

File No. 170184 Committee Item No. 5
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date March 2, 2017

Board of Supervisors Meeting

Date _____

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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | OEWD Memo 02/01/17 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Annual Rpt 2015-2016 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | CPA Rpt 06/30/16 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Referral FYI 02/22/17 |
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Completed by: Erica Major Date February 24, 2017

Completed by: _____ Date _____

1 [Castro/Upper Market Community Benefit District - Annual Report for FY2015-2016]

2
3 **Resolution receiving and approving the annual report for the Castro/Upper Market**
4 **Community Benefit District for FY2015-2016, submitted as required by the Property and**
5 **Business Improvement District Law of 1994 (California Streets and Highways Code,**
6 **Sections 36600, et seq.), Section 36650, and the District's management agreement with**
7 **the City, Section 3.4.**

8
9 WHEREAS, On June 7, 2005, pursuant to the Property and Business Improvement
10 District Law of 1994 (the "Act"), California Streets and Highways Code, Sections 36600 et
11 seq., as augmented by Article 15 of the San Francisco Business and Tax Regulations Code,
12 the Board of Supervisors adopted Resolution No. 421-05, expressing the City's intention to
13 establish the Castro/Upper Market Community Benefit District (the "Castro/Upper Market
14 CBD"); and

15 WHEREAS, On August 2, 2005, the Board of Supervisors adopted Resolution
16 No. 582-05 establishing the Castro/Upper Market CBD ("Resolution to Establish") for a period
17 of 15 years, commencing FY2005-2006; and

18 WHEREAS, On January 10, 2006, the Board of Supervisors adopted Resolution
19 No. 14-06, authorizing an agreement with the owners' association for the administration and
20 management of the Castro/Upper Market CBD, and a management agreement (the
21 "Management Contract") with the owners' association, the Castro/Upper Market Community
22 Benefit District, was executed accordingly; and

23 WHEREAS, A copy of the Management Contract is on file with the Clerk of the Board
24 of Supervisors in File No. 051968; and
25

1 WHEREAS, On March 22, 2016, the Board of Supervisors approved the Castro/Upper
2 Market CBD's annual reports for FY2014-2015 in Resolution No. 112-16; and

3 WHEREAS, The Castro/Upper Market CBD has submitted for the Board's receipt and
4 approval the Castro/Upper Market annual reports for FY2015-2016 as required by
5 Section 36650 of the Act and Section 3.4 of the Management Contract; and

6 WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in
7 File No. 170184, and are incorporated herein by reference as though fully set forth; and

8 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
9 memorandum report from the City's Office of Economic and Workforce Development, dated
10 February 1, 2017, and documentation from the Castro/Upper Market CBD for the Annual
11 Report is on file with the Clerk of the Board of Supervisors in File No. 170184; now, therefore,
12 be it

13 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
14 report for the Castro/Upper Market Community Benefit District for FY2015-2016.
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MEMO

To: Supervisor Jeff Sheehy, District 8
CC: San Francisco Board of Supervisors
From: Chris Corgas, OEWD Senior Program Manager
RE: Castro/Upper Market Community Benefit District
Date: February 1, 2017

This is a memo summarizing the performance of the Castro/Upper Market Community Benefit District (Castro/Upper Market CBD) and an analysis of their financial statements (based on their audit) for the period between July 1, 2015 and June 30, 2016.

Each year the CBD is required to submit a mid-year report, an annual report, and a CPA Financial Review or Audit. The Castro/Upper Market CBD has complied with the submission of all these requirements. OEWD staff, with assistance from the Controller's Office, reviewed these financial documents to monitor and report on whether they have complied with the rules per the Property and Business Improvement District Law of 1994, California Streets and Highways Code Sections 36600 Et Seq.; San Francisco's Business and Tax Regulations Code Article 15; the Castro/Upper Market's Community Benefit District management contract with the City; and their Management Plan as approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

1. Annual Report
 - a. FY 2015-2016
2. CPA Financial Review Report
 - a. FY 2015-2016
3. Draft resolution from the Office of Economic and Workforce Development



Background

The Castro/Upper Market Community Benefit District spans 18 blocks and contains 279 parcels.

- August 2, 2005: the Board of Supervisors approved the establishment of the Castro/Upper Market Community Benefit District (Resolution # 582-05).
- January 10, 2006: the Board approved the contract for the administration and management of the Castro/Upper Market Community Benefit District (Resolution # 14-06).
- March 22, 2016: the Board of Supervisors approved the Castro/Upper Market CBD's Annual Reports for Fiscal Year 2014-2015 (Resolution # 112-16).

Basic Info about the Castro Upper Market CBD

Year Established	August 2005
Assessment Collection Period	FY 2005-2006 to FY 2019-2020 (July 1, 2005 to June 30, 2020)
Services Start and End Date	January 1, 2006 – December 31, 2020
Initial Estimated Annual Budget	\$413,500
Fiscal Year	July 1 – June 30
Executive Director	Andrea Aiello
Name of Nonprofit Entity	Castro/Upper Market Community Benefit District Corporation

The current CBD website, www.castrocbd.org, includes all the pertinent information about the organization and their programs, a calendar of events, their Management Plan, Mid-Year Report, Annual Report and meeting schedules.

Summary of Service Area Goals

Public Rights of Way and Sidewalk Operations (PROWSO)

Public Rights of Way and Sidewalk Operations program area includes cleaning and public realm management services include regular sidewalk and gutter sweeping within the district boundaries, enhanced trash emptying in public rights of way, graffiti removal within 24-48 hours, spot steam cleaning as necessary, and maintenance of public spaces. These services are provided daily by a "Clean Team. This program area augments its pedestrian safety initiatives with a Patrol Special officer who patrols the neighborhood seven nights a week. PROWSO may also include removal of bulky items, tree and plant maintenance, greening, landscaping and beautification of public spaces, The Castro/Upper Market CBD Management Plan calls for 63% of the budget to be spent on PROWSO.

