



*Report of Independent Auditors and
Financial Statements*

Yerba Buena Community Benefit District

June 30, 2022 and 2021



MOSSADAMS

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Report of Independent Auditors

To the Board of Directors
Yerba Buena Community Benefit District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Yerba Buena Community Benefit District, which comprise the statements of financial position as of June 30, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 Yerba Buena Community Benefit District as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Yerba Buena Community Benefit District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States 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 Yerba Buena Community Benefit District'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 GAAS 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 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Yerba Buena Community Benefit District'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 Yerba Buena Community Benefit District'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.

A handwritten signature in dark ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California
September 14, 2022

Financial Statements

Yerba Buena Community Benefit District
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 4,802,334	\$ 4,742,781
Accounts receivable, net	-	11,000
Prepaid expenses	34,040	33,524
Capital assets, net	<u>189,736</u>	<u>240,077</u>
Total assets	<u><u>\$ 5,026,110</u></u>	<u><u>\$ 5,027,382</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 229,110	\$ 177,433
Accrued vacation	24,508	31,221
Paycheck Protection Program loan	<u>-</u>	<u>84,992</u>
Total liabilities	<u>253,618</u>	<u>293,646</u>
NET ASSETS		
Without donor restrictions	4,760,642	4,730,386
With donor restrictions	<u>11,850</u>	<u>3,350</u>
Total net assets	<u>4,772,492</u>	<u>4,733,736</u>
Total liabilities and net assets	<u><u>\$ 5,026,110</u></u>	<u><u>\$ 5,027,382</u></u>

Yerba Buena Community Benefit District
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Assessment revenue	\$ 3,286,253	\$ -	\$ 3,286,253	\$ 3,143,384	\$ -	\$ 3,143,384
Contributions	113,043	28,500	141,543	41,514	19,000	60,514
Gain on forgiveness of PPP loan	84,992	-	84,992	-	-	-
Other income	32,193	-	32,193	48,569	-	48,569
Investment loss	-	-	-	675	-	675
Net assets released from restrictions	20,000	(20,000)	-	110,178	(110,178)	-
Total support and revenue	3,536,481	8,500	3,544,981	3,344,320	(91,178)	3,253,142
EXPENSES						
Program services	2,946,853	-	2,946,853	2,839,731	-	2,839,731
Supporting services:						
Management and operations	512,216	-	512,216	379,098	-	379,098
Fundraising	47,156	-	47,156	41,944	-	41,944
Total expenses	3,506,225	-	3,506,225	3,260,773	-	3,260,773
CHANGES IN NET ASSETS	30,256	8,500	38,756	83,547	(91,178)	(7,631)
NET ASSETS, beginning of year	4,730,386	3,350	4,733,736	4,646,839	94,528	4,741,367
NET ASSETS, end of year	\$ 4,760,642	\$ 11,850	\$ 4,772,492	\$ 4,730,386	\$ 3,350	\$ 4,733,736

Yerba Buena Community Benefit District
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services					Supporting Services		
	Cleaning and Streetscape Improvements	Safety and Security	Branding, Activation and Marketing	Sponsored Projects	Total	Management and Operations	Fundraising	Total
EXPENSES								
Cleaning contract	\$ 869,826	\$ -	\$ -	\$ -	\$ 869,826	\$ -	\$ -	\$ 869,826
Community guides	-	805,757	-	-	805,757	-	-	805,757
Salaries and benefits	94,669	107,382	142,686	-	344,737	210,910	47,156	602,803
Public safety	-	237,372	-	-	237,372	-	-	237,372
Consulting fees	-	-	4,817	-	4,817	160,188	-	165,005
Grants	-	-	158,352	-	158,352	-	-	158,352
Other expenses	71,739	28,120	10,574	-	110,433	36,871	-	147,304
Greening expenses	116,104	-	-	-	116,104	-	-	116,104
In-kind goods and services	25,534	-	52,241	-	77,775	425	-	78,200
Marketing and branding	-	-	78,039	-	78,039	-	-	78,039
Public spaces	63,206	-	-	-	63,206	-	-	63,206
Rent and utilities	9,717	10,159	9,938	-	29,814	22,373	-	52,187
Depreciation and amortization	-	-	-	-	-	53,726	-	53,726
Events	-	-	34,166	-	34,166	-	-	34,166
Bad debt expense	-	-	-	-	-	16,281	-	16,281
Office supplies and postage	-	-	1,712	-	1,712	11,442	-	13,154
Uniforms	8,206	6,537	-	-	14,743	-	-	14,743
Total expenses	<u>\$ 1,259,001</u>	<u>\$ 1,195,327</u>	<u>\$ 492,525</u>	<u>\$ -</u>	<u>\$ 2,946,853</u>	<u>\$ 512,216</u>	<u>\$ 47,156</u>	<u>\$ 3,506,225</u>

