

**TOP OF BROADWAY COMMUNITY  
BENEFIT DISTRICT, INC.  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2015**

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# CHEK TAN AND COMPANY

A CERTIFIED PUBLIC ACCOUNTING FIRM

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Top of Broadway Community Benefit District, Inc.  
San Francisco, California

I have reviewed the accompanying statement of financial position of Top of Broadway Community Benefit District, Inc. (a nonprofit organization) as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows 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 statements as a whole. Accordingly, I do not express such an opinion.

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

My 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 me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications 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 of America.

*Chek Tan and Company*

San Francisco, California  
December 22, 2015



**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

**ASSETS**

Current assets	
Cash	\$102,980
Assessments receivable	9,226
Grant receivable	30,000
Pledge receivable	25,000
Prepaid expenses and deposits	<u>5,782</u>
Total assets	<u>\$172,988</u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 28,376
Deferred revenue	<u>819</u>
Total liabilities	<u>29,195</u>
Net assets	
Unrestricted net assets	113,793
Temporarily restricted net assets	<u>30,000</u>
Total net assets	<u>143,793</u>
Total liabilities and net assets	<u>\$172,988</u>

**See Independent Accountant's Review Report and accompanying notes.**

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

Support and revenue	
Assessment revenue	\$106,135
Affiliate member dues	409
Contributions	8,900
Grant	30,000
In-kind rent and facility use	5,300
In-kind services	<u>26,300</u>
Total support and revenue	<u>177,044</u>
Expenses	
Program services	
Sidewalk operations, beautification and order	125,408
District identity	65,265
Supporting services	
Management and general	54,818
Fundraising	<u>3,244</u>
Total expenses	<u>248,735</u>
Changes in net assets	( 71,691)
Net assets, beginning of year	215,484
Net asset, end of year	\$ <u>143,793</u>

**See Independent Accountant's Review Report and accompanying notes.**

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2015**

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and general</u>	<u>Fundraising</u>	
Security and safety	\$ 62,445	\$ 0	\$ 0	\$ 62,445
Sidewalk cleaning and maintenance	48,018	0	0	48,018
Consultant (Executive Director)	16,300	23,712	3,244	43,256
District identity	39,736	0	0	39,736
Consultant (in-kind)	4,413	15,762	0	20,175
Landscaping and streetscapes	10,452	0	0	10,452
Support and professional services fees	1,251	7,308	0	8,559
Rent and facility use (in-kind)	1,000	4,300	0	5,300
Landscaping (in-kind)	3,500	0	0	3,500
Designer services (in-kind)	2,500	0	0	2,500
Insurance	0	2,404	0	2,404
Printing and copying	933	879	0	1,812
Postage	0	232	0	232
Printing (in-kind)	125	0	0	125
Supplies	0	91	0	91
License and permits	0	85	0	85
Bank services	<u>0</u>	<u>45</u>	<u>0</u>	<u>45</u>
 Total functional expenses	 <u>\$190,673</u>	 <u>\$54,818</u>	 <u>\$3,244</u>	 <u>\$248,735</u>

**See Independent Accountant's Review Report and accompanying notes.**

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**

Cash flow from operating activities:	
Decrease in net assets	\$( 71,691)
Adjustments to reconcile change in net assets to cash used in operating activities:	
Change in assets and liabilities:	
Assessments receivable	( 6,235)
Grant receivable	( 30,000)
Pledge receivable	100,000
Prepaid expenses and deposits	( 5,066)
Accounts payable	6,277
Deferred revenue	<u>819</u>
Net cash used in operating activities	<u>( 5,896)</u>
Net decrease in cash	( 5,896)
Cash, beginning of year	<u>108,876</u>
Cash, end of year	<u>\$ 102,980</u>

**See Independent Accountant's Review Report and accompanying notes.**

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 1 - Nature of Activities

a. Organization

The Top of Broadway Community Benefit District, Inc. ('Organization'), was incorporated in California on October 18, 2013 as a non-profit public benefit corporation. Its mission is to make the area around Broadway a safe, beautiful, diverse and enjoyable place to live, work and visit with a commitment to promote economic vitality, improve livability and advocate area history and identity. All property owners whose parcels of land fall within the Organization's geographic area fund the Organization through a special assessment fee, as established after a majority of property owners vote and legislation adopted by the Board of Supervisors, and signed by the Mayor of the City and County of San Francisco ('City').

