

File No. 101202

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: September 29, 2010

Board of Supervisors Meeting

Date _____

Cmte Board

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OTHER

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Completed by: Victor Young

Date: September 24, 2010

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.

1 [2500 Block of Mission Street Business Improvement District's Annual Report]

2
3 **Resolution receiving and approving the 2500 Block of Mission Street Business**
4 **Improvement District Annual Reports for FYs 2007, 2008, and 2009, as submitted**
5 **pursuant to Section 36650 of the Business Property and Business Improvement Act of**
6 **1994 (California Streets and Highways Code §§36600 et seq.) and Section 3.4 of the**
7 **District's management contract with the City.**

8
9 WHEREAS, on June 7, 2005, pursuant to the Property and Business Improvement Law
10 of 1994, California Streets and Highways Code Sections 36600 et seq. (the "Act"), as
11 augmented by Article 15 of the San Francisco Business and Tax Regulations Code ("Article
12 15"), the Board of Supervisors adopted Resolution No. 385-05 "Resolution of Intention to form
13 the 2500 Block of Mission Street Business Improvement District (BID)" ("Resolution of
14 Intention"); and,

15 WHEREAS, on July 26, 2005 the Board of Supervisors adopted Resolution No.
16 539-05 "Resolution to Establish the 2500 Block of Mission Street Business Improvement
17 District" (Resolution to Establish) for a period of 5 years commencing with fiscal year 2005-
18 2006; and,

19 WHEREAS, on January 10, 2006 the Board of Supervisors adopted Resolution No. 17-06
20 "Contract with Owners' Association for Administration of 2500 Block of Mission Street Business
21 Improvement District;" now be it,

22 RESOLVED, that the Board of Supervisors declares as follows:

23 //

24 //

1 **Section 1. RECEIPT AND APPROVAL OF THE 2500 BLOCK OF MISSION**
2 **STREET BUSINESS IMPROVEMENT DISTRICT'S ANNUAL REPORTS TO THE CITY.**

3 The Board hereby receives and approves the 2500 Block of Mission Street Business
4 Improvement District's Annual Reports for District Fiscal Years 2007, 2008, and 2009.

5 Supporting documents for these annual reports are on file with the Clerk of the Board
6 of Supervisors in File No. 101202, and include a transmittal letter and memorandum report
7 from the City's Office of Economic and Workforce Development dated September 15, 2010,
8 and documentation from Mission Miracle Mile, Inc.

9 These annual reports are submitted pursuant to Section 36650 of the Business
10 Property and Business Improvement Act of 1994 (California Streets and Highways Code
11 §§36600 *et seq.*), and pursuant to Section 3.4 of the District's Management Contract with the
12 City (*i.e.*, Section 3.4 of the City's agreement/contract with the nonprofit property owners'
13 association Mission Miracle Mile, Inc. for management and administration of the 2500 Block of
14 Mission Street Business Improvement District) which is on file with the Clerk of the Board of
15 Supervisors in File No. 052030 (re Resolution No. 17-06).

September 15, 2010

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

Dear Supervisor Campos,

We are submitting this packet on the 2500 Block of Mission Business Improvement District (Mission BID) 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 Mission BID for FY 2007, FY 2008 and FY 2009 and their organizational budget for FY 2010 which will allow for a public hearing through the appropriate committee of the Board on the work of the BID for the past three years.

Included in this packet:

- 1) Draft resolution
- 2) Memo summarizing the accomplishments of the BID
- 3) Summary and analysis of the Bid's financial statements
- 4) Annual Reports from FY 2007, FY 2008 and FY 2009
- 5) CPA Audits from FY 2007 and FY 2009 and IRS Form 990 from FY 2008

Per their contract with the City, Mission BID is required to submit the following reports annually:

- 1) Mid-year report (due July 31st, on two quarters of work)
- 2) Annual Report (due January 31st, 30 days after the end of their fiscal year)
- 3) Unaudited Financial Statements and Budget for the following year (due January 31st, 30 days after the end of fiscal year)
- 4) CPA Financial Review or Audit (due April 30th, 120 days after the end of fiscal year)

Mission BID has complied with almost all of these requirements. They did not conduct an audit for FY 2008. For this year, OEWD and the Controller's Office reviewed their IRS form 990¹. Attached please find a memo that summarizes their accomplishments for the past three years and a summary and analysis of their financial statements (based on the CPA audit for 2007 and 2009 and IRS Form 990 for 2008). 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 Mission BID's management contract with the City; and their Management Plan approved by the Board of Supervisors in 2005.

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

¹ Form 990 is an annual reporting return that certain federally tax-exempt organizations must file with the IRS. It provides information on the filing organization's mission, programs, and finances.



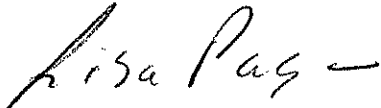
- 1) Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget of the previous fiscal year – *Mission BID met this requirement for all years covered in this report*
- 2) Whether five percent of their income came from sources other than assessment revenue - *Mission BID met this requirement for all years covered in this report*
- 3) Whether the variance between budget amount and actual expenses within a fiscal year was within 10 percent - *Mission BID met this requirement for 2007 and 2009. In 2008 the actual general and administrative expenses budget category increased by \$2,040 or 19% over the budgeted amount for 2008.*
- 4) Whether the annual budget indicates the amount of funds carried over from the previous fiscal year - *This analysis is included in Tables 3 and 4 on pages 7 and 8 of the OEWD staff report based on meetings with the Mission BID and review of the year end reports but was not included in the Mission BID's budget submissions.*
- 5) Whether a spending plan for carryover funds was provided in each of the annual budgets – *This analysis is included in Tables 3 and 4 on pages 7 and 8 of the OEWD staff report based on meetings with the Mission BID and review of the year end reports but was not included in the Mission BID's budget submissions.*

The Board of Supervisors will need to vote on the attached resolution to approve the 2007, 2008 and 2009 Mission BID annual reports and financial statements as well as their organizational budget for 2010. The Mission BID 2010 annual report will not be due to the OEWD until January 31, 2011. The Mission BID is in the process of seeking approval for renewal for a 5 ½ year term. The renewal ballot hearing is scheduled for October 5th at 3 PM at the regular meeting of the Board of Supervisors.

Please contact me anytime at 415-554-6936 for any questions you may have about the Mission BID or the materials we have provided.

Thank you for your continuing support of the Mission BID. We look forward to working with you throughout this process.

Sincerely,



Lisa Pagan
Project Manager
OEWD Community Benefit District/Business Improvement District
Technical Assistance Program



MEMO

To: San Francisco Board of Supervisors
From: Office of Economic and Workforce Development (Lisa Pagan and Trina Villanueva)
RE: 2500 Block of Mission Street Business Improvement District (Mission BID)
Staff Report Mission BID Fiscal Years 2007, 2008, 2009
Date: September 15, 2010

The 2500 Block of Mission Street Business Improvement District ("Mission BID") has met its objective "to bring about a clean, safe and attractive oasis in the midst of the Mission shopping corridor" as stated in its management plan.