District Identity and Street Improvements (DISI)

The District Identity and Street Improvements service includes marketing, public relations, street enhancements, historical markers and public art, and economic vitality related strategies in the Castro/Upper Market area. This program area may also sponsor events such as Halloween, Castro Street Fair, Pink Saturday, Bear Weekend, and Folsom Street Fair. The Castro/Upper Market CBD Management Plan allocates 12% of their funds to this service area.

Administration and Corporate Operations

The Castro/Upper Market CBD is staffed by a full-time executive director who serves as the focal point person and advocate for the CBD. The executive director also ensures that the CBD complies with the

City contract and management plan as well as works towards organizational development issues including long term goals of the CBD. The executive director is in regular communication with community stakeholders such as the SFPD, Public Works and Recology. The Castro/Upper Market CBD Management Plan calls for 16% of the budget to be spent on administration and corporate operations.

In FY 2015-2016 the Castro/Upper Market CBD board had ten (10) directors, represented by residents, property owners, community organizations, and non-property owning merchants. The full board meets on the second Thursday of each month. The five standing committees and meeting times are detailed below:

- **Executive Committee** – as needed.
- **Finance Committee** – as needed.
- **Land Use Committee** – Fourth Monday of the month.
- **District Identity & Streetscape Committee** – First Monday of the month.
- **Services Committee** – as needed.

Summary of Accomplishments, Challenges, and Delivery of Service Areas

FY 2015-2016

Public Rights of Way and Sidewalk Operations (PROWSO)

- Daily removal of all graffiti within the district, including private property, within 24 hours of notification.
- Daily sweeping of entire district.
- Quarterly steam cleaning of sidewalks and plazas in district.
- Weeding and greenspace maintenance.
- Cleaning of Harvey Milk Plaza (upstairs/sidewalk level, sidewalk level planter beds).
- Reporting any hazardous situations in the district to dispatch service, dispatch reports problem to 311, and tracks issue.
- Topping off of City trash cans, and collection of street garbage, including animal/human feces, and to a limited extent removing illegal fliers, stickers from bus stops, city signage, and lampposts.
- Continual implementation of Castro Cares

District Identity and Street Improvements (DISI)

- Live! In the Castro brought approximately 150 – 200 people per hour to the district.
- Ambassadors welcomed 4,300 visitors to the Castro.
- The CBD has been a leader in advocating for pedestrian safety improvements within the district and has been working closely with SFMTA on the implementation of Vision Zero.
- Completed the Castro & Upper Market Retail Strategy. This was a collaborative project aimed at addressing the increase in vacancies in the district and developing an actionable plan to fill ground floor retail in a manner which encourages the district to thrive.

Administration and Corporate Operations

- Amended Fiscal & Governance Policy Manual.
- Recruited new Board Members.

- Website and social media updates.
- Represent CBD in the media, at City and community functions and in the public.
- Respond to communication from property owners, merchants, and residents regarding issues directly or indirectly related to the services provided by the CBD.
- Maintain a close working relationship with the SFPD's Mission Station, SF Public Works, SFMTA, and Recology.
- Ensured compliance with state and City CBD requirements; as well as Management Agreement with the City.

Castro/Upper Market CBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for the Castro/Upper Market CBD:

- **BENCHMARK 1:** Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan (*Agreement for the Administration of the "Castro/Upper Market Community Benefit District", Section 3.9 – Budget*).
- **BENCHMARK 2:** Whether five percent (5%) of actuals came from sources other than assessment revenue (*CA Streets & Highways Code, Section 36650(B) (6); Agreement for the Administration of the "Castro/Upper Market Community Benefit District", Section 3.4 - Annual Reports*).
- **BENCHMARK 3:** Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percent (*Agreement for the Administration of the "Castro/Upper Market Community Benefit District", Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether the Castro/Upper Market CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year (*CA Streets & Highways Code, Section 36650(B)(5)*).

FY 2015-2016

BENCHMARK 1: Whether the variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan.

ANALYSIS: The Castro/Upper Market CBD met this requirement. The variance between the budget amounts for each service category was within 10 percentage points from the budget identified in the Management Plan. See table below. Note: This indicates the amount budgeted in relation to Special Assessment dollars.

Service Category	Management Plan Budget	% of Budget	FY 2015-2016 Budget	% of Budget	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$260,675	63.04%	\$316,185.00	54.26 %	-8.78%
District Identity and	\$50,500	12.21%	\$65,602.00	11.26	-0.95%

Streetscape Improvements				%	
Administrative/Corporate Operations	\$65,000	15.72%	\$92,340.00	15.85%	+0.13%
Contingency/Reserve	\$37,325	9%	\$108,578.00	18.63%	+9.61%
TOTAL	\$413,500	100%	\$582,705.00	100%	

BENCHMARK 2: Whether five percent (5%) of actuals came from sources other than assessment revenue.

ANALYSIS: *The Castro/Upper Market CBD met this requirement. Assessment revenue was \$459,451 or 51.87% of actuals and non-assessment revenue was \$426,408 or 48.13% of actuals. See table below.*

Revenue Sources	FY 2015-2016 Actuals	% of Actuals
Special Benefit Assessments	\$459,451.00	
Total assessment revenue	\$459,451.00	51.87%
Grants	\$350,000.00	39.51%
Donations	\$67,780.00	7.65%
Other	\$8,500.00	0.96%
Interest Earned	\$128.00	0.01%
Total non-assessment revenue	\$426,408.00	48.13%
Total	\$885,859.00	100%

BENCHMARK 3: Whether the variance between the budget amount and actual expenses within a fiscal year was within 10 percentage points.