Yerba Buena Community Benefit District
Statement of Functional Expenses (Continued)
For the Year Ended June 30, 2021

	Program Services					Supporting Services		
	Cleaning and Streetscape Improvements	Safety and Security	Branding, Activation and Marketing	Sponsored Projects	Total	Management and Operations	Fundraising	Total
EXPENSES								
Cleaning contract	\$ 779,707	\$ -	\$ -	\$ -	\$ 779,707	\$ -	\$ -	\$ 779,707
Community guides	-	771,731	-	-	771,731	-	-	771,731
Salaries and benefits	83,933	94,862	129,367	-	308,162	192,619	41,944	542,725
Public safety	-	423,065	-	-	423,065	-	-	423,065
Other expenses	200,577	6,120	6,686	-	213,383	36,718	-	250,101
Greening expenses	130,803	-	-	-	130,803	-	-	130,803
Consulting fees	-	-	1,400	16,500	17,900	95,422	-	113,322
Grants	-	15,500	84,392	-	99,892	-	-	99,892
Depreciation and amortization	-	-	-	-	-	57,671	-	57,671
Rent and utilities	8,538	8,926	8,732	-	26,196	25,076	-	51,272
In-kind goods and services	8,464	11,250	-	-	19,714	18,800	-	38,514
Marketing and branding	-	-	33,913	-	33,913	-	-	33,913
Office supplies and postage	-	-	5,576	-	5,576	7,199	-	12,775
Uniforms	3,439	3,439	-	-	6,878	-	-	6,878
Events	-	-	2,811	-	2,811	400	-	3,211
Bad debt recovery	-	-	-	-	-	(54,807)	-	(54,807)
Total expenses	<u>\$ 1,215,461</u>	<u>\$ 1,334,893</u>	<u>\$ 272,877</u>	<u>\$ 16,500</u>	<u>\$ 2,839,731</u>	<u>\$ 379,098</u>	<u>\$ 41,944</u>	<u>\$ 3,260,773</u>

Yerba Buena Community Benefit District
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets	\$ 38,756	\$ (7,631)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized loss	-	1,158
Change in allowance for bad debt	16,282	(54,807)
Depreciation and amortization	53,726	57,671
Extinguishment of Paycheck Protection Program loan	(84,992)	-
Changes in operating assets and liabilities:		
Assessments receivable	(5,282)	43,807
Prepaid expenses	(516)	(8,446)
Accounts payable and accrued expenses	44,964	(18,856)
Accrued vacation	-	3,250
Net cash provided by operating activities	62,938	16,146
CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES		
Proceeds on maturity of certificates of deposit	-	247,524
Purchase of capital assets	(3,385)	-
Net cash (used in) provided by investing activities	(3,385)	247,524
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Borrowings on Paycheck Protection Program loan	-	84,992
Net cash provided by financing activities	-	84,992
NET CHANGES IN CASH AND CASH EQUIVALENTS	59,553	348,662
CASH AND CASH EQUIVALENTS, beginning of year	4,742,781	4,394,119
CASH AND CASH EQUIVALENTS, end of year	\$ 4,802,334	\$ 4,742,781

Yerba Buena Community Benefit District

Notes to Financial Statements

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of activities – The Yerba Buena Community Benefit District (the “YBCBD”) was formed in 2008 by property owners to improve the quality of life in the neighborhood by making the area cleaner, safer, and more vibrant. The YBCBD has a contract with the City and County of San Francisco (the “City”) for a term of 15 years, expiring on June 30, 2030. The YBCBD stretches from about Second Street to Fifth Street and Market Street to Harrison Street in San Francisco, California.