Background

- July 26, 2005, the Board of Supervisors approved the establishment of the 2500 Block of Mission Street Business Improvement District (Resolution # 539-05).
- January 10, 2006, the Board approved the contract for the administration and management of the Mission BID (Resolution # 17-06).
- The Mission BID began receiving assessment funds in January 2006 and subsequently started providing cleaning and maintenance services.
- June 19, 2007, the Board of Supervisors approved the Mission BID 2006 annual report and 2007 organizational budget (Resolution # 343-07).
- Mission BID is seeking renewal for a 5 ½ year term to continue operations from January 1, 2011 to December 31, 2015. The ballot hearing for the proposed renewal is scheduled for Oct. 5, 2010 at 3 PM at a meeting of the full Board of Supervisors.

Basic Info about Mission BID

Year Established – July 2005

Assessments Collected – FY 2005-06 to FY 2009-10 (July 1, 2005 – June 30, 2010)

Services Start and End Date – January 1, 2006 – December 31, 2010

Initial Estimated Annual Budget -- \$75,000

Fiscal Year – January 1st – December 31st

Executive Director – Phil Lesser

Name of Nonprofit Entity – Mission Miracle Mile, Inc.

Each year the BID is required to submit a mid-year report, an annual report and a CPA Financial Review or Audit. Mission BID has submitted almost all of the required reports for the past three years. They did not conduct an audit for FY 2008 so OEWD and the Controller's Office reviewed their IRS Form 990¹ for 2008. This report summarizes their accomplishments for the past three years and it includes a summary and analysis of their financial statements (CPA audit for 2007 and 2009 and IRS Form 990 for 2008). OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the following 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 Mission BID management contract with the City and

¹ Form 990 is an annual reporting return that certain federally tax-exempt organizations must file with the IRS. It provides information on the filing organization's mission, programs, and finances.

County of San Francisco; and their Management Plan approved by the Board of Supervisors in 2005.

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

- 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 – *Mission BID met this requirement for all years covered in this report*
- 2) Whether five percent of their income came from sources other than assessment revenue - *Mission BID met this requirement for all years covered in this report*
- 3) Whether the variance between budget amount and actual expenses within a fiscal year was within 10 percent - *Mission BID met this requirement for 2007 and 2009. In 2008 the actual general and administrative expenses budget category increased by \$2,040 or 19% over the budgeted amount for 2008.*
- 4) Whether the annual budget indicates the amount of funds carried over from the previous fiscal year - *This analysis is included in Tables 3 and 4 on pages 7 and 8 of the OEWD staff report based on meetings with the Mission BID and review of the year end reports but was not included in the Mission BID's budget submissions.*
- 5) Whether a spending plan for carryover funds was provided in each of the annual budgets – *This analysis is included in Tables 3 and 4 on pages 7 and 8 of the OEWD staff report based on meetings with the Mission BID and review of the year end reports but was not included in the Mission BID's budget submissions.*

Summary of Accomplishments and Challenges 2007-2009

This report covers annual reports submitted for years 2007, 2008 and 2009 and includes staff review and analysis conducted by both OEWD and the Controller's Office.

The Mission BID provides services within the boundaries of the 2500 Block of Mission Street, which contains 20 parcels.

Safe/Clean/Green Services

The Mission BID is in compliance with their Management Plan as it relates to their beautification, cleaning, maintenance, public safety and community relations service area. Their Management Plan calls for 90% of the budget to be spent on this service area and for the past three fiscal years (FY 2007, FY 2008, & FY 2009). The BID has spent the largest portion of their funds in this service category.

Street Maintenance:

Once the Mission BID was up and running in January 2006, they focused their resources on daily cleaning, weekly pressure washing, graffiti removal and maintenance of street furniture. The BID contracted with First Building Maintenance, Co. to do all the street cleaning and maintenance. The Executive Director started building a closer relationship with DPW to ensure that the cleaning team was working well with DPW staff. The Executive Director also started working with SFPD on ways to deter graffiti and other vandalism within the BID area.

Security:

At the end of 2006, the BID had \$40,373 in surplus funds available. The board agreed to utilize the majority of the funds for the acquisition and installation of surveillance cameras. In January

2007, the BID contracted with Remote View Security for the acquisition and installation of seven outdoor surveillance cameras and attendant recording equipment. In 2008, the BID started working with Applied Video Solutions who provided them with upgraded cameras and surveillance services.

Beautification:

In 2008, the BID embarked on their Greening Program and added \$15,000 to their budget for more beautification efforts. The BID received a Community Challenge Grant for \$7450 to install 20 floral baskets. According to their financial report, the BID spent \$24,700 on floral baskets that year. Using carryover funds from previous years, they continued to have a Greening Program in 2009 and maintained and installed more floral baskets.

Administrative and Corporate Operations

The 2500 Block of Mission Street BID is currently the smallest business improvement district in San Francisco. Comprised of 20 parcels of property, the BID receives approximately \$75,000 in assessment funds each year. Philip Lesser has been the manager of the BID since its inception. He responds to concerns from property owners and merchants in the district. He also works with city agencies such as DPW and SFPD to ensure the BID compliments and enhances the services they provide.

The services provided by Mission BID will expire on December 31, 2010. To continue providing services in 2011, the BID must be renewed. They are currently working to get renewed for another five and a half years. They have submitted their proposed Management Plan and Engineer's Report as well as the petitions for renewal. The BID garnered over 50% support from the property owners. A resolution of intent to renew the BID was adopted on August 3, 2010. The ballot hearing for renewal is scheduled for October 5, 2010 at 3pm at the full meeting of the Board of Supervisors.

Expenditure Analysis for FY 2007, FY 2008 and FY 2009

2007

In their second full year of operation, Mission BID spent a majority of their funds (85%) on Street Beautification, Security and Community Relations services. They spent the remainder (15%) on Administrative and contingency costs. The BID received \$75,000 in assessment funds and expended \$70,035. At the end of the calendar year on December 31, 2007, the BID had \$45,338 in net assets² and about the same amount in cash available (\$45,389). The BID received about \$4000 worth of in-kind donations from property owners including providing space to house a computer server for the surveillance system; providing space for outdoor surveillance cameras and providing meeting space.

2008

In 2008, the BID spent 83% of their budget on Street Beautification, Security and Community Relations services. The BID received \$75,151 in assessment funds. They expended \$78,653, leaving them with net assets of \$49,287. Nine percent of the BID's revenue came from a grant and the remainder from assessment funds.

During this calendar year, the BID was awarded \$7450 from the SF Community Challenge Grant program to install 20 new floral baskets. Using this grant and some carryover funds from the

² 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.

previous calendar year, Mission BID spent \$24,700 to install new floral baskets within the district. Like the previous year, the BID received in-kind donations from property owners.

2009

Much like the two previous calendar years, the BID spent a majority (84%) of their funds on Street Beautification, Security and Community Relations services. The BID received \$73,503 in assessment funds and they expended \$86,179, leaving them with net assets of \$36,611. The BID received the same in-kind donations from property owners.

2010

Their revised budget for 2010 is \$107,800. They plan on spending 80% of their budget on street cleaning, beautification and security services and 20% on administrative and contingency costs. The BID has to spend more on administrative and contingency costs this year because of their renewal process which includes the Engineer's Report. But the variance between the budget amounts for each service category is within 10 percentage points from the 2009 budget.

Their organizational budget is larger than the previous years because they plan on spending all of their funds by December 31, 2010 in the event that the BID is not renewed. Any unused assessment funds will be returned to the property owners if the BID is not renewed.

