBD's tax returns remain open for federal income tax examination for three years from the date of filing.

**K. Subsequent Events**

MMCBD evaluated subsequent events for recognition and disclosure through November 1, 2021, the date which these financial statements were available to be issued.

As discussed in Note 6, MMCBD received notification on April 27, 2021, that the PPP loan obtained from the Small Business Administration was forgiven.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

As of December 31, 2020, the MMCBD's cash is summarized as follows:

Cash in bank	<u>\$3,201,186</u>
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Of the \$3,201,186 total cash and cash equivalents above, \$810,013 has been set aside as designated for contingencies and reserve, in accordance with the MMCBD's management plan with the City and County of San Francisco.

**NOTE 4 – RETIREMENT PLAN**

MMCBD sponsors a defined contribution plan for its full-time employees. MMCBD contributed \$12,105 to the plan during the year ended December 31, 2020.

**NOTE 5 – ASSESSMENT REVENUE**

MMCBD receives assessment revenues from the San Francisco City and County on behalf of members in the assessment district as a part of the County tax roll. Conversely, the MMCBD does not have control over unpaid assessments. The City and County may not be able to collect on unpaid assessments. As such, revenue is only recorded when received.

**MID MARKET COMMUNITY BENEFIT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended December 31, 2020**

**NOTE 6 – LOANS PAYABLE**

**A. Capital Loan – StreetPlus**

As part of the agreement for services between MMCBD and Streetplus Company, LLC (Streetplus), Streetplus purchased two pieces of equipment necessary for the cleaning and maintenance of the District's area in the amount of \$40,995. The equipment is exclusively used for MMCBD, and at the end of the agreement, the equipment will be owned by MMCBD. The loan bears interest at 19.53%, and is payable in monthly installments of \$1,266, including both principal and interest, commencing June 30, 2020 through May 31, 2023.

During 2020, MMCBD made payments totaling \$8,861, including principal and interest, and as of December 31, 2020, the principal balance of the loan was \$33,721.

**B. U.S. Small Business Administration Loan**

In May 2020, the Organization received a \$72,751 loan from the U.S. Small Business Administration Paycheck Protection Program (PPP), with an interest rate of 1.0% that matures in May 2022. The loan was made pursuant to sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 1106 of the CARES Act provides that up to the full principal amount plus interest accrued guaranteed under the PPP may qualify for forgiveness if the Organization uses the loan proceeds for forgivable purposes.

MMCBD received notification on April 27, 2021 that the PPP loan was forgiven by the U.S. Small Business Administration. Management has elected to recognize the \$72,751 as grant revenue in 2021.



**MID MARKET COMMUNITY BENEFIT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended December 31, 2020**

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at December 31, 2020:

Total current financial assets:	
Cash and cash equivalents	\$3,201,186
Accounts receivable	<u>169,304</u>
Total current financial assets	3,370,490
Amount set aside for contingencies and reserves	<u>(810,013)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$2,560,477</u></u>