

**CENTRAL MARKET COMMUNITY
BENEFIT CORPORATION**

REVIEWED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

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**CENTRAL MARKET COMMUNITY
BENEFIT CORPORATION
FOR THE YEAR ENDED DECEMBER 31, 2014**

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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, 2014, and the related statements of activities 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 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. The Supplementary information is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive, flowing script.

Pleasant Hill, California
June 2, 2015

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2014

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$99,301
Cash restricted for contingencies and reserve (Note 3)	118,857
Accounts receivable	<u>65,667</u>

Total Assets \$283,825

LIABILITIES

Current Liabilities:

Accounts payable	\$106,432
Accrued expenses	<u>41,078</u>

Total Liabilities 147,510

NET ASSETS (Note 2H)

Unrestricted	380,737
Temporarily restricted	<u>(244,422)</u>

Total Net Assets \$136,315

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

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues:			
Local property assessments		\$1,144,834	\$1,144,834
Grants	\$141,667		141,667
Donations	2,400		2,400
In-Kind donations	21,817		21,817
Other	120		120
Net assets released from restrictions:			
Satisfaction of purpose (Note 3)	<u>953,057</u>	<u>(953,057)</u>	<u> </u>
 Total Support and Revenues	 <u>1,119,061</u>	 <u>191,777</u>	 <u>1,310,838</u>
 Expenses:			
Program	953,057		953,057
Support services:			
Management and general	<u>218,398</u>		<u>218,398</u>
 Total Expenses	 <u>1,171,455</u>		 <u>1,171,455</u>
 Change in Net Assets	 (52,394)	 191,777	 139,383
 Net Assets, Beginning of Year	 <u>433,131</u>	 <u>(436,199)</u>	 <u>(3,068)</u>
 Net Assets, End of Year	 <u><u>\$380,737</u></u>	 <u><u>(\$244,422)</u></u>	 <u><u>\$136,315</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$139,383
Adjustments to reconcile support and revenue over expenses to net cash provided (used) by operating activities:	
Increase/decrease in:	
Accounts receivable	(65,667)
Other receivables	31,937
Accounts payable	46,113
Accrued expenses	<u>41,078</u>
Total adjustments	<u>53,461</u>
Net cash used for operating activities	<u>192,844</u>
Net increase in cash	192,844
Cash and cash equivalents, beginning of year	25,314
Cash and cash equivalents, end of year	<u><u>\$218,158</u></u>

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

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

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: 28.7% cleaning and maintenance, 35.2% public safety, 24.6% management and economic development and 11.5% contingency.

B. Programs

Cleaning and Maintenance – The neighborhood served by CMCBD receives enhanced cleaning and maintenance services within the public right-of-way and sidewalks, above and beyond the baseline level of services provided by the City of San Francisco. These services include: sidewalk sweeping and pressure washing, monitoring public trash receptacle overflow and trash removal, landscape maintenance, reporting of bulky items for removal by the Department of Public Works and graffiti removal.

Public Safety – The CMCBD's Community Guide program uses a three-pronged crime prevention approach focusing on public safety, social service outreach, and hospitality/customer service. Community Guides provide way-finding assistance, social service intervention and serve as eyes and ears on the street deterring and reporting illegal behavior. CMCBD also provides a uniformed SFPD Police Officer to support CMCBD staff in the field. 10B Officers from the San Francisco Police Department (SFPD) work alongside CMCBD staff to address crime and quality of life issues within the neighborhood (during the CMCBD's hours of operation) and focus on specific areas of concern in the District.

Economic Development – These services include business attraction, retention, and expansion services including marketing and special events that enhance District awareness and vitality.

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

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.

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 or payor 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, 2014.

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.

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

D. *Due from City and County of San Francisco*

The Organization recognizes revenue from the City and County of San Francisco in the year it is received.

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, 2014.

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, 2014

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, 2014

NOTE 3 – CASH AND CASH EQUIVALENTS

As of December 31, 2014, the Organization cash is summarized as follows:

First Bank Checking	\$50,165
Wells Fargo Checking	<u>167,993</u>
Total	<u><u>\$218,158</u></u>

Of the \$218,158 total cash and cash equivalents above, \$118,857 has been set aside as restricted for contingencies and reserve, in accordance with the Organization's management plan with the City and County of San Francisco.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

During the year ended December 31, 2014, net assets of \$953,057 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 contributed \$675 to the plan during the year ended December 31, 2014.

NOTE 6 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events for recognition and disclosure through June 2, 2015, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2014 that require recognition or disclosure in such financial statements.

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SUPPLEMENTAL INFORMATION

CENTRAL MARKET COMMUNITY BENEFIT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Totals
<i>Program Services</i>	
Cleaning and Maintenance	
Cleaning and Maintenance Support	\$344,730
Cleaning Maintenance Indirect Expense	14,478
Total Cleaning and Maintenance Expense	359,208
Public Safety	
Community Guides	342,465
Dispatch Services	42,196
10B Officers	4,564
Public Safety Indirect Expense	17,757
Total Public Safety Expense	406,982
Economic Development	
Economic Development	48,678
Economic Development Indirect Expense	2,321
Total Economic Development	50,999
Marketing and Promotion	
Marketing and Promotion	14,538
Marketing and Promotion Indirect Expense	807
Total Marketing and Promotion Expense	15,345
Non Assessment Expenses	
In-Kind Expense	21,817
Non-Assessment	13,419
Non-Assessment Program Expense	85,287
Total Non-Assessment Expense	120,523
Total Program Expense	953,057
<i>Management and General</i>	
Rent	5,850
Office Supplies	5,136
Accounting and Auditing Fees	18,419
Other Indirect Expense	1,665
Staff	
Salaries	158,181
Payroll Taxes	11,428
Health and Other Fringe Benefits	9,884
Workers' Compensation	1,509
Payroll Fees	6,251
Hiring and Recruitment Fees	75
Total Management and General	218,398
Total Expenses (A)	\$1,171,455

(A) - Total Expenses does not include contingencies and reserve