Finding/Recommendation

1) Per their contract with the City, the BID is required to have at least 5% of their funding come from other sources for the first five year term of the district through 2010. Since the BID receives in-kind donations from property owners, OEWD recommends that the BID put the value of these donations in the 2010 budget report and financial audit.

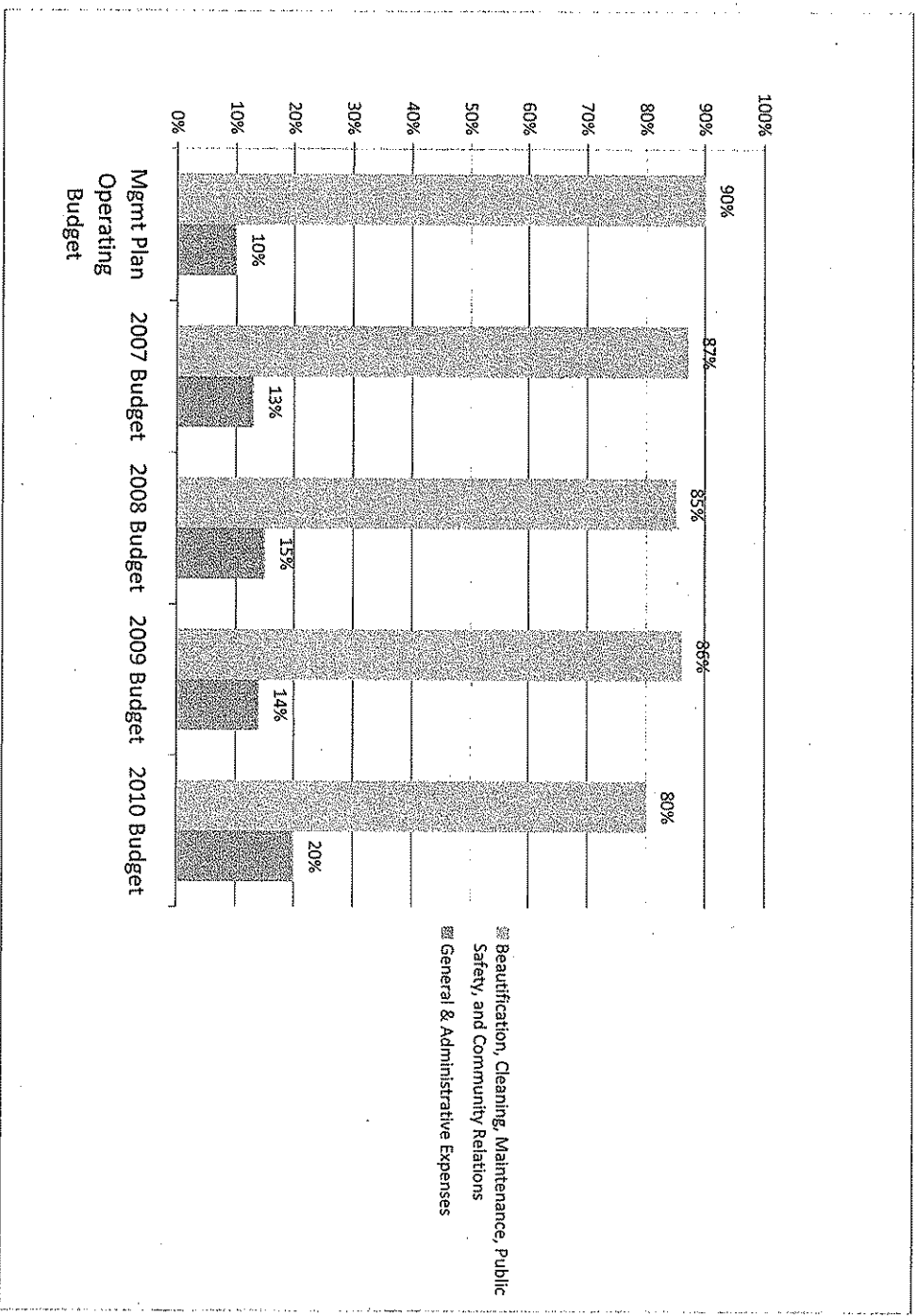
2) Future annual Mission BID budgets and financial reports should include any carry over revenue from year to year and a detailed plan on how carry over revenue will be spent in the current or subsequent years.

Conclusion

The 2500 Block of Mission Street BID is a small, well-run organization. They have complied with their Management Plan by providing the majority of their funding towards their Safe/Clean/Green services program area and they have stayed within 10% of their budgeted amounts for the past three fiscal years.

As previously mentioned, the Mission BID will expire on December 31, 2010. Over 50% of the property owners in the district have submitted a petition that they would like to continue the BID for another five and a half years. While the BID has stopped receiving assessment revenue as of June 30, 2010, it will provide services until December 31, 2010 with their remaining funds. In order for the BID to provide services from January 2011 through December 2015, they must be renewed by October 2010 and upon renewal the property owners will be assessed for a five year period beginning July 1, 2010 through June 30, 2015.

Annual Budget compared to original Management Plan Budget



Other Income Sources (e.g. Grants, Donations, In-Kind, etc.) 5% Requirement*

* Mission BID received approximately \$4000 worth of in-kind donations each year but this was not included in their annual audits. Property owners provided space to house a computer server for the surveillance system; space for outdoor surveillance cameras and meeting space.