ANALYSIS: *The Castro/Upper Market CBD met this requirement. See table below. Note: This indicates the amount of Special Assessment dollars utilized in this category.*

Service Category	FY 2015-2016 Budget	% of Budget	FY 2015-2016 Actuals	% of Actuals	Variance Percentage Points
Public Rights of Way and Sidewalk Operations plus Public Safety Services	\$316,185.00	54.26%	\$330,031.00	59.02%	+4.75%
District Identity and Streetscape Improvements	\$65,602.00	11.26%	\$92,626.00	16.56%	+5.30%
Administrative/Corporate	\$92,340.00	15.85%	\$60,257.00	10.77%	-5.07%

ate Operations					
Contingency/Reserve	\$108,578.00	18.63%	\$76,318.00	13.65%	-4.99%
TOTAL	\$582,705.00	100%	\$559,232.00	100.0%	

BENCHMARK 4: Whether the Castro/Upper Market CBD is indicating the amount of funds to be carried forward into the next fiscal year and designating projects to be spent in current fiscal year.

ANALYSIS: *The Castro/Upper Market CBD met this requirement. Please note: There is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, a CBD typically has a fund balance at the end of the fiscal year that is equal to about 6 months of their annual budget. See table below.*

FY 2015-2016 Carryover Disbursement	
General Benefit Projects	
Jane Warner Plaza Activation	\$142,119
Castro Cares	\$136,544
Castro Cares Donations	\$21,904.00
Retail Strategy	\$24,505.00
Total General Benefit Projects	\$325,072
Special Assessment Project	
District Identity and Streetscape Improvements	-\$18,497.00
Administrative and Corporate Operations	+\$33,240.00
Contingency and Reserve	+\$32,176.00
Public Rights of Way Sidewalk Operations	-\$14,659.00
Total Special Assessment Allocation	32,260.00
Total Designated Amount	357,332.00

Findings and Recommendations

For the fiscal year in review, the Castro/Upper Market CBD has met all of the benchmarks as defined on page 4 of this memo.

The Castro/Upper Market CBD exceeded their General Benefit requirement of five percent (5%) by raising their non-assessment revenue to \$426,408 or 48.12%. Castro/Upper Market CBD's large carryover can be explained because there is a period between when the City collects assessment payment and when the City disburses the funds to the CBD. As a result, CBD's typically have a fund

balance equal to about 6 months of their annual budget in order to fund operation until their next disbursement happens.

Castro CBD implemented OEWD recommendations from the previous fiscal year's annual report.

The Castro CBD will be up for renewal in FY 2019-2020, OEWD recommends that the CBD governing board and staff begin preparations for the district's renewal campaign.

Conclusion

The Castro/Upper Market CBD has performed well in implementing their service plan. The Castro/Upper Market CBD has continued to successfully market and produce events such as *Live!* in the Castro. The Castro/Upper Market CBD has increased their opportunities in partnering with community stakeholders and numerous municipal agencies for the implementation of the Castro Cares Project. The Castro/Upper Market CBD has an active board of directors and committee members; and OEWD believes the Castro/Upper Market CBD will continue to successfully carryout their mission and service plans.



**CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT
FINAL REPORT
JULY 1, 2015 - JUNE 30, 216**

List of Assessments for New Fiscal Year by Parcel

Sent in separate attachment as excel spread sheet

Total Funds Brought Into the District By the Castro/Upper Market Community Benefit District in FY 2015-16**\$885,683 Total**

- \$465,013 in Assessment fees
- \$70,670 in Donations
- \$350,000 in grants from City (This represents funding that was awarded to the Castro CBD in FY 2015-16 and much of it crosses fiscal years into FY 2016-17.)

Services Implemented for FY 2015-16**Public Rights of Way and Sidewalk Operations**

- **Cleaning and graffiti removal services were provided every day in FY 2015-16** to every parcel in the district. Graffiti was removed within 24 – 48 hours of notification. **84,050 pounds of trash were collected in FY 2015-16.** Services included:
 - Daily sweeping of the entire district, (i.e. every parcel - map and list of parcels attached as Attachments 1 and 2) including every parcel and gutters,
 - Harvey Milk Plaza (upstairs/sidewalk level, sidewalk level planter beds)
 - Jane Warner Plaza litter removal and planter beds, water plants
 - Topping off of City trash cans, and collection of street garbage, including animal/human feces, and to a limited extent removing illegal fliers, stickers from bus stops, city signage, lamp posts.
 - Daily removal of all graffiti within the district (including on private property 9ft. or lower) within 24 hours of notification (except instances which require steam cleaning).
 - Quarterly Industrial-strength hot steam cleaning of sidewalks and plazas within the district.
 - Spot power washing or other type of scrubbing as needed on an urgent call basis, including sidewalk graffiti.
 - Call DPW 311 for debris dumped and tracking how those calls are resolved.
 - Additional sweeping and power washing hot spots before and after special events including Gay Pride weekend and Halloween.
 - Weeding around tree wells and keeping tree wells free of trash.
 - Operation of a central dispatch number available to all to report issues within the district boundaries.
 - Unlocking gate in front of the parking lot on Castro St. next to the Castro Theatre by 6:50 a.m. daily.
 - Reporting any hazardous situations in the district to dispatch service, dispatch reports problem to 311, and tracks issue resolution.