Upon formation of the district in 2013, its members (property owners) were assessed an annual special tax assessment levied by the City under the Property and Business Improvement District Law of 1994. The term of the district will expire (unless renewed) on June 30, 2021. Under a contract with the City and a Management Plan, the Organization receives these special tax assessments and, in exchange, provides certain services to the members of the District. The services include, but are not limited to, supplemental regular cleaning of the sidewalks and curb gutters (sweeping/pressure washing), graffiti removal, security, marketing, greening and landscaping services, public space management, and promotional activities, and management and corporate operations.

Note 2 - Significant Accounting Policies

a. Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP).

b. Basis of presentation

The Organization presents 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. The three classes are differentiated by donor restrictions.

*Unrestricted net assets* – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.



**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 2 - Significant Accounting Policies (continued)

b. Basis of presentation (continued)

*Temporarily restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets.

c. Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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.

d. Assessments receivable

Assessments receivable primarily consists of delinquent tax assessments owed by property owners. Since the taxpayers will be subject to City enforcement procedures, all assessments are considered to be fully collectible at June 30, 2015.

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 2 - Significant Accounting Policies (continued)

d. Assessments receivable (continued)

Although delinquent assessments are subject to penalties and fines, the Organization believes that these amounts will be offset by delays in collections. Accordingly, no receivable has been recognized for penalties and fines and the Organization has not calculated the present value of this receivable.

e. 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 Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2015 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.

f. Donated services and materials

Donated 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.

Donated property is recognized as contribution in the accompanying financial statements at its estimated fair market value at date of gift.

g. Use of accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

h. Concentration of credit risk

The Organization places its cash with financial institutions and its balances are insured by the Federal Deposit Insurance Corporation. At June 30, 2015, there was no uninsured balance.

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 2 - Significant Accounting Policies (continued)

i. Property and equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. Maintenance and repairs, which are not considered betterments and do not extend the useful life of property and equipment, are charged to expense as incurred. When property and equipment are retired or disposed of, their cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in net assets.

j. Deferred revenue

Deferred revenue consists of payments received in advance from property owners who are outside the district to receive same types of community services provided to the members of the district.

k. Functional allocation of expenses

The costs of providing 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 benefited.

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 3 - Contributed Services

The Organization recognized contribution revenue in the year ended June 30, 2015 for contributed services related to both program services and supporting services. Contribution revenue from services were measured based on the fair value of those services, and the amounts recognized were as follows:

	<u>June 30, 2015</u>
Program services:	
District identity program -	
Designer services	\$ 2,500
Consulting services	2,206
Landscaping	2,500
Printing	<u>125</u>
	7,331
Sidewalk operations, beautification, and order -	
Consulting services	2,207
Landscaping	<u>1,000</u>
	3,207
Supporting services:	
Management and general	<u>15,762</u>
	<u>\$26,300</u>

Note 4 - Concentration of Support and Revenue

The Organization received special benefit assessments under a contract with the City and County of San Francisco, which represents 60% of the Organization's total revenue.

The Organization also received a grant at the total amount of \$30,000 from one donor. As of June 30, 2015, the grant receivable amounted to \$30,000. The management believes that the grant will be fully collectible.

**TOP OF BROADWAY COMMUNITY BENEFIT DISTRICT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Note 5 - Net Assets

Unrestricted net assets	
Designated by the Board for	
Sidewalk operations, beautification and order	\$ 19,180
General and administration	14,842
Undesignated	<u>79,771</u>
 Total unrestricted net assets	 <u>113,793</u>
 Temporarily restricted net assets	
Restricted for CCGP – Historical Markers Project	<u>30,000</u>
	 <u>\$143,793</u>

Note 6 - Subsequent Events

The Organization has evaluated subsequent events through December 22, 2015, the date which the financial statements were available to be issued.