The YBCBD exists to implement programs to create a neighborhood that is safer, cleaner, greener and a better place to conduct business and live. These programs and services are funded by district property owners in the Yerba Buena neighborhood.

The YBCBD’s mission statement is as follows:

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

Programs and services provided by the YBCBD include:

- **Clean Team** – The Clean Team (“Team”) works to improve the appearance and cleanliness of the district daily from 6:00am to 9:00pm. The Team steam cleans all sidewalks in the district once or twice a month, works daily on sidewalk cleaning and gutter sweeping, and removes trash on a frequent basis. The Team also pulls weeds, cleans tree wells, removes graffiti, and paints poles and mailboxes.
- **Community Guides Program** – The Community Guides (“Guides”) serve as goodwill ambassadors in the neighborhood. Guides provide information, directions, and connect those who need help to the right social services. Guides report maintenance issues such as areas in need of cleaning. Guides do not provide emergency response, but will call emergency dispatch to report issues. Up to six guides work 6:00am to midnight, seven days a week. The YBCBD also engages two Social Services Specialists to work with the street population and connect them to services.
- **SFPD 10B Officer** – In addition to existing police services, the San Francisco Police Department (“SFPD”) provides officers to the YBCBD under City Administrative Code Section 10B. These officers are funded by the YBCBD and work 10 hours per day, 7 days per week. The 10B Officer primarily addresses quality of life issues within the neighborhood and within the purview of SFPD, such as issuing citations for drinking, trespassing, permit violations, littering, and pedestrian safety infractions. The additional police presence adds 70 hours per week of police time to the 5,000 hours a week already provided by the Southern District Police Station.
- **Marketing and Branding** – Marketing programs help strengthen the area’s economic viability to make it more inviting to businesses and visitors. The YBCBD established a name and brand for the neighborhood, along with a neighborhood website that lists all businesses, events, and neighborhood news. The YBCBD also coordinates events that bring people to the neighborhood.

Yerba Buena Community Benefit District

Notes to Financial Statements

- **Streetscape Improvements** – Guided by the Yerba Buena Street Life Plan, the YBCBD invests in public realm improvements, including greening, public art, pedestrian, and bicycle improvements, as well as advocates for real public benefits related to neighborhood development projects.
- **Community Benefit Fund** – The YBCBD Community Benefit Fund supports district initiatives by providing small grants to organizations in the neighborhood that help to achieve the mission of the YBCBD.
- **Annie Street Project** – The Annie North Plaza project was made possible through a public private partnership between San Francisco Public Works, the YBCBD, and the adjacent property owners to the plaza. The new design removed old planters at the intersection of Market Street and Annie Alley to meet several goals of the YBCBD's 2019 Street Life Plan, such as creating more flexible open space, and establishing better connections to alleyways (Annie, Jessie, and Stevenson). The project was completed during the year ended June 30, 2022.

Basis of accounting – The YBCBD prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

Classification of net assets – U.S. GAAP requires that YBCBD report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Accordingly, the net assets of the YBCBD are classified and reported as described below:

Without donor restrictions – Those net assets and activities which represent the portion of expendable funds that are available to support YBCBD's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes. Board-designated net assets were \$4,570,906 and \$4,490,309 as of June 30, 2022 and 2021, respectively.

With donor restrictions – Those net assets and activities which are donor restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets. Those also include (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold, or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

Cash and cash equivalents – The YBCBD considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts receivable – Accounts receivable represents assessment obligations of local property owners due to the YBCBD. Unpaid receivables do not accrue interest. As of June 30, 2021, included in accounts receivable was \$11,000 of grant receivables.

The YBCBD uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2022 and 2021, assessments receivable were fully reserved for, and the allowance for uncollectible assessments was \$124,128 and \$107,846, respectively.

Yerba Buena Community Benefit District

Notes to Financial Statements

Capital assets – The YBCBD capitalizes acquisitions of capital assets with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value at the date of acquisition. Depreciation on furniture and equipment and public art are calculated using the straight-line method based upon estimated useful lives ranging from 3 to 10 years. Website development costs are amortized using the straight-line method over 3 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statements of activities and changes in net assets.