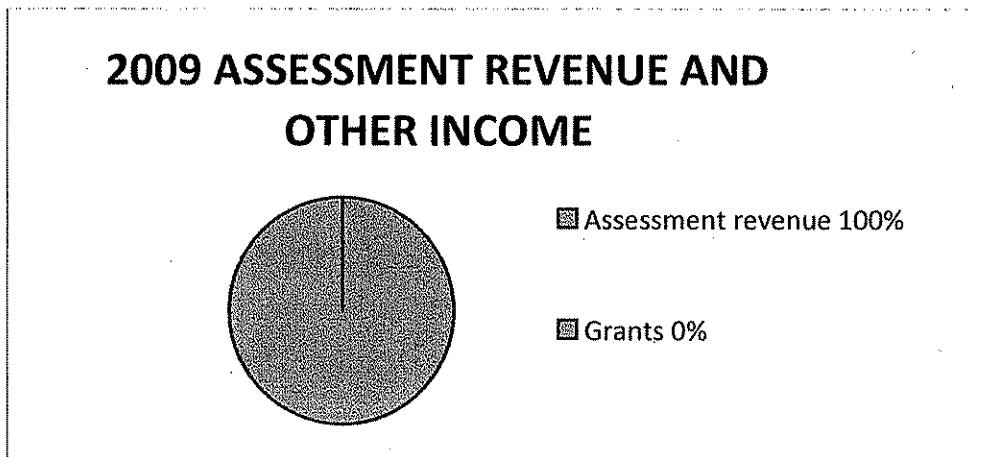
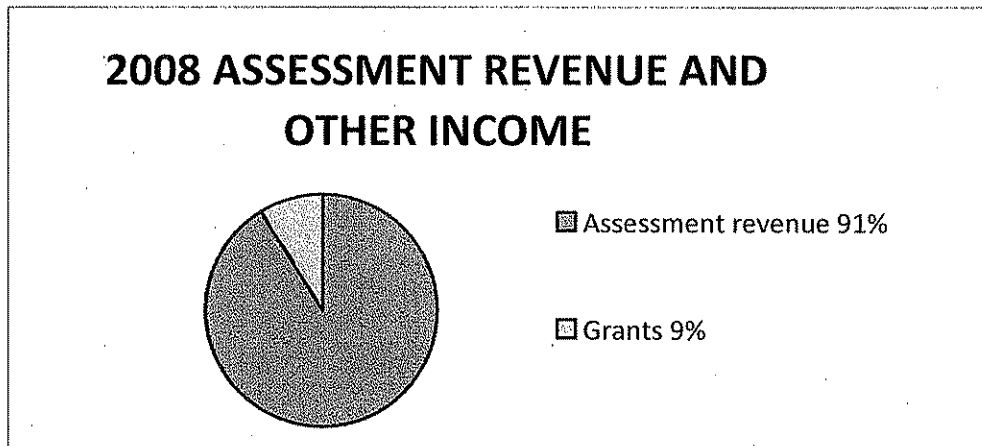
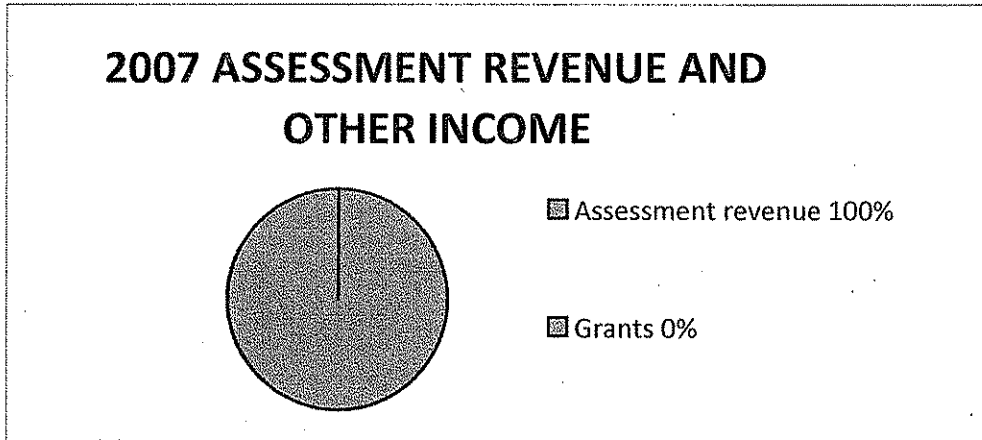


Table 3

2500 BLOCK OF MISSION STREET BUSINESS IMPROVEMENT DISTRICT
Income and Expenditures - Budget vs. Actual
Calendar Years Ending 2007 through 2009

	Year Ended December 31, 2007				Year Ended December 31, 2008				Year Ended December 31, 2009			
	Actuals	Budget	Difference	% Difference	Actuals	Budget	Difference	% Difference	Actuals	Budget	Difference	% Difference
REVENUES*												
Business improvement district assessments	75,000	75,000			75,000	75,000			75,000	75,000		
Grants/Fees	10,373	40,373	-30,000	-74%	7,451	45,338	-37,887	-84%	49,287	49,287		
Carryover from previous year	105,973	115,373	-9,400	-8%	45,838	120,336	-74,498	-62%	122,790	124,287	-1,497	-1%
Total support and revenue												
	191,346	230,746	-39,400	-21%	127,940	220,674	-92,734	-73%	247,077	248,574	-1,497	-1%
EXPENDITURES												
Program services												
Beautification, cleaning, maintenance	59,355	65,000	-5,645	-9%	63,613	64,000	-387	-1%	76,000	76,000		
public safety, and community relations	10,680	10,900	-220	-2%	13,040	11,000	2,040	19%	12,875	12,875		
General and administrative expenses	70,035	75,000	-4,965	-7%	78,653	75,000	3,653	5%	86,179	88,875	-2,696	-3%
Total Expenditures												
	139,980	150,900	-10,920	-7%	155,306	150,000	5,306	4%	175,054	177,750	-2,696	-2%
Total Carryover to next year												
	15,366	15,366			19,287	19,287			9,611	9,611		

* Budget vs actual statement includes carryover funds not spent in previous year.

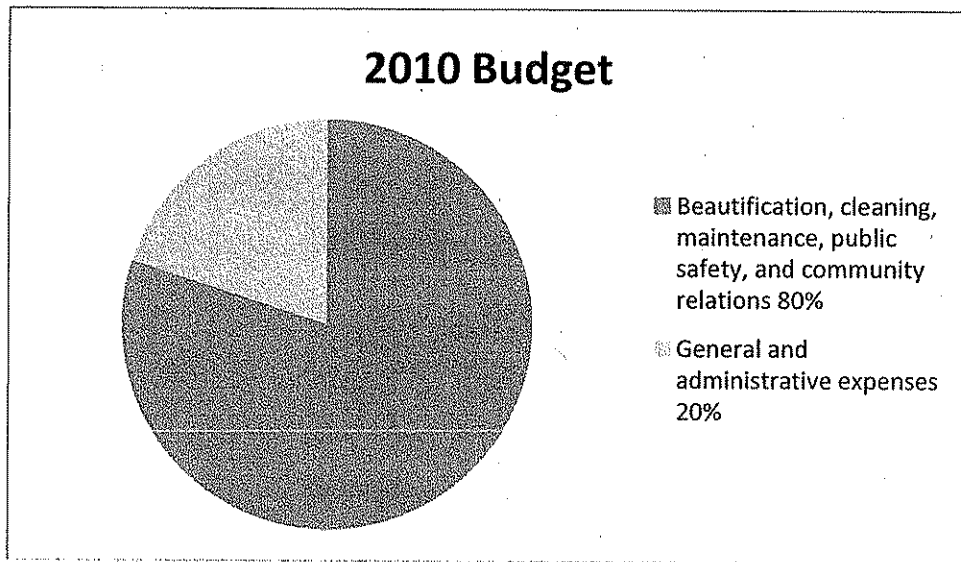
**2500 BLOCK OF MISSION STREET BUSINESS IMPROVEMENT DISTRICT
2010 Budget**

REVENUES

Business improvement district assessments	73,000
Carryover from previous year	36,611
Total support and revenue	\$ 109,611

EXPENDITURES

Program services	
Beautification, cleaning, maintenance public safety, and community relations	87,611
General and administrative and contingency expenses	22,000
Total expenses	\$ 109,611
 Income over Expenses	 \$ -



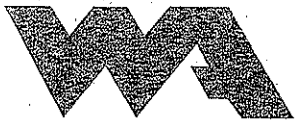
**MINUTES OF THE
MISSION MIRACLE MILE, INC.
BOARD OF DIRECTORS
YEAR-END MEETING
Friday, November 13, 2009**

The Meeting was held at 2501 Mission Street, (Vanguard Properties Headquarters) and called to order by President James Nunemacher at 1:00 pm.