- **Public Safety Services**

- **Contract with S.F. Patrol Special Police** to specifically patrol the Harvey Milk and Jane Warner plazas and two public restroom on Market St. 1) by Castro Chevron 2399 Market and 2) in front of Safeway 2020 Market. This is a collaborative effort with the businesses in the district. Patrol Special Police has private clients and the private clients plus the CBD supports 1 Patrol Special police officer to be in the district during the hours they are paid for which are: 4:00 p.m. – 1:00 Sunday – Wednesday and 4:00 p.m. – 3:00 a.m. Thursday – Saturday. The private clients have their priorities for the Patrol Special. The CBD's priorities are to patrol the public spaces, Harvey Milk Plaza, Jane Warner Plaza and the public restrooms.
- **Castro Cares** (funded by donations and grants) a community based collaborative to improve the quality of life for those who are at risk, living in the Castro/Upper Market and those who are housed, and/or who work and play in the district. Castro Cares funds additional homeless outreach services and additional uniformed police officers dedicated to the Castro/Upper Market, in addition to the city's baseline services. Rather than build a new system of social services and law enforcement, Castro Cares enhances the already established services and funds these services to provide additional coverage dedicated to the Castro/Upper Market. FY 2015-16 was the first full year of Castro Cares. Castro Cares is funded through city grants and donations. In FY 2015-16 no Castro CBD assessment dollars were used to fund Castro Cares.
- Raised a total of **\$244,170** in FY 2015-16 to fund Castro Cares.
 - ✓ \$69,170 in private donations from merchants and residents,
 - \$175,000 in city grants.
- Castro Cares funds
 - ✓ **42 hours a week of dedicated law enforcement** services walking a foot patrol in the Castro/Upper Market. This additional law enforcement documented 2,340 incidents. These are incidences that would have gone unattended to by SFPD or would have been added to the already overwhelmed SFPD dispatch. Much of the work of the Castro Cares law enforcement program is focused on quality of life issues from sleeping in doorways/trespassing to public intoxication/aggressive behavior. Law enforcement also calls EMT's for people in desperate situations and overly intoxicated.
 - ✓ **20 hours a week of dedicated homeless outreach** workers walking the Castro/Upper Market. Sixteen (16) of these hours are paid for by Castro Cares and four (4) are case managers paid for by the Department of Public Health. In this way, Castro Cares also brings additional attention and services to the district, funded by the City. Castro Cares homeless outreach made contact with 2,513 individuals at risk living on the street in FY 2015-16. Of these 1,691 or 67% had a positive outreach engagement. A positive

engagement is the first step for many individuals becoming engaged in the system and being willing to accept services.

District Identity and Streetscape Improvements

- **Live! In the Castro Summer 2015 through Spring 2016** Live! In the Castro entertained the neighborhood and visitors from July 2015 – June 2016 with a variety of live entertainment. Live! In the Castro brings an average of 150-200 people per hour to the plaza, people stop and listen for a short while or stay for the entire event.
 Neighborhood acts such as Parlor Tricks (San Francisco's only Industrial Ragtime band) are always received well by the community. Velocity Circus acts were our most unusual performers with acrobatics done on stilts by a shirtless sailor. Also, really well received! The Castro Flaggers group joined us regularly as a monthly dance/ flagging meeting place. They brought such bright and colorful joy to the plaza.
- **Castro Ambassadors** have warmly welcomed 4300 visitors to the Castro in FY 2015 -16 We've had visitors from Sweden, China, Uruguay, London, Ireland, Switzerland, the Netherlands and Spain to name a few. Visitors from China, Japan, Italy, France and Germany received handouts of directions in their native language to our most visited tourist spots.
- **Jane Warner Plaza Improvement** The Jane Warner Plaza Improvement grant for \$150,000 was received in April 2016. This grant funds:
 - 50 hours a week of interns to be plaza stewards.
 - Increased programming through *Live! In The Castro*.
 - A public art project in the form of an LED lighting installation
 - Landscaping improvements.
 - Staff time to implement and supervise these programs.
- **Harvey Milk Plaza** The CBD continues to keep the upper level of Harvey Milk Plaza clean and well landscaped and works closely with the city on addressing a variety of challenges in this public space.
- **Land Use** A key CBD mission is to keep the neighborhood vibrant for those who live, work and visit here. Understanding that property values and business prospects can be helped or hurt by changes, blight or new development, the CBD Land Use committee meets monthly to weigh in on these issues.
 The mission of the land use committee is: Encourages land use that aligns with the Upper Market Guidelines, compliments the existing diverse and historical character of the district, adds to the economic vitality through new community serving uses and increases public safety for residents and visitors.
 The Land Use Committee has developed guidelines for project evaluation and formal evaluation tools.
 Although the CBD has no legislative power on these matters, it has become a reliable, trusted additional voice in the public process, offering a third-party system of checks and balances.
- **Retail Strategy Implementation:** Awarded grant in April for \$25,000 to implement recommendations from the Retail Strategy report that was published in June 2015. Worked with property owners for a vacant storefront on Castro St.

to install a pop-up business to benefit SF PRIDE, during the last 2 weeks of June 2016, but unfortunately problems in lease negotiations prevented a successful pop-up. Will develop steering committee for new grant and continue on vacancy reduction efforts.

- **Outreach at the Castro St. Fair** – Castro CBD had a booth at the fair to provide the opportunity for residents, property owners and others to learn about the CBD and meet the CBD staff and board members.
- **Social media updates:** CBD Facebook page, Twitter feed and website.
- **Leader in advocating for pedestrian safety improvements** on Upper Market and has been working closely with SFMTA on implementation of Vision Zero on Upper Market.