Impairment of long-lived assets – Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment losses were incurred during the years ended June 30, 2022 and 2021.

Accrued vacation – Full-time employees may accrue up to 13.33 hours per month depending on the number of years employed. Part-time employees accrue vacation on a prorated basis. Employees can accrue a maximum of 240 vacation hours. Accrued vacation as of June 30, 2022 and 2021 was \$24,508 and \$31,221, respectively.

Paycheck Protection Program loan – The note payable issued pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) is recorded in accordance with Accounting Standards Codification (ASC) 470, *Debt*.

In May 2021, YBCBD was granted a loan under the PPP offered by the SBA under the CARES Act, section 7(a)(36) for \$84,992. The loan was subject to partial or full forgiveness if YBCBD used all proceeds for eligible purposes, maintained certain employment levels, and maintained certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations, and related guidance. During the year ended June 30, 2022, YBCBD was granted forgiveness of the full loan from the SBA in the amount of \$84,992, including all accrued interest. As of June 30, 2022, there is no balance owed on the loan. The YBCBD accounts for forgiveness of the loan in accordance with ASC 470-50-40, as a debt extinguishment. The loan forgiveness is included as gain on forgiveness of PPP loan on the accompanying statement of activities for the year ended June 30, 2022.

Assessment revenue – The YBCBD receives its support primarily from a special assessment levied by the City on properties located within the YBCBD in accordance with City Ordinance. The assessment is recorded by the YBCBD when assessed by the City. The City remits the assessments to the YBCBD as the assessments are collected from the property owners. Interest is not charged on late assessments; however late penalties are charged in accordance with the City's policy.

Yerba Buena Community Benefit District

Notes to Financial Statements

Contributions – The YBCBD recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as support under net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as support under net assets with donor restrictions. There were no conditional contributions as of June 30, 2022 and 2021.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statements of activities and changes in net assets. Such transactions are recorded as net assets released from restrictions and are reported separately from other transactions.

Contributed goods and services – The YBCBD records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the years ended June 30, 2022 and 2021, the YBCBD received contributed goods and services in the amounts of \$78,200 and \$38,514, respectively.

Advertising – The costs of advertising are charged to expense as incurred. Advertising expense for the years ended June 30, 2022 and 2021 was \$35,854 and \$5,484, respectively.

Grants – Grants are recognized when approved by the Board or Directors, provided the grant is not subject to conditions. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition. As of June 30, 2022 and 2021, there were no conditional grants.

Income taxes – The YBCBD is a qualified organization exempt from federal and state income taxes under §501(c)(3) of the Internal Revenue Code (“IRC”) and §23701d of the California Revenue and Taxation Code, respectively.

The YBCBD recognizes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The YBCBD’s evaluation on June 30, 2022 and 2021 revealed no tax positions that would have a material impact on the financial statements.

The YBCBD’s tax returns are subject to examination by federal and state taxing authorities. However, management is unaware of any pending examinations nor are there any in progress.

Concentration of Risk

Financial instruments – Financial instruments which potentially subject the YBCBD to concentrations of credit risk consist principally of cash and cash equivalents. The YBCBD maintains its cash in various bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation (“FDIC”) thresholds. The YBCBD has not experienced any losses in such accounts. Management believes that the YBCBD is not exposed to any significant credit risk related to concentrations.

Yerba Buena Community Benefit District

Notes to Financial Statements

Contingencies – The World Health Organization declared the novel coronavirus a public health emergency. YBCBD's operations are concentrated in California, which has restricted gatherings and implemented shelter-in-place restrictions. YBCBD continues normal operations and is monitoring the situation closely, however, given the uncertainty about the situation, management can't estimate the impact to the financial statements.

Functional allocation of expenses – The costs of providing various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates made by management. Personnel costs are allocated based on estimated time worked in each program area, or on fundraising or administrative tasks. Other shared costs, such as rent and utilities, are based on estimated full time equivalents assigned to each area.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – Subsequent events are events or transactions that occur after the statements of financial position date but before the financial statements are available to be issued. The YBCBD recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The YBCBD's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statements of financial position date and before the financial statements were available to be issued.

