

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2020 and 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lower Polk Community Benefit District
San Francisco, California

We have audited the accompanying financial statements of Lower Polk Community Benefit District (LPCBD) (a California nonprofit public benefit corporation) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, statements of functional expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lower Polk Community Benefit District as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

December 30, 2020

Bunker & Company LLP

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 548,456	\$ 500,560
Grants receivables	-	89,577
Assesment and other receivables	140,226	14,377
Prepaid expenses	33,871	73,350
Total current assets	<u>722,553</u>	<u>677,864</u>
Equipment, net of accumulated depreciation of \$329,364 in 2020 and \$199,115 in 2019 (Notes 2 and 3)	<u>256,289</u>	<u>382,517</u>
Total assets	<u><u>\$ 978,842</u></u>	<u><u>\$ 1,060,381</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 37,080	\$ 21,397
Accrued liabilities	94,940	226,894
Advances received	-	24,795
Unearned revenue	-	76,090
Total current liabilities	<u>132,020</u>	<u>349,176</u>
Long-term liabilities		
CARES Act PPP Loan (Note 10)	<u>183,417</u>	-
Total liabilities	<u>315,437</u>	-
Net assets		
Net assets without restrictions (Note 4)	636,865	696,828
Net assets with restrictions (Note 5)	26,540	14,377
Total net assets	<u>663,405</u>	<u>711,205</u>
Total liabilities and net assets	<u><u>\$ 978,842</u></u>	<u><u>\$ 1,060,381</u></u>

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

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	Net Assets without Donor Restrictions	Net Assets with Temporary Donor Restrictions	Total
REVENUE AND SUPPORT			
Assessment revenue	\$ 202,137	\$ 701,368	\$ 903,505
Grant revenue	10,150	564,874	575,024
Contributions	1,000	12,620	13,620
In-kind contributions	-	10,929	10,929
Interest	81	-	81
Total revenue, gains and other support	<u>213,368</u>	<u>1,289,791</u>	<u>1,503,159</u>
Net assets released from restrictions	<u>1,277,628</u>	<u>(1,277,628)</u>	<u>-</u>
	<u>1,490,996</u>	<u>12,163</u>	<u>1,503,159</u>
EXPENSES			
Program			
Cleaning, maintenance and safety	836,515	-	836,515
Marketing, streetscape and beautification	485,491	-	485,491
Total program services	<u>1,322,006</u>	<u>-</u>	<u>1,322,006</u>
Supporting services			
Management and general	174,030	-	174,030
Fundraising	54,923	-	54,923
Total supporting services	<u>228,953</u>	<u>-</u>	<u>228,953</u>
Total expenses	<u>1,550,959</u>	<u>-</u>	<u>1,550,959</u>
Change in net assets	(59,963)	12,163	(47,800)
Net assets, beginning of year	<u>696,828</u>	<u>14,377</u>	<u>711,205</u>
Net assets, end of year	<u>\$ 636,865</u>	<u>\$ 26,540</u>	<u>\$ 663,405</u>

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

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

	Net Assets without Donor Restrictions	Net Assets with Temporary Donor Restrictions	Total
REVENUE AND SUPPORT			
Assessment revenue	\$ 281,352	\$ 597,871	\$ 879,223
Grant revenue	-	596,014	596,014
Contributions	80	-	80
Fiscal agent fee	281	-	281
Interest	94	-	94
Loss on assets disposal	(639)	-	(639)
Total revenue, gains and other support	<u>281,168</u>	<u>1,193,885</u>	<u>1,475,053</u>
 Net assets released from restrictions	 <u>1,179,508</u>	 <u>(1,179,508)</u>	 <u>-</u>
	<u>1,460,676</u>	<u>14,377</u>	<u>1,475,053</u>
 EXPENSES			
Program			
Cleaning, maintenance, and safety	889,560	-	889,560
Marketing, streetscape and beautification	585,581	-	585,581
Total program services	<u>1,475,141</u>	<u>-</u>	<u>1,475,141</u>
 Supporting services			
Management and general	233,678	-	233,678
Fundraising	69,751	-	69,751
Total supporting services	<u>303,429</u>	<u>-</u>	<u>303,429</u>
Total expenses	<u>1,778,570</u>	<u>-</u>	<u>1,778,570</u>
 Change in net assets	 (317,894)	 14,377	 (303,517)
Net assets, beginning of year	<u>1,014,722</u>	<u>-</u>	<u>1,014,722</u>
Net assets, end of year	<u>\$ 696,828</u>	<u>\$ 14,377</u>	<u>\$ 711,205</u>