Administrative and Corporate Operations

- Manage CBD office space and act as landlord for subtenants who share the rent.
- Amended Fiscal & Governance Policy Manual
- Ensure functioning of CBD and compliance with city contract and management plan.
- Ensure compliance with the California Brown Act.
- Recruited new board members to Board of Directors.
- Monitor contracts and services. Assist contractors in problem solving as is necessary.
- Supervise Program Coordinator for 25 hours a week. Program Coordinator is grant funded and coordinates *Live! In The Castro* and provide assistance with Castro Cares.
- Continue to maintain and promote the CBD's presence on-line through updating website, facebook and twitter accounts.
- Continue as active member of CBD/BID Consortium.
- Support all working committees of the Board of Directors including: Streetscape, Services, Land Use, Executive, and Finance.
- Ensure finances are accurate: work with closely with CBD Treasurer and Finance Committee in developing budget, quarterly reviews, and CPA on annual review.
- Respond to communication from property owners, merchants, residents and others regarding issues directly and/or indirectly related to the services provided by the CBD.
- Maintain close working relationship with SFPD Mission Station, SF Public Works, SFMTA, and Recology.
- Represent the CBD in the media, at city and community functions and in the public generally.

Services Planned for FY 2016-17

Public Rights of Way and Sidewalk Operations; Public Safety

- **Continue Contract with Block By Block** work closely with Operations Manager to continually improve the services provided.
- **Monitor contract** with Block By Block to ensure compliance with contract.
- **Troubleshoot with Block By Block**
- **Post monthly cleaning reports**
- **Promote CBD Dispatch Services** throughout the district.
- Continue to **secure signed graffiti waivers** from property owners.
- **Ensure data is collected** correctly and timely.
- Continually **monitor the security services** and challenges in the district and meet with the key community stakeholders, report on issues to the CBD Services Committee.
- **Communication with SFPD** on a regular basis.
- **Castro Cares**, continue to **implement and monitor** program and contracts.
 - contracts with SF Patrol Special, SF HOT and the SFPD overtime program.
 - **Fundraise** for Castro Cares.
 - **Develop biannual reports for Castro Cares** Collect and organize data for all services delivered through Castro Cares.
 - **Update Castro Cares** social media and website

District Identity and Streetscape Improvements

- **Implement & Monitor Plaza Steward program** at Jane Warner Plaza and other improvements/activation strategies.
- **Seek grant funding and other fundraising strategies** to support beautification and activation strategies
- **Select LED Lighting Installation** and secure city approvals/permits, work with selected artist group on implementation and ultimate installation.
- **Seek other additional funding for beautification strategies**
- **Expand Live! In The Castro** throughout the summer and into the fall and winter, weather dependent, work to bring more non-profits tabling and community groups hosting meets-up.
- CBD will participate in **holiday decorations** in the district.
- Through the **Land Use Committee**, CBD will continue to work closely with neighborhood organizations, property owners and developers on land use issues.
- **Implement Retail Strategy Recommendations from the Castro & Upper Market Retail Strategy.**
- **Continue Castro Ambassadors**, including recruiting and training new ambassadors, and improving on our multi-lingual capacity.
- **Provide leadership**, advocacy and community collaboration for pedestrian safety improvements on upper Market St.

Administrative and Corporate Operations

- Ensure functioning of CBD and compliance with City contract and management plan.
- Ensure compliance with the California Brown Act and California Public Records Act.
- Recruit and train new board members to Board of Directors.
- Monitor contracts and services. Assist contractors in problem solving as is necessary.
- Oversee three-year planning process for Board of Directors.
- Develop campaign to educate property owners about the CBD; conduct special outreach efforts to Safeway, other large property owners and new developers.
- Ensure finances are accurate; work with CPA on annual review.
- Continue subtenants and role as landlord.

CHANGES TO THE DISTRICT BOUNDARIES

None

ASSESSMENT FORMULA

FY 2015-16:

$\$10.460200/\text{linear foot} + \$0.0942600/\text{lot square foot} + 0.13262700/\text{building square foot}^*$
= assessment fee

* building square footage is charged for retail space, hotels, motels, visitor related, office and commercial uses, free standing parking structures

DRAFT UN-AUDITED FINANCIALS

Enclosed as Attachment A

- FY 2015-16 Profit & Loss Statement
- FY 2015-16 Balance Sheet

APPROVED FY 2016-17 BUDGET

Enclosed as Attachment B

- FY 2016-17 CBD Budget

Attachment A

- FY 2015-16 Profit & Loss Statement
- FY 2015-16 Balance Sheet

Castro/Upper Market Community Benefit District, Inc.
Profit and Loss
July 2015 - June 2016

	<u>Total</u>
Income	
4000 Assessments & Contributed Support	
4010 Special Benefit Assessments	
4011 Special Benefit Assessment Income	465,013.20
4012 Penalties on Assessments	6,823.68
Total 4010 Special Benefit Assessments	\$ 471,836.88
4020 Individual/Business Contributions	69,970.44
4030 Interest Income	127.93
4040 In-Kind Donations	4,041.78
4050 Grants	
4052 Government Grants	350,000.00
Total 4050 Grants	\$ 350,000.00
4080 Affiliate Membership	9,692.76
Total 4000 Assessments & Contributed Support	\$ 905,669.79
Total Income	\$ 905,669.79
Gross Profit	\$ 905,669.79
Expenses	
7000 Program Services Expense	
7010 Contracts--Street Cleaning	282,517.32
7020 Contracts--Police Patrol Services	90,777.85
7025 Security	56,802.67
7026 Incentives	913.16
7027 Social Services	20,574.82
7030 District ID/Streetscape Improvements	
7040 Consulting Econ Dev	0.00
Total 7030 District ID/Streetscape Improvements	\$ 0.00
7031 Maintenance & Landscaping	5,163.55
7033 Ambassador Program	3,199.36
7035 Promotions/Street entertainment	22,044.46
7037 Marketing & Advertising (deleted)	10,151.29
7038 Meetings	1,398.30
7039 Streetscape Beautification	500.00
Total 7000 Program Services Expense	\$ 494,042.78
7200 Personnel Expenses	
7210 Officer & Director Salaries	97,782.52
7220 Salaries & Wages -- Other	31,312.46
7240 Payroll Taxes	10,959.26
7260 Workers' Compensation Insurance	1,248.96
Total 7200 Personnel Expenses	\$ 141,303.20
7500 Professional Fees	
7520 Accounting Fees	17,385.60
7530 Legal	-3,750.00
7535 Consulting	7,500.00
7540 Payroll Fees	1,368.00
7560 Administrative Services (deleted)	352.75