Directors Present:

James Nunemacher, President
Dr. Richard Brent, Vice President
Gus Murad, Treasurer
Colleen MeHarry, Ex Officio

1. The Board approved the Minutes of the 2008 Year-End Meeting held on Monday, December 1, 2008.
2. The financial conditions report was provided by Philip Lesser, the Mission Miracle Mile, Inc. agent. He estimated expenses for 2009 at \$85,848.71 and year-end cash on hand at \$36,000.00
3. Highlights of the Safe, Clean, Green Program were discussed. They include utilizing the surveillance cameras to perform quality control of vendors and utilizing video for insurance claims. A discussion ensued about City garbage cans that had been removed. DPW will be contacted to see about restoring some of them. It was also noted that the "winter-whites" floral baskets had been hung earlier in the week.
4. The Board then received a proposed services plan for calendar-year 2010, which was estimated to cost \$85,800.00. The Board voted to accept this plan and to retain the existing vendors at the same contractual terms as in 2009.
5. The Board then reviewed a set of draft building-height guidelines for Mission Street which the Housing Action Coalition intends to submit to the San Francisco Planning Department and the Board of Supervisors. The Board found the guidelines to be acceptable, except that the property at 2522-26 Mission Street needed to be given 65' height given the current building's bulk. This will be conveyed to the Housing Action Coalition.
6. The Board expressed the desire to expand the BID to the 2400 and 2600 blocks of Mission Street. Philip Lesser will work with personnel from Vanguard Properties to get property-owner names and to develop public-relations materials to solicit interest with the adjacent neighbors.



WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants
Management Consultants

MISSION MIRACLE MILE, INC.

Financial Statements

Year Ended December 31, 2009

(With Independent Auditors' Report Thereon)

Mission Miracle Mile, Inc.
Financial Statements
December 31, 2009

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WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants / Management Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mission Miracle Mile, Inc.

We have audited the accompanying statement of financial position of Mission Miracle Mile, Inc. (the Corporation) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 Corporation'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 Mission Miracle Mile, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Williams, Adley & Company, LLP
Oakland, CA
July 1, 2010

Mission Miracle Mile, Inc.
Statement of Financial Position
December 31, 2009

Assets	
Cash	\$ 71,373
Receivable from the City and County of San Francisco, CA	1,498
Property and equipment (net of accumulated depreciation of \$418)	7,940
Total assets	<u>\$ 80,811</u>
Liabilities	
Accounts payable	\$ 6,988
Deferred revenue	37,212
Total liabilities	<u>44,200</u>
Net assets	
Unrestricted	36,611
Total net assets	<u>36,611</u>
Total liabilities and net assets	<u>\$ 80,811</u>

See accompanying notes to financial statements.

Mission Miracle Mile, Inc.
Statement of Activities
Year Ended December 31, 2009

Revenues:

Business improvement district assessments from the City and County of San Francisco, CA	\$ 73,503
Total revenues	73,503

Expenses:

Accounting and auditing	3,925
Agency fee	7,500
Depreciation expense	418
Fence rental	987
Floral baskets	23,224
Insurance	1,037
Street beautification	47,844
Surveillance cameras	1,244
Total expenses	86,179

Excess of revenues over expenditures	(12,676)
Net assets, beginning of year	49,287
Net assets, end of year	\$ 36,611

See accompanying notes to financial statements.

Mission Miracle Mile, Inc.
Statement of Cash Flows
Year Ended December 31, 2009

Cash flows from operating activities		
Change in net assets	\$	(12,676)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation		418
Increase in receivable from the City and County of San Francisco, CA		(1,498)
Increase in accounts payable		4,147
Decrease in deferred revenue		(383)
		<hr/>
Net cash provided by operating activities		(9,992)
 Cash flows from investment activities		
Purchase of equipment		(5,103)
		<hr/>
Net increase (decrease) in cash		(15,095)
 Cash at the beginning of the year		86,468
		<hr/>
Cash at the end of the year	\$	<u><u>71,373</u></u>

See accompanying notes to financial statements.

MISSION MIRACLE MILE, INC.
Notes to Financial Statements
December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Mission Miracle Mile, Inc. (the Corporation) was incorporated as a California public benefit corporation in October 2005 for the purposes of enhancing the economic, social, cultural, and environmental well-being of the Mission District of San Francisco, California (Mission Street). The Corporation has instituted a "safe/clean/green program" for the benefit of businesses, property owners and the community frequenting the 2500 block of Mission Street. The "safe" component of this program is bolstered with security cameras and street maintainers, who double as street ambassadors. The "clean" component is highlighted by twice daily street beautification which includes trash and graffiti removal. The "green" component was activated in spring 2008 with the installation of twenty hanging floral baskets.

The Corporation is a nonprofit organization as described in Section 510(c)(4) of the Internal Revenue Code and is exempt from federal and state income taxes.

The majority of the Corporation's revenue is generated from special assessments on parcels of property included within the business improvement district known as the 2500 Block of Mission Street Business Improvement District. These special assessments are collected by the City and County of San Francisco (CCSF) and remitted to the Corporation.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting.

Receivable from the City and County of San Francisco

The receivable from CCSF is for a delinquent assessment. The assessment is considered to be collectible.

Property and Equipment

The Corporation's practice is to capitalize all expenditures property and equipment with a cost in excess of \$5,000 and depreciate over the estimated useful lives. The equipment on the statement of net assets is being depreciated over an estimated useful life of ten years.

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 certain reported balances. Accordingly, actual results could differ from those estimates.

**MINUTES OF THE
MISSION MIRACLE MILE, INC.
BOARD OF DIRECTORS
YEAR-END MEETING
Monday, December 1, 2008**

The Meeting was held at 2601 Mission Street, Suite 802 (Applied Video Solutions Office) and called to order by President James Nunemacher at 1:00 pm.

Directors Present:

James Nunemacher, President
Dr. Richard Brent, Vice President
Gus Murad, Treasurer
John Brennan, Secretary
Colleen MeHarry, Ex Officio

1. The Board approved the Minutes of the Mid-Year Meeting held on Wednesday, July 9, 2008.
2. The financial conditions report was provided by Philip Lesser. Year to date, the BID had received \$84,098.11 in funding. Expenses for the same period were \$72,635.67. Year-end cash balances were estimated at \$52,200.
3. The Board received a presentation by Dmitri Shimolin, co-owner of Applied Video Solutions, on the current status of the BID's surveillance system. After doing a thorough check of the system, he recommended that the BID enhance the server and make the wiring/cameras more weatherproof.
4. The Board then received a proposed services plan for calendar-year 2009, which included \$10,000 for surveillance system enhancements, a \$6,000 increase in street beautification expenses for graffiti removal on the parapets of buildings and the retention of all existing services/service providers. The total estimated expenditures for 2009 were placed at \$88,875.
5. During the ensuing open discussion period, the Board decided to have the spring floral baskets be a profusion of colors. It also requested Mrs. Vera Cort to paint and illuminate the marquee of the Cine Latino building.

**Short Form
Return of Organization Exempt From Income Tax**

2008

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other org- anizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 at the end of the year may use this form.