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

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (47,800)	\$ (303,517)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	130,249	124,688
Loss on asset disposal	-	639
Changes in assets and liabilities:		
Assessments and other receivables	(125,849)	7,690
Grants receivable	89,577	150,628
Prepaid expenses	39,479	(811)
Deferred revenue	(76,090)	76,090
Accounts payable	15,683	(97,929)
Accrued expenses	(131,954)	132,031
Advances received	(24,795)	24,795
Total adjustments	<u>(83,700)</u>	<u>417,821</u>
Net cash (used) provided by operating activities	<u>(131,500)</u>	<u>114,304</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(4,021)	(33,049)
Disposal of capital assets	-	2,066
Purchase of intangible assets	-	(28,200)
Net cash used for investing activities	<u>(4,021)</u>	<u>(59,183)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
CARES Act PPP Loan	183,417	-
Net cash provided by financing activities	<u>183,417</u>	<u>-</u>
Net change in cash and cash equivalents	47,896	55,121
Cash and cash equivalents, beginning of year	<u>500,560</u>	<u>445,439</u>
Cash and cash equivalents, end of year	<u>\$ 548,456</u>	<u>\$ 500,560</u>
Supplemental disclosures		
Cash paid for interest and fees	<u>\$ 1,008</u>	<u>\$ -</u>

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

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

	Program Services			Support Services		Total
	Cleaning, Maintenance, Safety	Marketing, Streetscape Improvements, Beautification	Total Programs	Management and General	Fundraising	
Grant expenses	\$ -	\$ 43,690	\$ 43,690	\$ -	\$ -	\$ 43,690
Salaries and wages	436,503	187,297	623,800	53,059	39,293	716,152
Payroll taxes	38,260	15,303	53,563	4,417	3,079	61,059
Employee benefits	61,309	21,330	82,639	11,779	3,267	97,685
Contract services	576	14,361	14,937	594	-	15,531
Professional services	40,657	97,504	138,161	27,187	4,008	169,356
Rent and other occupancy	58,077	14,519	72,596	25,338	-	97,934
Insurance	32,612	12,526	45,138	9,373	2,155	56,666
Marketing and advertising	-	100	100	-	-	100
Postage and printing	2,472	14,910	17,382	476	22	17,880
Repairs and maintenance	2,130	355	2,485	20	-	2,505
Software, subscriptions, license and fees	6,422	17,629	24,051	4,948	1,784	30,783
Supplies and equipment	39,031	5,078	44,109	1,374	73	45,556
Travel, training, conference, meals and entertainment	7,074	10,732	17,806	1,848	596	20,250
Utilities	23,416	2,099	25,515	4,310	116	29,941
Vehicle operations	14,614	-	14,614	-	-	14,614
Interest expense	-	-	-	1,008	-	1,008
Depreciation amortization	73,362	28,058	101,420	28,299	530	130,249
Total Expenses	\$ 836,515	\$ 485,491	\$ 1,322,006	\$ 174,030	\$ 54,923	\$ 1,550,959
Percent of Total	54%	31%	85%	11%	4%	100%

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

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2019

	Program Services			Support Services		Total
	Cleaning, Maintenance, Safety	Marketing, Streetscape Improvements, Beautification	Total Programs	Management and General	Fundraising	
Grant expenses	\$ -	\$ 114,037	\$ 114,037	\$ 500	\$ -	\$ 114,537
Salaries and wages	446,532	192,945	639,477	87,239	51,152	777,868
Payroll taxes	36,383	15,303	51,686	8,337	4,070	64,093
Employee benefits	48,750	18,020	66,770	10,924	3,368	81,062
Contract services	25,557	2,497	28,054	1,110	278	29,442
Professional services	36,157	106,564	142,721	25,575	4,877	173,173
Rent and other occupancy	61,987	23,074	85,061	25,828	-	110,889
Insurance	71,523	31,535	103,058	17,185	4,022	124,265
Marketing and advertising	-	12,754	12,754	-	-	12,754
Postage and printing	2,404	1,518	3,922	99	25	4,046
Repairs and maintenance	4,746	2,965	7,711	1,608	-	9,319
Software, subscriptions, license and fees	2,330	9,516	11,846	17,413	348	29,607
Supplies and equipment	55,867	9,667	65,534	2,263	145	67,942
Travel, training, conference, meals and entertainment	5,076	16,955	22,031	3,852	723	26,606
Utilities	9,708	2,579	12,287	3,427	209	15,923
Vehicle operations	12,357	-	12,357	-	-	12,357
Depreciation amortization	70,183	25,652	95,835	28,318	534	124,687
Total Expenses	\$ 889,560	\$ 585,581	\$ 1,475,141	\$ 233,678	\$ 69,751	\$ 1,778,570
Percent of Total	50%	33%	83%	13%	4%	100%