Total 7500 Professional Fees	\$	22,856.35
8100 Operational Expenses		1.75
8106 Credit Card Fees		51.98
8107 Paypal Fees		697.29
8108 Square Fees		222.08
8120 Office Rent		16,123.52
8125 Utilities		1,327.16
8130 Storage/PO Box Rental		360.00
8135 Janitorial		1,705.80
8137 Marketing & Advertising		193.47
8138 Meetings		35.82
8140 Insurance		
8141 Insurance--Directors and Officers		1,602.03
8143 Insurance--General Liability and Property		2,264.03
8144 Accident Insurance		99.99
8146 Insurance - Commercial Property		267.96
8147 Umbrella		120.00
Total 8140 Insurance	\$	4,354.01
8145 Dues & Subscriptions		469.46
8155 Office Supplies		2,994.42
8160 Postage and Shipping		1,201.34
8170 Printing and Copying		1,769.23
8180 Office Tools and Materials		1,467.51
8185 Telecom		1,796.98
8190 Website/Internet Expense		938.74
Total 8100 Operational Expenses	\$	35,710.56
8110 Bank Service Charges		30.00
8300 Travel & Meeting Expenses		
8320 Travel/Transportation		135.95
8330 Parking/Tolls		157.02
8340 Conferences & Conventions		-277.11
Total 8300 Travel & Meeting Expenses	\$	15.86
8550 Other Miscellaneous Service Cost		747.57
9100 In-Kind Expenses		4,041.78
Total Expenses	\$	698,748.10
Net Operating Income	\$	206,921.69
Other Expenses		
9400 Depreciation & Amortization Expense		
9420 Depreciation		1,103.88
Total 9400 Depreciation & Amortization Expense	\$	1,103.88
9500 Reconciliation Discrepancies		0.00
Total Other Expenses	\$	1,103.88
Net Other Income	-\$	1,103.88
Net Income	\$	205,817.81

Castro/Upper Market Community Benefit District, Inc.

Balance Sheet

As of June 30, 2016

	Total
ASSETS	
Current Assets	
Bank Accounts	
1020 Checking Accounts	
1021 Cash in Bank--WFB Ckg 9854	46,826.90
1024 Checking Paypal	1,110.63
Total 1020 Checking Accounts	\$ 47,937.53
1031 Cash in Bank--WFB MM	233,429.17
Total Bank Accounts	\$ 281,366.70
Accounts Receivable	
1040 General Receivables	2,473.20
1045 Assessment Receivables	31,925.16
1060 Grants Receivable	
1061 MOEWD Grant	363,091.61
1063 SF Study Center Ped Safety Grant	0.00
Total 1060 Grants Receivable	\$ 363,091.61
Total Accounts Receivable	\$ 397,489.97
Other current assets	
1080 Undeposited Funds	0.00
1095 Prepaid Expenses	0.00
1096 Prepaid Insurance	0.00
Total Other current assets	\$ 0.00
Total Current Assets	\$ 678,856.67
Fixed Assets	
1100 Computer & Equipment	
1101 Original cost	2,526.91
1102 Depreciation	-1,403.80
Total 1100 Computer & Equipment	\$ 1,123.11
1110 Furniture & Fixtures	
1111 Original cost	1,831.16
1112 Depreciation	-457.80
Total 1110 Furniture & Fixtures	\$ 1,373.36
Total Fixed Assets	\$ 2,496.47
Other Assets	
1200 Security Deposits	3,892.00
Total Other Assets	\$ 3,892.00
TOTAL ASSETS	\$ 685,245.14
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	791.56
Total Accounts Payable	\$ 791.56
Credit Cards	
2030 Wells Fargo Credit Card - 4113	1,835.36

Total Credit Cards	\$	1,835.36
Other Current Liabilities		
2100 Accrued Expenses		0.00
2200 Accrued Vacation Payable		6,621.14
2300 Payroll Tax Payable		0.00
Total Other Current Liabilities	\$	6,621.14
Total Current Liabilities	\$	9,248.06
Total Liabilities	\$	9,248.06
Equity		
3700 Temporarily Restricted Net Assets		0.00
3710 OEWD-Retail Strategy		24,454.98
3720 OEWD-Merchant Support		0.00
3730 Retail Study		0.00
3740 JWP		433.99
3745 JWP Grant		140,517.22
3750 OEWD-LED Grant		0.00
3770 Castro Cares Donations		30,005.67
3775 Castro Cares Grant		146,278.28
Total 3700 Temporarily Restricted Net Assets	\$	341,690.14
3800 Unrestricted Net Assets		33,006.68
3900 BOD Designated Net Assets		0.00
3910 DISI		14,089.29
3920 Reserves		81,393.16
3930 PROWSO		0.00
3940 Retail Strategy		0.00
3950 Castro Cares		0.00
Total 3900 BOD Designated Net Assets	\$	95,482.45
Net Income		205,817.81
Total Equity	\$	675,997.08
TOTAL LIABILITIES AND EQUITY	\$	685,245.14