The YBCBD has evaluated subsequent events through September 14, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – CAPITAL ASSETS

Capital assets at June 30 consisted of the following:

	2022	2021
Public art	\$ 352,447	\$ 352,447
Website development	26,000	26,000
Street furniture	40,424	40,424
Furniture and equipment	38,501	35,116
Construction in progress	5,050	5,050
	462,422	459,037
Less: accumulated depreciation	(272,686)	(218,960)
Total capital assets	\$ 189,736	\$ 240,077

Yerba Buena Community Benefit District

Notes to Financial Statements

NOTE 3 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30 consisted of the following:

	2022	2021
Board-designated:		
Cleaning and Streetscape Improvements	\$ 2,990,403	\$ 2,823,281
Management and operations	1,417,754	1,397,293
Safety and security	43,437	163,693
Branding, activation, and marketing	119,312	106,042
Sponsored projects:		
Invested in capital assets	189,736	240,077
Total	<u>\$ 4,760,642</u>	<u>\$ 4,730,386</u>

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 may be expended for:

	2022	2021
Sponsored projects:		
SF PBID	\$ 11,500	\$ 3,000
Other	350	350
Total	<u>\$ 11,850</u>	<u>\$ 3,350</u>

All net assets with donor restriction are expected to be released by June 30, 2023.

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the years ended June 30 were as follows:

	2022	2021
Sponsored projects:		
Annie Street	\$ 20,000	\$ 94,178
SF PBID	-	16,000
Total	<u>\$ 20,000</u>	<u>\$ 110,178</u>

NOTE 6 – GRANTS

The YBCBD distributes annual grants called Community Benefit Fund grants to community organizations providing services, within the district, that support the improvements and activities of the YBCBD. Grant expense for the years ended June 30, 2022 and 2021 was \$158,352 and \$99,892, respectively. There were no grants payable at June 30, 2022 and 2021.

Yerba Buena Community Benefit District

Notes to Financial Statements

NOTE 7 – RETIREMENT PLAN

The YBCBD established an employer noncontributory defined contribution retirement plan (the “Plan”) for employees. Eligible employees may make voluntary contributions by salary reduction to the Plan, up to the limit allowed by IRC regulations.

NOTE 8 – COMMITMENTS

The YBCBD has a month-to-month operating lease agreement for office space in San Francisco, California.

The YBCBD also is obligated under a noncancelable lease for office equipment that requires monthly lease payments and expires in December 2025.

The following is a schedule of minimum noncancelable lease commitments:

<u>Year Ending June 30,</u>	
2023	\$ 30,953
2024	31,530
2025	31,530
2026	13,138
	<hr/>
	\$ 107,151
	<hr/>

Rent expense for the years ended June 30, 2022 and 2021 was \$94,859 and \$86,835, respectively.

NOTE 9 – RELATED-PARTY TRANSACTIONS

The property owner of the building the YBCBD leases for office space is a member of YBCBD’s Board of Directors (the “Board”). Rent paid for the office lease during the years ended June 30, 2022 and 2021 was \$44,136 and \$42,736, respectively.

Members of the Board are also associated with organizations that received Community Benefit Fund grants from the YBCBD. Pursuant to the YBCBD’s conflict of interest policy, all conflicted YBCBD Board members refrain from the decision-making process and abstain from the voting process.

The YBCBD has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which the member (or an immediate family member) has a material financial interest. Each Board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the YBCBD does business with an entity in which a Board member has a material financial interest. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the YBCBD.

Yerba Buena Community Benefit District

Notes to Financial Statements

NOTE 10 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects YBCBD's financial assets as of June 30:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 4,802,334	\$ 4,742,781
Accounts receivables, net	<u>-</u>	<u>11,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 4,802,334</u>	<u>\$ 4,753,781</u>

All financial assets are available for general expenditure within one year of June 30, 2022 and 2021. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. YBCBD derives approximately 95% of its annual budget from assessment payments from property owners. The target minimum funds available in reserve for the YBCBD is eight months of average operating costs. The calculation of average monthly operating costs is based on the YBCBD's annual budget. Board-designated net assets cover most of the general expenditures of YBCBD within a year.