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

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION

Organization - Lower Polk Community Benefit District (“LPCBD”) is a not-for-profit community-based organization. LPCBD was formed in 2014 and began operations in 2016. Property owners of the business district formed LPCBD to improve the quality of life in the area by making the area cleaner, safer, and well maintained. The LPCBD has a contract with the City and County of San Francisco for a term of 15 years, expiring on June 30, 2029. LPCBD is generally 22 whole or partial blocks from approximately the south side of California Street to the east side of Van Ness Avenue and from the north side of Myrtle Street to the west side of Larkin Street.

LPCBD exists to implement programs to create a neighborhood that is safer, cleaner and a better place to conduct business and live. These programs and services are funded by district property owners in the Lower Polk Neighborhood, contributions from donors, and grants from the City and County of San Francisco.

Lower Polk Community Benefit District will advance the quality of life for residents, workers and visitors by fostering a safer and more secure community, enhancing environmental quality and beauty, and reinforcing the viability of the area’s economic base.

Programs and services provided by the LPCBD include:

Cleaning and Maintenance – Includes regular sidewalk sweeping, alley cleaning, refuse removal, regularly scheduled steam cleanings, pressure washing, graffiti removal, tree pruning and watering, tree well weeding with crushed granite replenishment. On April 30, 2018 LPCBD terminated its contract with an outside vendor to provide the majority of these services and hired a work force to bring these services in-house.

Safety Ambassadors – The program works with residents, merchants and youth on a variety of safety programs and strategies. Safety Ambassadors on Foot Patrol provide a reassuring presence, who continually engage members of the public, interact with merchants to share safety related information, and report any observed illegal behaviors to the police.

Marketing, Streetscape and Beautification Program – This program is designed to augment existing city services to ensure new marketing initiatives designed to promote both stability and growth within the area.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting – The financial statements of the LPCBD are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, which reflects revenue when earned and expenses as incurred.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Basis of Presentation – The LPCBD is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions.

Net assets with temporary donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the LPCBD is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the LPCBD pursuant to those stipulations, (b) from other asset enhancements and diminishment that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets.

Net assets with permanent donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the LPCBD is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the LPCBD, (b) from other asset enhancements and diminishment that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Fair Value Measurements – The LPCBD carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received if selling an asset or paid if transferring a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the LPCBD to classify these financial instruments into a three-level hierarchy. The LPCBD classifies its financial assets and liabilities according to the below three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment.

Level 2 – Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 – Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

The LPCBD’s carrying amounts of its assets and liabilities, approximate fair value under Level 1 for the years ended June 30, 2020 and 2019.

As of June 30, 2020 and 2019, there were no net assets with permanent donor restrictions.

Property, Equipment, and Leasehold Improvements - The LPCBD records property, equipment, and leasehold improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from three to fifteen years. The LPCBD capitalizes all property, equipment, and improvements with a cost in excess of \$1,000.

Contributions and Revenue Recognition – LPCBD receives its support primarily from a special assessment levied by the City and County of San Francisco (“CCSF”) on properties located within the business district in accordance with CCSF Ordinance. The assessment is recorded by LPCBD when earned. CCSF remits the assessments to LPCBD as they are collected from the property owners. Interest is not charged on late assessments; however, late penalties are charged in accordance with the CCSF’s policy.

Assessments and other receivables represent amounts due from the City and County of San Francisco (“CCSF”) for obligations of local property owners collected on the behalf of LPCBD, and other amounts due to LPCBD for city hiring programs. Unpaid receivables do not accrue interest.

Contributions consist of cash contributions as well as in-kind goods and services provided to the Corporation. Contributed services are recognized at their fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Multi-year pledges are recorded at present value. Donated securities are recorded at their fair value at the date of donation.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are released to net assets without donor restrictions.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable - It is the practice of LPCBD to expense uncollectibles only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

Advertising Costs – It is the policy of the LPCBD to expense advertising costs as incurred.

Functional Allocation of Expenses - The costs of providing the various programs, supporting services and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s estimates and analysis of personnel time spent on each program and activity.

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 future results could differ from those estimates.