Friday, Oct 07, 2016 11:32:53 AM PDT GMT-7 - Accrual Basis

ATTACHMENT B

- Approved FY 2016-17 Budget

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT

Executive Summary

FY16-17 Budget Approved 8/11/16

	<u>General & Assessment</u>	<u>Others, Grants, Donation</u>	<u>Total</u>
CARRY OVER FY15-16 FUNDS/RESERVES (Estimated)			
General/Assessment Reserves/Contingency FY15-16	\$ 32,206		
Assessment \$ from May 2016 for July-Dec 2016 Operations	\$ 266,853		
Restricted/Designated Grants & Donations from FY15-16		\$ 325,217	
[A] TOTAL CARRY OVER FY14-15/RESERVES (Estimated)	\$ 299,059	\$ 325,217	\$ 624,276

FY 16-17 BUDGET

REVENUES

Assessment Revenue	\$ 499,490		
Affiliate Revenue		\$ 15,022	
Other & Interest	\$ 44		
Grants & Donations		\$ 391,470	
[a] TOTAL REVENUES	\$ 499,534	\$ 406,492	\$ 906,026

EXPENSES

PROWSO - Cleaning & Safety	% assess 67%
Cleaning	\$ 291,018
Safety	\$ 15,660
Professional Fees	\$ 4,310
Staff Time/Taxes	\$ 11,374
Operational, Meeting & In-Kind Expenses	\$ 10,586
Total PROWSO Expenses	\$ 332,947

DISI & Economic Vitality	% assess 11%
Streetscape Beautification	\$ 5,000
Landscaping & Maintenance	\$ 3,050
Ambassadors	\$ 3,300
Promotion, Entertainment and Marketing	\$ 9,629
Professional Fees	\$ 821
Staff Time/Taxes	\$ 26,581
Operational, Meeting & In-Kind Expenses	\$ 8,504
Total DISI & Economic Vitality	\$ 56,885

General & Administration	% assess 13%
Staff Time & Taxes	\$ 25,755
Professional Fees	\$ 15,090
Operational, Meeting & In-Kind Expenses	\$ 25,553
Total Administration Expenses	\$ 66,398

Contingency	% assess 9%
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Undesignated Expense	\$ 43,304		
[b] Total Expense - General and Assessment	\$ 499,534		
Grant & Fund Expenses	% of expense	46%	
Jane Warner Plaza		\$ -	
JWP - Grant		\$ 136,381	
PROWSO Other (Affiliated members)		\$ 15,022	
Castro Cares Grant		\$ 115,367	
Casto Cares Donations		\$ 84,459	
Retail Strategy Grant		\$ 17,459	
Salaries & Wages Paid by Grants		\$ 63,816	
[b] Total Grants & Restricted Fund Expenses		\$ 432,504	
[b] TOTAL OPERATING BUDGET EXPENSES			\$ 932,038
[B] SURPLUS (DEFICIT) for 16-17FY {a-b}	\$ 0	\$ (26,012)	\$ (26,012)
ENDING RESERVES FY16-17 (Estimated)			
General/Assessment Reserves/Contingency FY17-18	\$ 32,250		
Assessment \$ from May 2017 for July-Dec 2017 Operations	\$ 310,200		
Restricted/Designated Grants & Donations from FY16-17		\$ 299,205	
TOTAL ENDING NET ASSESTS/RESERVES FY16-17 {A+B}	\$ 342,450	\$ 299,205	\$ 641,655

**CASTRO/UPPER MARKET COMMUNITY
BENEFIT DISTRICT, INC.
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016**

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

CHEK TAN AND COMPANY

A CERTIFIED PUBLIC ACCOUNTING FIRM

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Castro/Upper Market Community Benefit District, Inc.
San Francisco, California

We have reviewed the accompanying financial statement of Castro/Upper Market Community Benefit District, Inc. (a nonprofit organization), which comprise the statement of position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

Chek Tan and Company, LLP

San Francisco, California
October 7, 2016

601 VAN NESS AVENUE, SUITE Q/R
SAN FRANCISCO, CALIFORNIA 94102
TEL: 415.673.8573 FAX: 415.673.0883
www.chektan.com

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current assets

Cash and cash equivalents	\$ 281,367
Accounts receivable	2,473
Assessments receivable	31,925
Grants receivable	363,092
Property and equipment, at cost (net of accumulated depreciation of \$1,862)	2,496
Security deposits	<u>3,892</u>

Total assets	\$ <u><u>685,245</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 791
Accrued expenses and other payable	<u>8,457</u>

Total liabilities	<u>9,248</u>
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Net assets

Unrestricted net assets	334,307
Temporarily restricted net assets	<u>341,690</u>

Total net assets	<u>675,997</u>
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Total liabilities and net assets	\$ <u><u>685,245</u></u>
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See independent accountant's review report and accompanying notes

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Support and revenue	
Assessment revenue	\$ 471,837
Affiliate member dues	9,693
Contributions	419,970
In-kind rent and facility use	800
In-kind materials and supplies	3,242
Interest income	<u>128</u>
Total support and revenue	<u>905,670</u>
Expenses	
Program services	642,069
General and administrative	<u>57,784</u>
Total expenses	<u>699,853</u>
Changes in net assets	205,817
Net assets, beginning of year	<u>470,180</u>
Net assets, end of year	<u><u>\$ 675,997</u></u>

