
NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

FINANCIAL STATEMENTS

June 30, 2022

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
North of Market/Tenderloin Community Benefit Corporation
San Francisco, California

Opinion

We have audited the accompanying financial statements of North of Market/Tenderloin Community Benefit Corporation (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North of Market/Tenderloin Community Benefit Corporation as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we: Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California

April 28, 2023

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Statement of Financial Position
June 30, 2022
(With Comparative Totals as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Assets		
Cash and cash equivalents	\$ 1,137,750	\$ 956,150
Grants and accounts receivable	1,104,692	1,642,776
Assessments receivable	49,349	17,388
Prepaid expenses and deposits	33,808	21,347
Property, plant, and equipment (Note 3)	6,849	-
Total Assets	<u>\$ 2,332,448</u>	<u>\$ 2,637,661</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 491,151	\$ 752,578
Accrued vacation	72,472	60,351
PPP loan	-	168,400
Total Liabilities	<u>563,623</u>	<u>981,329</u>
Net Assets		
Without donor restrictions	1,038,253	919,865
With donor restrictions (Note 5)	730,572	736,467
Total Net Assets	<u>1,768,825</u>	<u>1,656,332</u>
Total Liabilities and Net Assets	<u>\$ 2,332,448</u>	<u>\$ 2,637,661</u>

See Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Statement of Activities
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Support and Revenue				
Assessment revenue (Note 6)	\$ 2,132,373	\$	\$ 2,132,373	\$ 2,021,032
Government grants and contracts	1,900,324	-	1,900,324	2,196,425
Foundation support	225,718	1,422,260	1,647,978	912,305
Individual and corporate support	5,216		5,216	9,272
Program service fees	1,141,682		1,141,682	146,758
Paycheck protection program (Note 7)	168,400		168,400	-
Interest and other income	16,236		16,236	17,987
In-Kind Services (Note 10)	41,040		41,040	-
Support provided by expiring time and purpose restrictions	1,428,155	(1,428,155)	-	-
Total Support and Revenue	<u>7,059,144</u>	<u>(5,895)</u>	<u>7,053,249</u>	<u>5,303,779</u>
Expenses				
Program	6,321,862		6,321,862	4,420,874
Management and general	421,617		421,617	269,067
Fundraising	197,277		197,277	52,332
Total Expenses	<u>6,940,756</u>	<u>-</u>	<u>6,940,756</u>	<u>4,742,273</u>
Change in Net Assets	118,388	(5,895)	112,493	561,506
Net Assets, beginning of year	<u>919,865</u>	<u>736,467</u>	<u>1,656,332</u>	<u>1,094,826</u>
Net Assets, end of year	<u>\$ 1,038,253</u>	<u>\$ 730,572</u>	<u>\$ 1,768,825</u>	<u>\$ 1,656,332</u>

See Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 112,493	\$ 561,506
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	1,344	-
PPP Loan forgiveness	(168,400)	-
Change in assets and liabilities:		
Grants and accounts receivable	538,084	(1,412,746)
Assessments receivable	(31,961)	33,803
Prepaid expenses and deposits	(12,461)	13,723
Accounts payable and accrued expenses	(261,427)	471,277
Accrued vacation	12,121	794
Net cash provided (used) by operating activities	189,793	(331,643)
Cash flows from investing activities:		
Purchase of property and equipment	(8,193)	-
Net cash provided (used) by investing activities	(8,193)	-
Net change in cash	181,600	(331,643)
Cash and cash equivalents, beginning of year	956,150	1,287,793
Cash and cash equivalents, end of year	\$ 1,137,750	\$ 956,150

See Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

	Program	Management and General	Fundraising	Total	
				2022	2021
Salaries	\$ 1,442,321	\$ 223,977	\$ 45,931	\$ 1,712,229	\$ 1,251,085
Employee benefits	162,985	15,647	4,192	182,824	140,584
Payroll taxes	120,707	18,044	3,732	142,483	99,566
Total Personnel	<u>1,726,013</u>	<u>257,668</u>	<u>53,855</u>	<u>2,037,536</u>	<u>1,491,235</u>
Fees for service					
Cleaning services	3,413,786	-	-	3,413,786	1,894,477
Camera services	189,163	-	-	189,163	322,813
Safety services	33,825	-	-	33,825	179,475
Public space improvements	62,375	-	-	62,375	166,627
Economic opportunity services	80,760	-	-	80,760	66,240
Accounting fees	-	53,439	-	53,439	39,191
Other fees for service	349,895	14,808	138,427	503,130	203,203
Neighborhood mini grants	65,246	-	-	65,246	95,035
Office expenses and supplies	238,782	15,431	4,411	258,624	145,966
Information technology	12,983	3,498	5	16,486	9,886
Occupancy	99,926	18,922	550	119,398	92,851
Depreciation	1,283	59	2	1,344	-
Insurance	7,675	14,686	6	22,367	34,596
Other expenses	30,019	12,197	21	42,237	678
In-kind Expenses	10,131	30,909	-	41,040	-
Total Expenses	<u>\$ 6,321,862</u>	<u>\$ 421,617</u>	<u>\$ 197,277</u>	<u>\$ 6,940,756</u>	<u>\$ 4,742,273</u>

See Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

NOTE 1: NATURE OF ACTIVITIES

The North of Market/Tenderloin Community Benefit Corporation (“TLCBD” or “Organization”) is a California nonprofit public benefit corporation, which was established in 2005. The core purpose of TLCBD is to lead the evolution of the Tenderloin into a vibrant community for ALL with a focus on providing supplemental cleaning, safety and beautification services to a 40-block special benefits district in the Tenderloin neighborhood of San Francisco.

Fiscal Year 2019-20 was a transition year for TLCBD, with the organization finishing the delivery of services to its original 30-block district under its original 2005 management plan and beginning expanded services under its renewed 2019 management plan to a larger 40-block district in January 2020. For the last 15 years, TLCBD has turned the annual investment by the property owners, who pay an assessment as part of their property tax bill, into much needed supplemental services and programs that benefit everyone in the community. Now TLCBD is committed to using the renewal of that commitment for another 15 years to expand its programs and impact.

TLCBD continued its long-standing Clean and Safe programs and established innovative programs to support Tenderloin Parks and Open Spaces, Economic Opportunity for small businesses and residents, Pedestrian Safety, an expanded Tenderloin Camera Network, and Neighborhood Pride

TLCBD’s Clean Program provides supplemental cleaning services in the public right-of-way including sidewalk and gutter sweeping, weekly pressure washing of all sidewalks, needles pick-up, human and animal waste sanitation and graffiti abatement. TLCBD also supports a fleet of Bigbelly trash cans with colorful wraps designed by local artists – bringing multiple litter receptacles to every intersection in the district.

TLCBD’s Safe Program operates the celebrated Safe Passage Program, which provides a visible safety presence on key corridors to help children and families get to and from school safely every day. Other safety initiatives include a Pedestrian Safety initiative to do outreach, education and organizing to support safer streets in the neighborhood.

TLCBD’s Camera Program manages a network of public realm cameras and fulfills footage requests for after-the-fact safety and criminal incidents from individuals and entities including, but not limited to, city departments involved in the criminal justice system.

TLCBD’s Inviting Space program operates the Tenderloin Park Network to support safe, clean and inviting parks and playgrounds as well as physical improvement and beautification projects to the sidewalks and other public spaces.

TLCBD’s Economic Opportunity Program provides business assistance services, referrals and grants and advocates on behalf of small businesses in the neighborhood.

TLCBD’s Neighborhood Pride Program provides support to multiple block groups as they seek to transform the physical and social conditions on their blocks. The program includes efforts to organize resident voices and bring attention to the dynamic low-income, affordable multi-racial neighborhood at the heart of San Francisco.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for a particular purpose or for use in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; there were no restrictions of this nature as of June 30, 2022.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

Accounting for Restrictions Met in the Same Reporting Period

The Organization has elected to treat government funding received with donor restrictions whose restrictions are met within the same reporting period as unrestricted contributions for purposes of the statement of activities. This policy is also applied to investment activity.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Other revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

The Organization recognizes revenue for certain government funding on a deliverable basis rather than on a cost reimbursement basis. These deliverables are approved by agency staff prior to payment based on Organizational reporting of work performed.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

Assessments Receivable

Assessments receivable primarily consists of tax assessments owed by property owners. Since the taxpayers will be subject to City enforcement procedures, all assessments are considered to be fully collectible.

Grants and Accounts Receivable

Grants and accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on a cost reimbursement basis or customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at June 30, 2022. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

Program Service Fees

Program service fees consists primarily of contracts conducted on a fee for service basis. The Organization recognizes revenue on such activities as the related performance obligations are completed.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2022 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair value of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2022.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$3,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Computer equipment	3 years
Leasehold improvements	12 - 25 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on estimated staff allocations at year end.

Occupancy, depreciation and other shared are allocated based on the programs and supporting activities occupying the space.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated based on direct program costs.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

Recent Accounting Pronouncement

In September 2020, the FASB issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update was designed to increase the transparency of contribution nonfinancial assets through enhancements to presentation and disclosure. The Organization’s adoption of this update did not have a material impact on the Organizations financial statements.