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

Open to Public
Inspection

A For the 2008 calendar year, or tax year beginning **2008**, and ending **2008**, and ending

<p>B Check if applicable:</p> <p><input type="checkbox"/> Address change</p> <p><input type="checkbox"/> Name change</p> <p><input type="checkbox"/> Initial return</p> <p><input type="checkbox"/> Termination</p> <p><input type="checkbox"/> Amended return</p> <p><input type="checkbox"/> Application pending</p>	<p>Please use IRS label or print or type. See Specific Instructions.</p>	<p>C</p> <p>MISSION MIRACLE MILE, INC. 555 LAUREL AVENUE #501 SAN MATEO, CA 94401</p>	<p>D Employer identification number 20-3593750</p> <p>E Telephone number 415-321-7007</p> <p>F Group Exemption Number</p>
---	--	---	--

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Accounting method: Cash Accrual
Other (specify) ▶

I Website: ▶ MISSION-MIRACLE MILE.ASPX

J Organization type (check only one) 501(c) (4) (insert no.) 4947(a)(1) or 527

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$1,000,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$ **82,602.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

	1 Contributions, gifts, grants, and similar amounts received	1	82,602.
	2 Program service revenue including government fees and contracts	2	
	3 Membership dues and assessments	3	
	4 Investment income	4	
REVENUE	5a Gross amount from sale of assets other than inventory	5a	
	b Less: cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract 5b from 5a) (att sch)	5c	
	6 Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here. <input type="checkbox"/>		
	a Gross revenue (not including \$ _____ of contributions reported on line 1)	6a	
	b Less: direct expenses other than fundraising expenses	6b	
	c Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c	
	7a Gross sales of inventory, less returns and allowances	7a	
	b Less: cost of goods sold	7b	
	c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	
	8 Other revenue (describe ▶ _____)	8	
	9 Total revenue (add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8)	9	82,602.
EXPENSES	10 Grants and similar amounts paid (attach schedule)	10	
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	
	13 Professional fees and other payments to independent contractors	13	3,125.
	14 Occupancy, rent, utilities, and maintenance	14	
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe ▶ <u>SEE STATEMENT 1</u>)	16	75,528.
	17 Total expenses (add lines 10 through 16)	17	78,653.
	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	3,949.
ASSETS	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	45,338.
	20 Other changes in net assets or fund balances (attach explanation)	20	
	21 Net assets or fund balances at end of year. Combine lines 18 through 20	21	49,287.

Part II Balance Sheets. If Total assets on line 25, column (B) are \$2,500,000 or more, file Form 990 instead of Form 990-EZ.

(See the instructions for Part II.)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	45,389.	89,723.
23 Land and buildings		
24 Other assets (describe ▶ <u>SEE STATEMENT 2</u>)	1,497.	
25 Total assets	46,886.	89,723.
26 Total liabilities (describe ▶ <u>SEE STATEMENT 3</u>)	1,548.	40,436.
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	45,338.	49,287.

Part V Other Information (Note the statement requirement in General Instruction V.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity.		X
34	Were any changes made to the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes.		X
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
35a	a Did the organization have unrelated business gross income of \$1,000 or more or 6033(e) notice, reporting, and proxy tax requirements?		X
35b	b If 'Yes,' has it filed a tax return on Form 990-T for this year?		
36	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' complete applicable parts of Schedule N.		X
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions	37a	0.
37b	b Did the organization file Form 1120-POL for this year?		X
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?	38a	X
38b	b If 'Yes,' complete Schedule L, Part II and enter the total amount involved.	38b	N/A
39	501(c)(7) organizations. Enter:		
39a	a Initiation fees and capital contributions included on line 9.	39a	N/A
39b	b Gross receipts, included on line 9, for public use of club facilities.	39b	N/A
40a	501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 <input type="checkbox"/> N/A; section 4912 <input type="checkbox"/> N/A; section 4955 <input type="checkbox"/> N/A		
40b	b 501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If 'Yes,' complete Schedule L, Part I.	40b	X
40c	c Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958.		0.
40d	d Enter amount of tax on line 40c reimbursed by the organization.		0.
40e	e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If 'Yes,' complete Form 8886-T.	40e	X
41	List the states with which a copy of this return is filed <input type="checkbox"/> CA		

42a The books are in care of PHILIP F. LESSER Telephone no. 415-321-7007
 Located at 2501 MISSION STREET SAN FRANCISCO CA ZIP + 4 94110

		Yes	No
42b	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country:..		X
42c	c At any time during the calendar year, did the organization maintain an office outside of the U.S.? If 'Yes,' enter the name of the foreign country:..		X

See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of a Foreign Bank and Financial Accounts.

43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 — Check here N/A and enter the amount of tax-exempt interest received or accrued during the tax year. 43 N/A

		Yes	No
44	Did the organization maintain any donor advised funds? If 'Yes,' Form 990 must be completed instead of Form 990-EZ.		X
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If 'Yes,' Form 990 must be completed instead of Form 990-EZ.		X

Part VI Section 501(c)(3) organizations only. All section 501(c)(3) organizations must answer questions 46-49 and complete the tables for lines 50 and 51.

	Yes	No
46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I.	46	
47 Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II.	47	
48 Is the organization operating a school as described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E.	48	
49 a Did the organization make any transfers to an exempt non-charitable related organization?	49 a	
b If 'Yes,' was the related organization(s) a section 527 organization?	49 b	

50 Complete this table for the five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None.'

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
Total number of other employees paid over \$100,000				

51 Complete this table for the five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None.'

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
Total number of other independent contractors receiving over \$100,000		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: JAMES NUNEMACHER Date: _____
 Type or print name and title: PRESIDENT

Paid Preparer's Use Only

Preparer's signature: _____ Date: _____
 Firm's name (or yours if self-employed), address, and ZIP + 4: WILLIAMS, ADLEY AND CO. LLP
1330 BROADWAY
OAKLAND, CA 94612
 Check if self-employed: Preparer's Identifying Number (See instructions): N/A
 EIN: N/A
 Phone no.: (510) 893-8114

May the IRS discuss this return with the preparer shown above? See instructions Yes No

MISSION MIRACLE MILE, INC.

20-3593750

STATEMENT 1
FORM 990-EZ, PART I, LINE 16
OTHER EXPENSES

AGENCY FEE.....	\$	7,500.
FLORAL BASKET.....		24,700.
INSURANCE.....		1,087.
MISCELLANEOUS EXPENSE.....		77.
OTHER FEES.....		1,251.
STREET BEAUTIFICATION.....		38,752.
SURVEILLANCE CAMERAS.....		2,161.
TOTAL	\$	75,528.