See independent accountant's review report and accompanying notes

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Sidewalk cleaning	\$ 282,517	\$ 0	\$ 282,517
Security and public safety	90,778	0	90,778
Castro Care services	78,291	0	78,291
Streetscape improvements	5,664	0	5,664
Marketing and Castro Ambassadors	13,544	0	13,544
Events and promotions	22,643	836	23,479
Payroll	110,538	18,557	129,095
Payroll taxes and workers' compensation	10,377	1,831	12,208
Support and legal	199	22,657	22,856
Operation expenses	11,431	9,808	21,239
Rent expense	12,045	4,079	16,124
Travel and meetings	0	16	16
In-kind material and supplies	3,242	0	3,242
In-kind rent	800	0	800
	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	\$ <u>642,069</u>	\$ <u>57,784</u>	\$ <u>699,853</u>

See independent accountant's review report and accompanying notes

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

Cash flows from operating activities:	
Increase in net assets	\$ 205,817
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	<u>1,104</u>
Net cash provided by operating activities before changes in operating assets and liabilities	<u>206,921</u>
Change in operating assets and liabilities:	
Accounts receivable	6,631
Assessments receivable	35,263
Grants receivable	(215,592)
Prepaid expenses	3,934
Accounts payable	(54,594)
Accrued expenses and other payable	<u>(2,808)</u>
Net cash used in operating assets and liabilities	<u>(227,166)</u>
Net cash used in operating activities	<u>(20,245)</u>
Net decrease in cash and cash equivalents	(20,245)
Cash and cash equivalents at beginning of year	<u>301,612</u>
Cash and cash equivalents at end of year	<u><u>\$ 281,367</u></u>

See independent accountant's review report and accompanying notes

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Nature of Activities

a. Organization

The Castro/Upper Market Community Benefit District, Inc. ('Organization'), was incorporated in California on December 7, 2005 as a non-profit public benefit corporation. Its mission is to provide services that improve the quality of life in the neighborhood emphasizing clean, safe, beautiful streets. It also promotes the area's economic vitality, fosters the Castro's unique district identity, and honors its diverse history. 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 on August 2, 2005 and signed on August 8, 2005 by the Mayor of the City and County of San Francisco (the City).

Upon formation of the district in 2005, 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 December 31, 2020. 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/steam cleaning), graffiti removal, security, marketing, greening and landscaping services, public space management, sponsorship of special events and other district 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.

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.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Significant Accounting Policies (continued)

b. Basis of presentation (continued)

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. Contribution

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, 2016.

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.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2016 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. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

i. Concentration of credit risk

The Organization places its cash and cash equivalents with financial institutions and its balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depository bank. At various times, the Organization had cash balances in excess of the insured amount. At June 30, 2016, the Organization has an uninsured balance of \$30,256.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

j. Property and equipment

All acquisitions of property and equipment in excess of \$1,000 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.

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.

Note 3 - Property and Equipment

At June 30, 2016, property and equipment consisted of the following:

		Estimated Useful Lives (years)
Computer equipment	\$ 2,527	3
Furniture and fixtures	<u>1,831</u>	7
	4,358	
Less: Accumulated depreciation	<u>(1,862)</u>	
Net property and equipment	<u>\$ 2,496</u>	

For the year ended June 30, 2016, depreciation expense amounted to \$1,104.

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 approximately 52% of the Organization's total revenue.

CASTRO/UPPER MARKET COMMUNITY BENEFIT DISTRICT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 - Net Assets

Unrestricted net assets	
Designated by the Board for	
District identity and streetscape improvements	\$ 14,089
Reserves	81,393
Undesignated	
Unrestricted net assets	<u>238,825</u>
 Total unrestricted net assets	 <u>334,307</u>
 Temporarily restricted net assets	
Restricted for	
OEWD – retail strategy	24,455
JWP Donation	434
JWP Grant	140,517
Castro Care donations	30,006
Castro Care grant	<u>146,278</u>
 Temporarily restricted net assets	 <u>341,690</u>
 Total net assets	 <u><u>\$ 675,997</u></u>

Note 6 - Operating Lease

The Organization conducts its operation from facility that is leased under a three-year non-cancelable operating lease expiring on August 31, 2017. The lease contains a renewal option. Future minimum rental payments due under the lease are as follows:

For the year ending June 30,	
2017	\$ 45,600
2018	<u>7,600</u>
 Total future minimum lease payments	 <u><u>\$ 53,200</u></u>

Note 7 - Subsequent Events

The Company has evaluated subsequent events through October 7, 2016, the date which the financial statements were available to be issued.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller
Todd Rufo, Director, Office of Economic and Workforce Development

FROM: Erica Major, Assistant Clerk, Government Audit and Oversight Committee,
Board of Supervisors

DATE: February 22, 2017

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Sheehy on February 14, 2017:

File No. 170184

Resolution receiving and approving the annual report for the Castro/Upper Market Community Benefit District for FY2015-2016, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Office of the Controller
Ken Rich, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development

Introduction FormBy a Member of the Board of Supervisors or the MayorRECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO2017 FEB 16
Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- ☒ 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☐ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning "Supervisor inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Question(s) submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**Sponsor(s):**
Supervisor Sheehy**Subject:**
Castro/Upper Market Community Benefit District – FY 2015-2016**The text is listed below or attached:**
Resolution receiving and approving annual report for the Castro/Upper Market Community Benefit District for fiscal year 2015-2016, submitted as required by the Property and Business Improvement District Law of 1994 (California Streets and Highways Code, Sections 36600, et seq.), Section 36650, and the District's management agreement with the City, Section 3.4.Signature of Sponsoring Supervisor:

For Clerk's Use Only: