

**CENTRAL MARKET COMMUNITY
BENEFIT CORPORATION**

REVIEWED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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**CENTRAL MARKET COMMUNITY
BENEFIT CORPORATION
FOR THE YEAR ENDED DECEMBER 31, 2013**

Table of Contents

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT.....	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	7

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Central Market Community Benefit Corporation
San Francisco, California

We have reviewed the accompanying statement of financial position of Central Market Community Benefit Corporation (a California nonprofit benefit organization) as of December 31, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles.

Maze + Associates

April 30, 2014

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2013

ASSETS

Cash	\$25,314
Other Receivables	<u>31,937</u>
Total Assets	<u><u>\$57,251</u></u>

LIABILITIES

Accounts Payable	<u>\$60,319</u>
Total Accounts Payable	<u>60,319</u>

NET ASSETS (Note 2H)

Unrestricted	433,131
Temporarily restricted	<u>(436,199)</u>
Total Net Assets	<u><u>(\$3,068)</u></u>

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

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Local property assessments		\$289,621	\$289,621
Grants	\$108,164		108,164
Donations	10,595		10,595
Net assets released from restrictions:			
Satisfaction of purpose (Note 3)	<u>725,820</u>	<u>(725,820)</u>	<u> </u>
 Total Support and Revenues	 <u>844,579</u>	 <u>(436,199)</u>	 <u>408,380</u>
 Expenses:			
Program	612,667		612,667
Support services:			
Management and general	<u>176,995</u>	<u> </u>	<u>176,995</u>
 Total Expenses	 <u>789,662</u>	 <u> </u>	 <u>789,662</u>
Change in Net Assets	54,917	(436,199)	(381,282)
Net Assets, Beginning of Year	<u>378,214</u>	<u> </u>	<u>378,214</u>
Net Assets, End of Year	<u><u>\$433,131</u></u>	<u><u>(\$436,199)</u></u>	<u><u>(\$3,068)</u></u>

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

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	(\$381,282)
Adjustments to reconcile support and revenue over expenses to net cash provided (used) by operating activities:	
Increase/decrease in:	
Due from City and County of San Francisco	295,688
Prepaid Expenses	(31,937)
Accounts Payable	<u>60,319</u>
Total adjustments	<u>324,070</u>
Net cash used for operating activities	<u>(57,212)</u>
Net increase in cash	(57,212)
Cash and cash equivalents, beginning of year	<u>82,526</u>
Cash and cash equivalents, end of year	<u><u>\$25,314</u></u>

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

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

	Program Services			Totals	Management and General	Total
	Clean Streets	Community Guides	District Identity & Streetscape Improvements			
Salaries	\$37,481	\$29,984	\$7,496	\$74,961	\$18,741	\$93,702
Payroll taxes	3,089	2,471	618	6,178	1,545	7,723
Employee benefits					4	4
Dispatch services	52,000	971		52,971		52,971
Banners and artwork			2,000	2,000		2,000
Special events			15,553	15,553		15,553
Website and IT communication			11,971	11,971		11,971
Design and printing			22,899	22,899		22,899
Community relations			4,157	4,157		4,157
Advertising and sponsorship			9,563	9,563		9,563
Administrative services					13,172	13,172
Rent (Note 4)					5,400	5,400
Outside services	195,639	216,775		412,414		412,414
Education, meetings and travel					1,158	1,158
Professional fees					130,133	130,133
Licenses and permits					56	56
Insurance					6,786	6,786
	<u>\$288,209</u>	<u>\$250,202</u>	<u>\$74,257</u>	<u>\$612,667</u>	<u>\$176,995</u>	<u>\$789,662</u>

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

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CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 – ORGANIZATION AND PROGRAMS

A. Reporting Entity

Central Market Community Benefit Corporation (CMCBC) (the Organization) is a California nonprofit, community-based organization incorporated in February 2007, to provide programs and services to improve the overall cleanliness and safety of the Central Market district's public realm in San Francisco, California. The goal of CMCBC is to increase pedestrian activity, strengthen existing small businesses and cultural institutions, attract new investment and improve quality of life in the district's public realm.

Funding is provided primarily from special assessments collected from every property owner in the district through the City and County of San Francisco. The annual budget for CMCBC is allocated into the following spending categories: 65% public space beautification and safety, 5% district identity and streetscape improvement, 20% administrative and 10% contingency.

B. Programs

Clean Streets – enhances the attractiveness of San Francisco's Central Market district by providing daily cleaning services and responding to on-call maintenance issues in the neighborhood's public realm. The Clean Streets Program is provided through a contract with MJM Management Group.

Community Guides – provides a friendly and welcoming presence in the public realm of San Francisco's Central Market district. The Community Guides provide way-finding and customer service to visitors while supporting social service providers, residents, workers, merchants and property owners in creating a clean, safe and welcoming Central Market neighborhood. This service is provided through a contract with MJM Management Group.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets consist of assets with time and purpose restrictions related the capital campaign.

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. The Organization considers that all contributions for long-lived assets have implied time restrictions and classifies this support as temporarily restricted until the purpose restriction is met. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

B. *Income Taxes*

The Organization is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income for the year ended December 31, 2013.

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

C. *Estimates*

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

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Due from City and County of San Francisco

The Organization decided to change the way that they will recognize Assessment revenue. Beginning in the year ended December 31, 2013 and going forward the Organization will recognize revenue from the City and County of San Francisco in the year it is received. In previous years the Organization was accruing the revenue.

No allowance for uncollectible accounts has been recorded as all amounts due from the City and County of San Francisco are deemed collectible by management as of December 31, 2013.

E. Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on management's estimates.

G. Support and Revenue Recognition

Support and revenue are recognized when the donor or grantee makes a promise to give to the Organization that is, in substance, unconditional. Support that is restricted by donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Assets Classifications

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which the CMCBC Board of Directors has discretionary control and are used to carry out operations in accordance with its bylaws. Included in unrestricted net assets are funds used to account for fixed asset acquisitions, improvements and related activities.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Permanently Restricted Net Assets: Permanently restricted net assets include resources subject to donor-imposed stipulations that they be maintained permanently by the Organization.

I. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect the management's judgment about the assumptions that market participants would use in pricing the asset or liability.

J. Advertising

The Organization follows the policy of expensing advertising costs as incurred.

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

During the year ended December 31, 2013, net assets of \$725,820 were released due to the fulfillment of the purpose restriction to provide improvement district services.

NOTE 4 – LEASE COMMITMENT

The Organization entered into a month to month lease agreement with CFRI/Urban 901 Market, LLC on December 10, 2008. Total rent is \$450 per month.

NOTE 5 – RETIREMENT PLAN

The Organization sponsors a defined contribution plan for its full-time employees. The Organization did not contribute to the plan during the year ended December 31, 2013.

NOTE 6 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events for recognition and disclosure through April 30, 2014, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since April 30, 2014 that require recognition or disclosure in such financial statements.

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