

File No. 171016

Committee Item No. 1

Board Item No. 18

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight
Board of Supervisors Meeting:

Date: Dec 6, 2017
Date: Dec 12, 2017

Cmte Board

- | | | |
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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 - Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Committee Presentation - December 6, 2017</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OEWD Letter - September 15, 2017</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CBD Annual Report - 2015-2016</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CPA Report - June 30, 2016</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI - September 22, 2017</u> |

Prepared by: John Carroll
Prepared by: John Carroll

Date: December 1, 2017
Date: December 8, 2017

1 [North of Market/Tenderloin Community Benefit District - Annual Reports to the City -
2 FY2015-2016]

3 **Resolution receiving and approving the annual reports for the North of**
4 **Market/Tenderloin Community Benefit District for FY2015-2016, submitted as required**
5 **by the Property and Business Improvement District Law of 1994 (California Streets and**
6 **Highways Code, Sections 36600, *et seq.*), Section 36650, and the District's management**
7 **agreement with 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. 422-05, expressing the City's intention to
13 establish the North of Market Tenderloin Community Benefit District (the "North of
14 Market/Tenderloin CBD"); and

15 WHEREAS, On August 2, 2005, the Board of Supervisors adopted Resolution
16 No. 584-05 establishing the North of Market/Tenderloin CBD ("Resolution to Establish") for a
17 period of 15 years, commencing FY2005-2006; and

18 WHEREAS, On January 10, 2006, the Board of Supervisors adopted Resolution
19 No. 15-06, authorizing an agreement with the owners' association for the
20 administration/management of the North of Market/Tenderloin CBD, and a management
21 agreement (the "Management Contract") with the owners' association, the North of
22 Market/Tenderloin Community Benefit Corporation, 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. 052018; and

1 WHEREAS, On August 2, 2016, the Board of Supervisors approved the North of
2 Market/ Tenderloin CBD's annual reports for FYs 2013-2014 and 2014-2015 in Resolution
3 No. 348-16; and

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

7 WHEREAS, The Annual Report is on file with the Clerk of the Board of Supervisors in
8 File No. 171016, and are incorporated herein by reference as though fully set forth; and

9 WHEREAS, Supporting documents, including, but not limited to, a transmittal letter and
10 memorandum report from the City's Office of Economic and Workforce Development, dated
11 September 15, 2017, and documentation from the North of Market/Tenderloin CBD for the
12 Annual Report is on file with the Clerk of the Board of Supervisors in File No. 171016; now,
13 therefore, be it

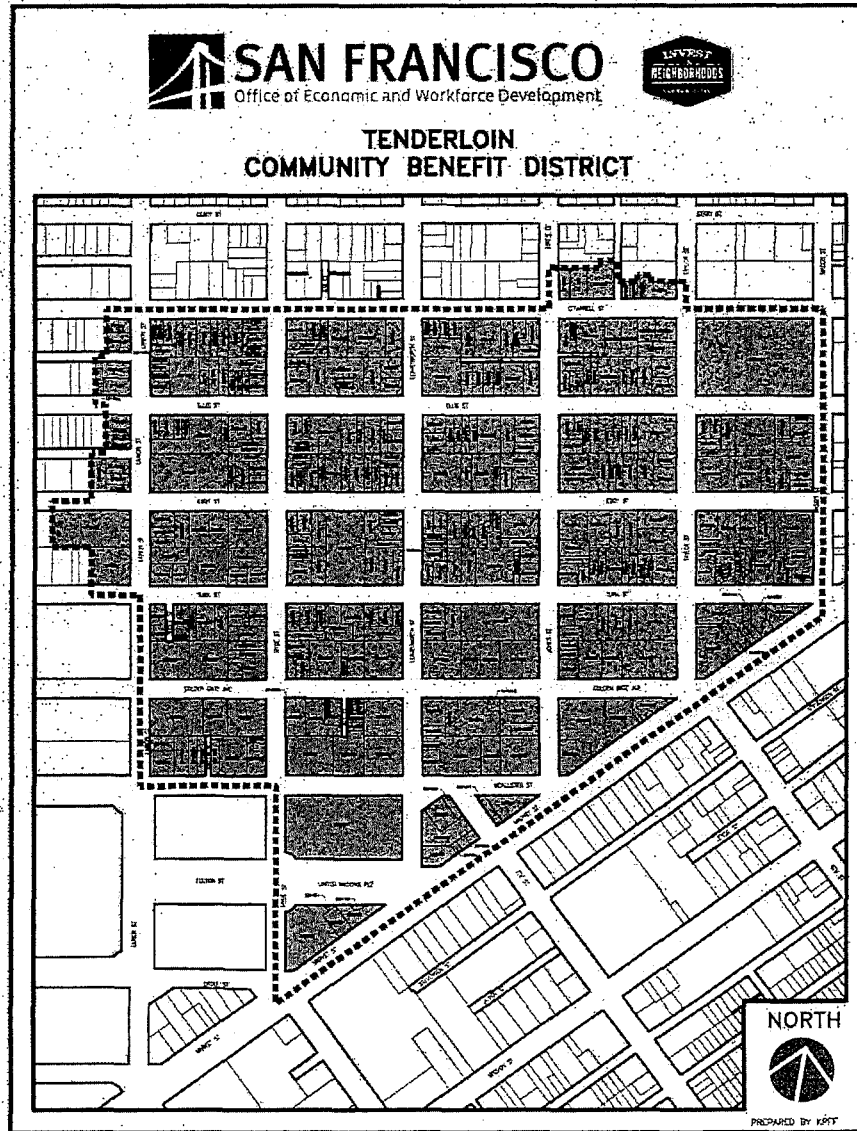
14 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
15 report for the North of Market/Tenderloin Community Benefit District for FY2015-2016.
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Presented in Committee - December 6, 2017

North of Market Tenderloin Community Benefit District



Parcel Map



1513

NOMTL Formation

NOMTL	Type	Assessment Budget*	Year Established	Expires
	Property-Based	\$ 981,487	2005	June 30, 2020

**budget identified in management plan*

NOMTL Operations

- **Staff**

- Executive Director – Steve Gibson

- **Service Areas**

- **Public Right of Way and Sidewalk Operations**

- This program includes sidewalk cleaning and maintenance.

- **District Identity and Streetscapes Improvements**

- This service area promotes the district through brochures, a website, social media outlets and sponsors special events; advocates on behalf of the North of Market Tenderloin property owners; beautifies the area through special projects.

- **Management and Operations**

- Admin and operations includes oversight of service contract, implementation of major projects, staffing the Board of Directors and Committees, and general day to day operations.

BENCHMARKS

OEWD's staff reviewed the following budget related benchmarks for NOMTL:

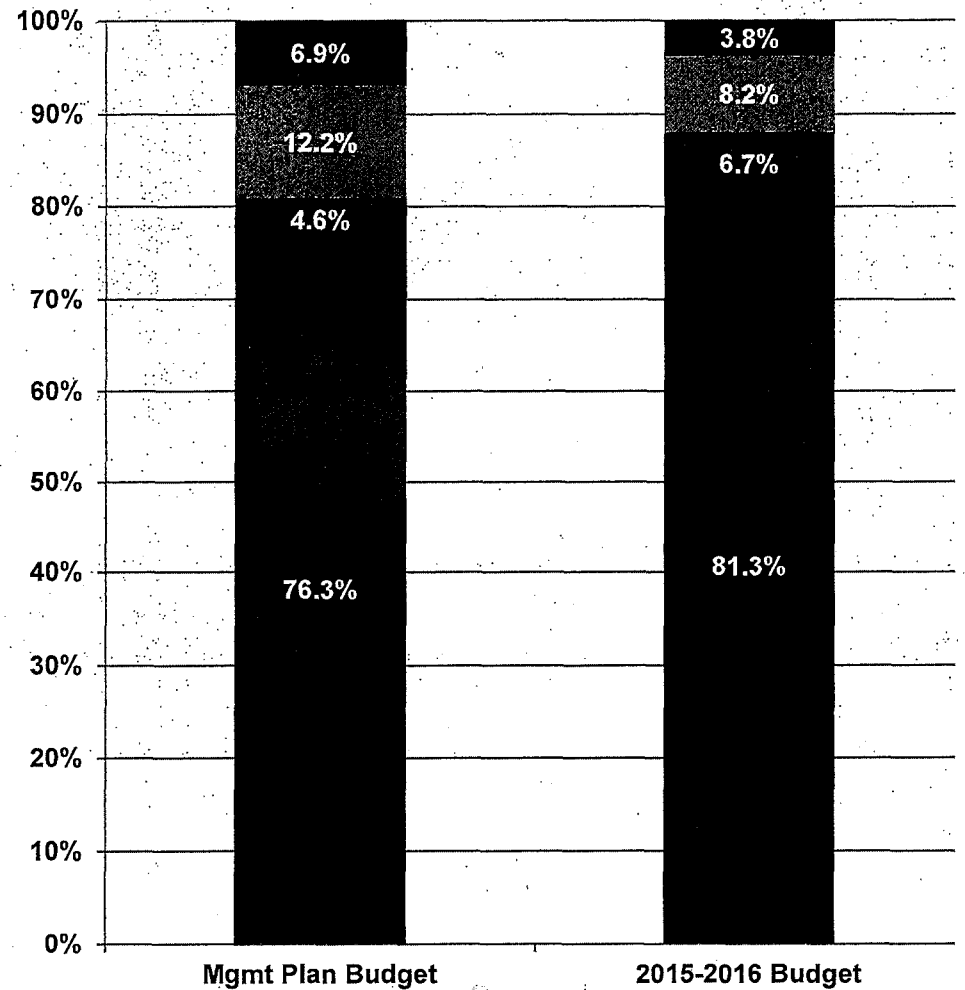
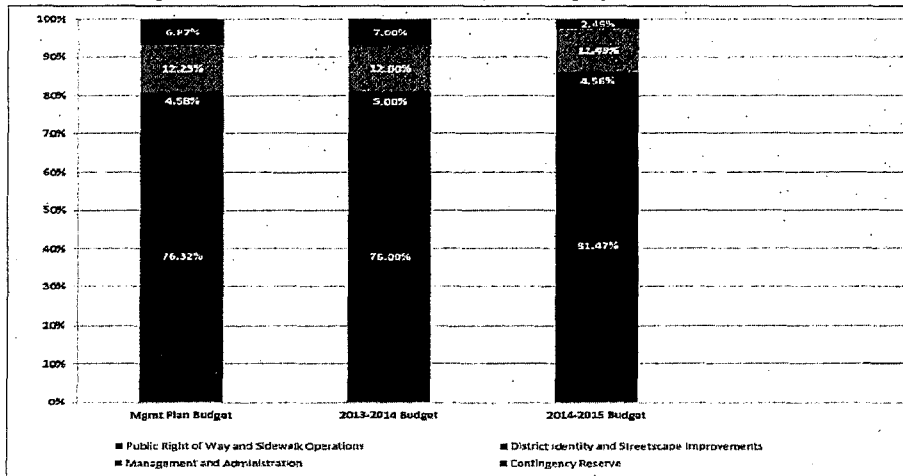
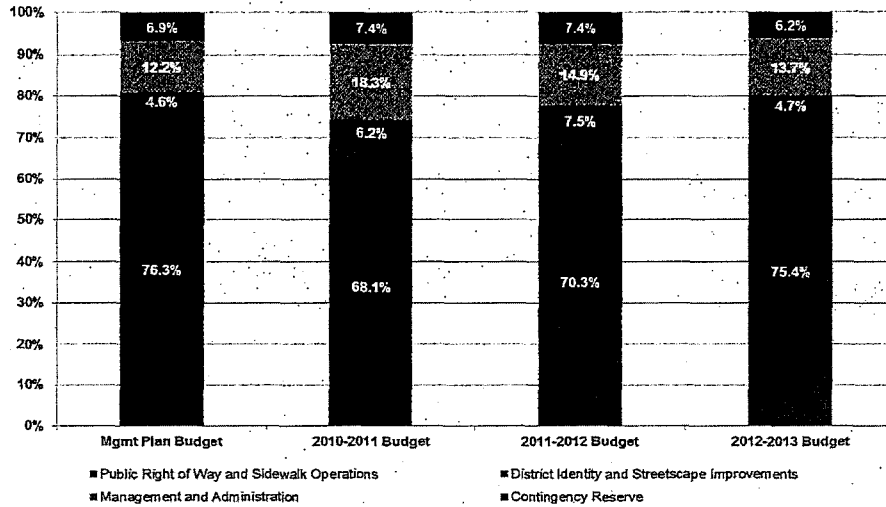
Benchmark 1 – Whether the variance between the budget amounts for each service category was within 10 percentage points from the management plan.

Benchmark 2 – Whether five percent (5%) of NOMTL's actuals came from sources other than assessment revenue.

Benchmark 3 - Whether the variance between the budget amounts for each service category was within 10 percentage points from the actuals.

Benchmark 4 - Whether CBD is indicating the amount of funds carried over from the current fiscal year and designating projects to be spent in the upcoming fiscal year.

Management Plan vs. Annual Budgets

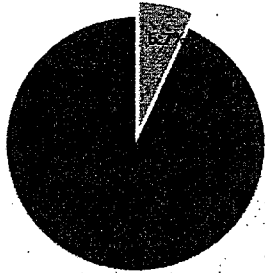


- Contingency and Reserve
- Administrative/Corporate Operations
- District Identity and Streetscape Improvements
- Public Rights of Way and Sidewalk Operations

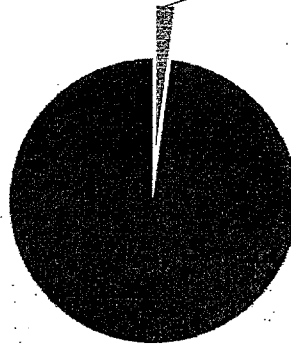
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Assessment Revenue & Other Income