STATEMENT 2
FORM 990-EZ, PART II, LINE 24
OTHER ASSETS

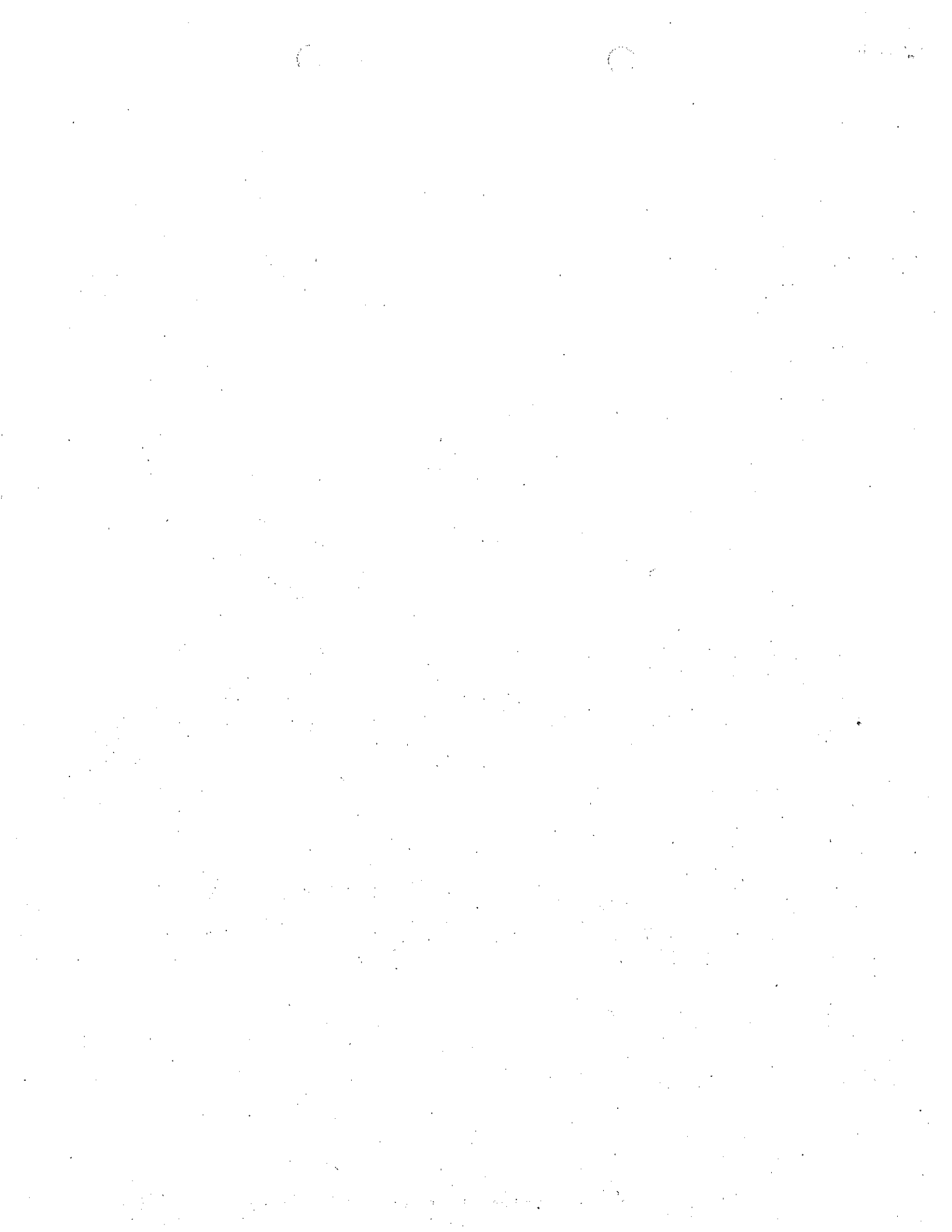
	<u>BEGINNING</u>	<u>ENDING</u>
ACCOUNTS RECEIVABLE.....	\$ 1,497.	\$ 0.
TOTAL	\$ 1,497.	\$ 0.

STATEMENT 3
FORM 990-EZ, PART II, LINE 26
TOTAL LIABILITIES

	<u>BEGINNING</u>	<u>ENDING</u>
ACCOUNTS PAYABLE AND ACCRUED EXPENSES.....	\$ 1,548.	\$ 2,841.
DEFERRED REVENUE.....	0.	37,595.
TOTAL	\$ 1,548.	\$ 40,436.

STATEMENT 4
FORM 990-EZ, PART III
ORGANIZATION'S PRIMARY EXEMPT PURPOSE

TO ENHANCE THE ECONOMIC, SOCIAL, CULTURAL, AND ENVIRONMENTAL WELL BEING OF THE MISSION DISTRICT OF SAN FRANCISCO. IN FURTHERANCE OF THIS PURPOSE, THE CORPORATION SHALL PROVIDE CIVIC SERVICES FOR THE PROMOTION OF THE WELFARE OF THE COMMUNITY AND ITS CITIZENS, INCLUDING BEAUTIFICATION OF PUBLIC AREAS, PROMOTION OF PUBLIC SAFETY, AND GENERALLY, PROMOTION OF THE COMMON GOOD AND GENERAL WELFARE OF THE PEOPLE OF THE COMMUNITY.



ANNUAL 2007 REPORT

2500 BLOCK OF MISSION STREET BUSINESS IMPROVEMENT DISTRICT

1. 2007 BID BOUNDARIES

The service area is the boundaries of the 2500 Block of Mission Street Business Improvement District, which contains 20 parcels of property.

Seven parcels are located on the west side of Mission Street. The other thirteen are on the east side of Mission Street.

This service area spans 1,502 linear feet of property frontage and approximately 22,500 square feet of sidewalk area.

These are the same boundaries as in 2006.

2. BEAUTIFICATION SERVICES CONTRACT RENEWAL

By unanimous vote at its meeting of November 2, 2006, the Mission Miracle Mile, Inc. Board agreed to extend the contract with First Building Maintenance, Co. until May 1, 2007 for the following services:

A. Sweeping & related streetscape maintenance

Schedule: 7 days a week, twice a day.

Mornings: between 4AM and 8AM

Afternoons: between 4PM and 6PM

- Removal of all litter and debris from building edge to curb line/gutter.

- Spot pressure hosing of spills, stains, and other issues (animal waste, odors, etc).
- Trash receptacle monitoring - Augment Dow's regular trash removal services for BID trash receptacles by "topping off" litter cans during periods of heavy usage. No trash receptacle overflows will be allowed to occur.
- 24-hour emergency response to problems that emerge between normal services calls.
- Immediate reporting to DPW for removal of bulky items.
- Ongoing weeding of sidewalk cracks and building edges.
- Ongoing tree well maintenance.

B. Sidewalk steam cleaning

Schedule: Four times per year, to be performed between 3AM and 7AM.

- Deep-clean sidewalk surfaces by steam cleaning to remove gum deposits and heavy grease stains. To be done with equipment capable of delivering 180°+ water at 3500 psi and 4 GPM. Detergents to be used as needed.

C. Sidewalk pressure hosing

Schedule: Weekly, to be performed between 3AM and 7AM.

- Cold-water pressure washing to be done with pressure washing equipment capable of delivering water with a force of at least 3000 psi at a minimum of 3 GPM. This weekly hosing is in addition to spot hosing performed on an as-needed basis to remove sidewalk spills or unsanitary conditions that arise in between the quarterly hot water steam cleanings.

D. Graffiti abatement

Schedule: Daily or as needed

- Eradicate all graffiti that appears on sidewalks and on the lowest ten-feet of store frontages within 24 hours.

- Report graffiti observed
- Abatement shall be by use of specialized solvents or matching paint. Hot water pressure washing equipment will be employed as needed to clean up graffiti on stone or masonry surfaces.

E. Graffiti deterrence

- Work with SFPD and BID property owners and merchants to deter graffiti vandalism in the BID.
- Track all cases of graffiti vandalism in the BID and
- Provide documentation to SFPD for arrest and prosecution of vandals.

F. Removal of illegal advertising on public property and code enforcement

- Document all violations of the SF Sign Ordinance,
- Remove all illegal signs and posters from public property
- Provide all necessary documentation to DPW for issuance of citations to the responsible parties.
- Monitor other code violations in the District such as illegal dumping, non-permitted street vendors and cars parked with FOR SALE signs.