Income Taxes - The LPCBD is exempt from federal and state taxes under Section 501(c) (3) of the Internal Revenue Code (IRC) and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be a Corporation other than a Private Foundation. In the opinion of management, there is no unrelated business income.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2020	2019
Furniture, equipment and vehicles	\$ 149,357	\$ 145,336
Leasehold improvements	370,436	370,436
Website and mobile app	65,860	65,860
Total property and equipment	585,653	581,632
Accumulated depreciation and amortization	(329,364)	(199,115)
Property and equipment, net	\$ 256,289	\$ 382,517

Depreciation and amortization expense was \$130,249 and \$124,688 for the years ended June 30, 2020 and 2019, respectively.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 4 NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Capital assets, net	\$ 256,289	\$ 382,517
Undesignated	<u>380,576</u>	<u>314,311</u>
Total net assets without donor restrictions	<u>\$ 636,865</u>	<u>\$ 696,828</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Assessment receivable	<u>\$ 26,540</u>	<u>\$ 14,377</u>

NOTE 6 RETIREMENT PLAN

Effective January 1, 2016, LPCBD established a defined contribution retirement plan (the "Plan") for employees over 18 years of age. All employees employed on or after April 27, 2016 are considered eligible. The Plan allows eligible employees to make voluntary contributions by salary reduction up to 92% of compensation but not to exceed the limits allowed by the IRC.

Any eligible employee who does not make voluntary contribution election or elects out of the Plan, will be automatically enrolled in the Plan with a salary reduction of 3% for the first year, 1% increases annually up to 6% of compensation. LPCBD will match employee's contributions 100% up to 1% of compensation and 50% from 2% up to 6% of compensation. LPCBD may also make discretionary profit sharing contributions.

During the years ended June 30, 2020 and 2019, LPCBD made \$18,338 and \$19,312, respectively, in matching contributions, which are included in employee benefits expense on the statements of functional expenses.

NOTE 7 COMMITMENTS

Funding - LPCBD's revenue, which is derived from government grants and contracts, is subject to audit by the government agencies. In accordance with the terms of the CCSF's contracts, an audit may be performed by an authorized CCSF representative. Should such an audit disclose any unallowable costs, LPCBD may be liable to the CCSF for reimbursement of such costs.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 7 COMMITMENTS (continued)

In the opinion of LPCBD’s management the effect of any disallowed costs would be immaterial to the financial statements as of June 30, 2020.

Lease - LPCBD leases space in San Francisco, California under an operating lease that commenced on November 1, 2016 and expires October 31, 2021. The lease calls for monthly payments at \$4,200 that escalate to \$8,439 during the fifth year.

Fiscal year ended, <u>June, 30</u>	
2021	\$ 99,798
2022	<u>33,756</u>
Total	<u>\$ 133,554</u>

During the years ended June 30, 2020 and 2019, LPCBD paid rent in the amount of \$92,605 and \$102,156, respectively.

NOTE 8 FUNDRAISING REQUIREMENTS

The CCSF’s contract requires LPCBD to annually raise not less than 5.5% of its annual budget from sources other than CCSF’s assessments. For the years ended June 30, 2020 and 2019, LPCBD satisfied this requirement.

NOTE 9 LIQUIDITY MANAGEMENT

As part of LPCBD’s liquidity management strategy, LPCBD structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. LPCBD’s working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions, grants, and assessments. LPCBD has sufficient cash and cash equivalents to meet its current needs and investments which can be converted to cash for periods when cash is not available.

NOTE 10 CARES ACT AND PPP LOAN

During the year ended June 30, 2020, LPCBD participated in the Payroll Protection Plan under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) due to the Coronavirus Pandemic and received \$183,417 from the federal government. As of the report date, it is unclear whether the loan will be converted to a grant and the obligation will be extinguished. Repayment, if federal authorities determine the loan is not convertible to a grant, is deferred until May 7, 2021, when monthly payments will be due in 24 monthly installments at 1% per annum.

LOWER POLK COMMUNITY BENEFIT DISTRICT
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 11 CONCENTRATIONS OF RISK

Revenue concentration of risk – During the years ended June 30, 2020 and 2019, LPCBD received 98.4% and 99.9%, respectively, of its total income from the City and County of San Francisco in the form of assessments and revenue from other programs.

Deposit balance risk - As of June 30, 2020, LPCBD had cash balances with financial institutions which exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000 by approximately \$305,000.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated all material subsequent events through the Auditor's Report date, the date the financial statements were available to be issued, and are asserting there are none.