Reclassifications

Certain accounts in the prior year’s summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of April 28, 2023, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022

Computer equipment	\$ 4,833
Leasehold improvement	6,360
Less accumulated depreciation	<u>(4,344)</u>
Total	<u>\$ 6,849</u>

NOTE 4: CONTINGENCIES

Community Benefit District

Community benefit district assessments are received under agreement with the City and County of San Francisco and assessments have been currently authorized through June 2034. The assessments and related revenue to the Organization may be terminated at an earlier date if the community benefit district which funds the Organization’s operations is disestablished by a vote of the assessed property owners or in certain other circumstances. The Organization has been late in certain of its standard financial reporting and may incur additional costs to bring its financial reporting current and to comply with its reporting requirements. No reasonable estimate of the costs of such efforts was available.

Grant Awards and Governmental Funding

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

NOTE 5: NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consisted of \$730,572 and \$736,467 for specific programmatic purposes as of June 30, 2022 and 2021, respectively.

NOTE 6: ASSESSMENT REVENUE

Assessment revenue consists of regular annual property assessments which are recognized as revenue when assessed. In addition, the Organization may receive other related revenue for late fees and other items, which it records when paid. Assessment revenue consisted of the following for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Assessment revenue – regular annual	\$ 2,116,872	\$ 2,015,547
Assessment revenue – penalties and other	<u>15,501</u>	<u>5,485</u>
Total	<u>\$ 2,132,373</u>	<u>\$ 2,021,032</u>

NOTE 7: PAYCHECK PROTECTION PROGRAM

The Organization received notice during the year ended June 30, 2022 that funds received under the PPP – First Round funding totaling \$168,400 had been forgiven, and recognized such funds as support upon notice of forgiveness.

NOTE 8: CONCENTRATIONS

Support and Revenue

For the year ended June 30, 2022, the Organization received 30% of its revenue from community benefit district assessments on property owners in the North of Market/Tenderloin Community Benefit District and 48% from the City and County of San Francisco. A reduction in the level of this support, if this were to occur, may have an effect on the Organization’s program and activities.

Grants and Accounts Receivable

As of June 30, 2022, approximately 42% of grants and accounts receivable was from the City and County of San Francisco.

Geographic Area

The majority of the organization’s revenue and support are received from corporations, foundations, government agencies and individuals located in the San Francisco area. As such, the organization’s ability to generate resources may be dependent upon the economic health of that area.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits.

NOTE 9: RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan) under section 403(b) of the Internal Revenue Code. The Plan covers all employees who meet age and length of

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

service requirements. The Organization may make a matching contribution of up to 3% of the employee’s salary. The contribution rate is determined annually. All contributions to an employee’s account vest immediately. The Organization made contributions of \$22,917 and \$17,842 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10: IN-KIND LEGAL SERVICES

The Organization received the following pro bono legal services during the year ended June 30, 2022:

<u>Type</u>	<u>Utilized or monetized</u>	<u>Donor Restriction</u>	<u>Valuation method</u>	<u>Value</u>
Legal Services	Utilized	No further donor restrictions	Estimated FMV	\$ 41,040

The Organization values legal services at \$400/hour which is its estimate of the amount it would otherwise spend for such services if they were not donated. The Organization received the benefit of 102.6 hours of donated services during the year ended June 30, 2022

NOTE 11: PASS-THROUGH ACTIVITY

The Organization serves as the lead fiscal agent for a number of grants in which funds have been earmarked for partner organizations. In addition to the activity reflected on the Organization’s financials, an additional \$1,863,274 was accounted for on a pass-through basis reflecting the activity of the partners for the year ended June 30, 2022.

NOTE 12: RELATED PARTY ACTIVITY

The Organization’s board includes representatives of the local community that the Organization operates within. During the year ended June 30, 2022, the Organization paid one board member approximately \$109,140 for neighborhood monitoring services.

NOTE 13: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organizations statement of activity, the Organization received certain conditional promises to give as of June 30, 2022:

<u>Grant</u>	<u>Award</u>	<u>Recognized</u>	<u>Remaining</u>
Grant I	200,000	\$ 100,000	100,000
Grant II	1,000,000	500,000	500,000

NOTE 14: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are:

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

Cash and cash equivalents	\$ 1,137,750
Grants and accounts receivable	1,104,692
Assessments receivable	49,349
Less purpose restricted net assets	<u>(730,572)</u>
Total	<u>\$ 1,561,219</u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements into its bank money market account.

NOTE 15: UNCERTAINTIES

Coronavirus

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Center's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.