G. Maintenance of street furniture

- Maintain in good and clean condition all (recently restored) public fixtures on the BID, including decorative lamp posts, traffic signal poles and control cabinets, utility poles/cabinets, public trash receptacles, traffic and parking signs and meters, fire and police call boxes, and hydrants.
- Report damaged or unsafe public fixtures to relevant government agencies for repair or replacement.
- Work with news and payphone vendors to ensure that these fixtures are kept in good, safe and sanitary condition.

H. Provide more “eyes and ears on the street”

- Vendor employees carry cell phones.
- They report any suspicious or unlawful behavior to SFPD.

I. Community Ambassador

- Maintain good working relationship with BID merchants and property owners.
- Vendor employees refer street people to available city homeless services.
- Vendor employees carry business cards and flyers with helpful information about the BID.

J. SF-DPW/BID relations and coordination

- Maintain a good ongoing working relationship with SF Dept. of Public Works and other city agencies

3. SAFETY PROGRAM -- 2007

By a unanimous vote at its meeting of January 26, 2007, the Mission Miracle Mile, Inc. Board agreed to enter into a contract with Remote View Security for the acquisition and installation of seven outdoor surveillance cameras and attendant recording equipment. The contracted amount for this equipment and its installation was \$28,060.54.

These seven cameras were operational in March 2007.

4. CONTRACT RENEWAL FOR ADMINISTRATIVE SERVICES

By unanimous vote at its meeting of November 2, 2006, the Mission Miracle Mile, Inc. Board agreed to extend the annual agency contract at \$7,500 per annum with Philip F. Lesser until December 31, 2007 for the following services:

- Facilitate the bidding process for vendors
- Perform quality control over vendor services
- Maintain bank account
- Assure fund transfers
- Assure prompt payment of invoices
- Maintain accounting records
- Facilitate notification of Board Meetings
- Facilitate preparation and submission of required reporting
- Perform community relations services
- Assist Independent Auditors with Financial Statements

5. RETENTION OF INDEPENDENT AUDITOR

Willaims, Adley & Company, LLP , Certified Public Accountants, were retained to provide accounting, auditing and tax document preparation. A copy of their report for the Year 2006 dated July 13, 2007 is available upon request.

6. ACTUAL V. BUDGETED EXPENDITURES – 2007

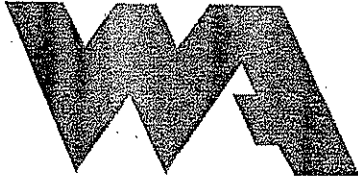
	<u>ACTUAL/ ESTIMATED</u>	<u>BUDGETED</u>
BEAUTIFICATION SERVICES & COMMUNITY RELATIONS	\$32,000	\$36,000
SAFETY PROGRAMS	\$28,000	\$29,000
<u>ADMINISTRATIVE SERVICES</u>	<u>\$10,525</u>	<u>\$10,000</u>
TOTAL 2007 EXPENDITURES	\$ 70,525	\$75,000

7. SERVICES PLAN – 2008

	<u>BUDGETED</u>
BEAUTIFICATION SERVICES & COMMUNITY RELATIONS	\$45,000
SAFETY PROGRAMS	\$4,000
GREENING PROGRAMS	\$15,000
<u>ADMINISTRATIVE SERVICES</u>	<u>\$11,000</u>
TOTAL 2008 EXPENDITURES	\$ 75,000

Respectfully submitted by:

**Philip Lesser
Agent, Mission Miracle Mile, Inc.
November 5, 2007**



MISSION MIRACLE MILE, INC.

Financial Statements

Year Ended December 31, 2007

(With Independent Auditors' Report Thereon)

WILLIAMS, ADLEY & COMPANY, LLP

Certified Public Accountants

and

Management Consultants



WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants
Management Consultants

MISSION MIRACLE MILE, INC.

Financial Statements

Year Ended December 31, 2007

(With Independent Auditors' Report Thereon)

Mission Miracle Mile, Inc.
Financial Statements
December 31, 2007

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Statement of Cash Flows	4
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WILLIAMS, ADLEY & COMPANY, LLP
Certified Public Accountants / Management Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mission Miracle Mile, Inc.

We have audited the accompanying statement of financial position of Mission Miracle Mile, Inc. (the Corporation) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 Corporation'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 Mission Miracle Mile, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Williams, Adley & Company, LLP
June 19, 2008

Mission Mirabilis Mile, Inc.
Statement of Financial Position
December 31, 2007

Assets	
Cash	\$ 45,389
Receivable from the City and County of San Francisco, CA	1,497
Total assets	<u>\$ 46,886</u>
Liabilities	
Accounts payable	\$ 1,548
Total liabilities	<u>1,548</u>
Net assets	
Unrestricted	45,338
Total net assets	<u>45,338</u>
Total liabilities and net assets	<u>\$ 46,886</u>

See accompanying notes to financial statements.

Mission Miracle Mile, Inc.
Statement of Activities
Year Ended December 31, 2007

Revenues:

Business improvement district assessments from the City and County of San Francisco, CA	\$ <u>75,000</u>
Total revenues	<u>75,000</u>

Expenses:

Accounting and auditing	3,025
Agency fee	7,500
Community relations	87
Street beautification	31,207
Surveillance cameras	28,061
Miscellaneous	155
Total expenses	<u>70,035</u>

Excess of revenues over expenditures 4,965

Net assets, beginning of year 40,373

Net assets, end of year \$ 45,338

See accompanying notes to financial statements.

Mission Miracle Mile, Inc.
Statement of Cash Flows
Year Ended December 31, 2007

Cash flows from operating activities	
Change in net assets	\$ 4,965
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities	
Increase in receivable from the City and County of San Francisco, CA	(1,497)
Increase in accounts payable	<u>348</u>
Net increase in cash	3,816
Cash at the beginning of the year	<u>41,573</u>
Cash at the end of the year	<u>\$ 45,389</u>

See accompanying notes to financial statements.

MISSION MIRACLE MILE, INC.
Notes to Financial Statements
December 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Mission Miracle Mile, Inc. (the Corporation) was incorporated as a California public benefit corporation in October 2005 for the purposes of enhancing the economic, social, cultural, and environmental well-being of the Mission District of San Francisco, California (Mission Street). The Corporation has instituted a "safe/clean/green program" for the benefit of businesses, property owners and the community frequenting the 2500 block of Mission Street. The "safe" component of this program is bolstered with security cameras and street maintainers, who double as street ambassadors. The "clean" component is highlighted by twice daily street beautification which includes trash and graffiti removal. The "green" component will be activated in spring 2008 with the installation of twenty hanging floral baskets.

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The accompanying financial statements are presented on the accrual basis of accounting.

Receivable from the City and County of San Francisco

The receivable from CCSF is for a delinquent assessment for which the taxpayer has a payment plan with CCSF. The assessment is considered to be collectible.

Property and Equipment

The Corporation's practice is to capitalize all expenditures property and equipment with a cost in excess of \$5,000 and depreciate over the estimated useful lives. As of December 31, 2007, no such items have been purchased.

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 certain reported balances. Accordingly, actual results could differ from those estimates.