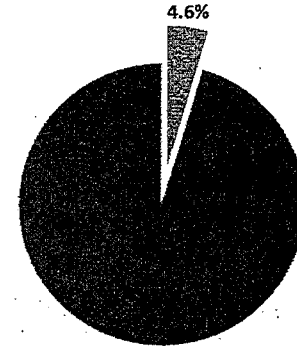
FY 2010 - 2011



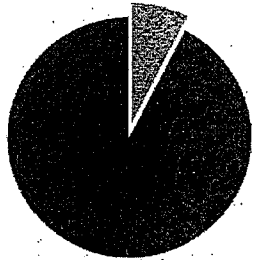
FY 2011 - 2012 2.0%



FY 2012 - 2013

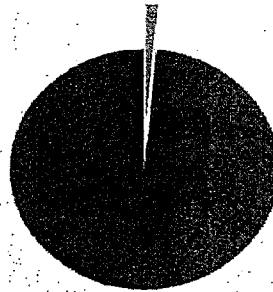


FY 2013 - 2014



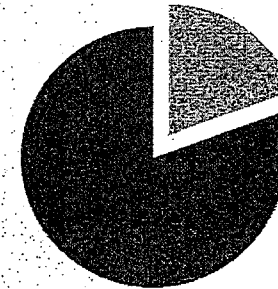
- Non-Assessment Revenue 7.55%
- Special Benefit Assessments 92.45%

FY 2014 - 2015



- Non-Assessment Revenue 1.44%
- Special Benefit Assessments 98.56%

FY 2015 - 2016



- Non-Assessment Revenue 19.47%
- Special Benefit Assessments 80.53%

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Budget vs Actuals

Service Category	FY 2010-2011 Variance % Points	FY 2011-2012 Variance % Points	FY 2012-2013 Variance % Points	FY 2013-2014 Variance % Points	FY 2014-2015 Variance % Points	FY 2015-2016 Variance % Points
Public Right of Way and Sidewalk Operations	+7.2	+6.5	+7.2	-82%	-4.9%	0%
District Identity and Streetscape Improvements	+7.1	+5.9	-0.9	-39%	+3.1%	0%
Administrative/Corporate Operations	-6.8	-5.1	-0.2	+19%	-1.6%	0%
Contingency Reserve	-	-	-	+1.02%	+3.5%	0%

Carryover

Designated Projects

FY 2015-2016

PROW

\$415,829

DISI

\$34,502

Administrative and Corporate Operations

\$41,876

Contingency and Reserve

\$19,243

Total Designated Amount

\$522,950

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Findings/ Recommendations for NOM/TL

In completing the review of the NOM/TL CBD's annual reports and financials, OEWD made the following findings:

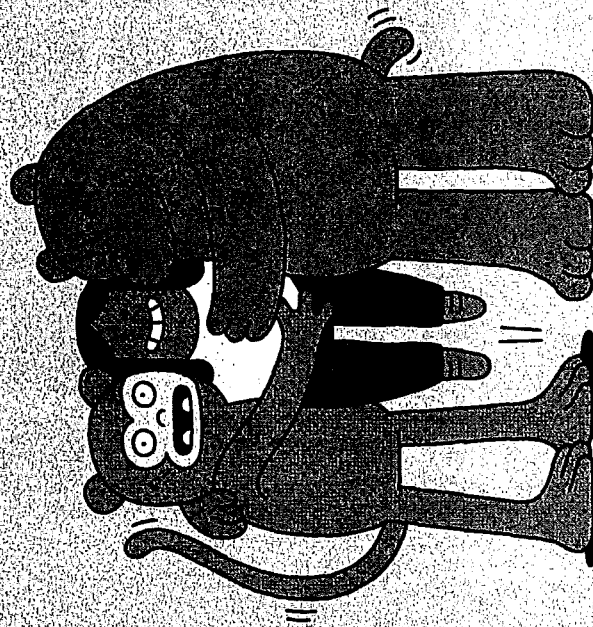
- **NOM/TL CBD met all benchmarks**
- **CBD was late in providing annual report to OEWD**
 - **Due to accountant change**
- **OEWD recommends that NOM/TL CBD develops organizational processes to minimize turbulence when staff or vendor transition occurs**
- **OEWD recommends that the CBD governing board begins preparations for its CBD renewal campaign**

Conclusion

- **NOM/TL CBD has implemented the service plan for the district.**
- **The CBD has shown improvement since staff transition to UPC**
- **The CBD has increased opportunities for partnering with external community stakeholders**
- **successfully market and produce events and projects such as the “Living Innovation Zones,” banner projects, and increased greenscaping**
- **OEWD believes that NOM/TL CBD will continue to successfully carryout their mission and service plans**

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**AROUND HERE
WE TEND TO
CELEBRATE OUR
DIFFERENCES.**

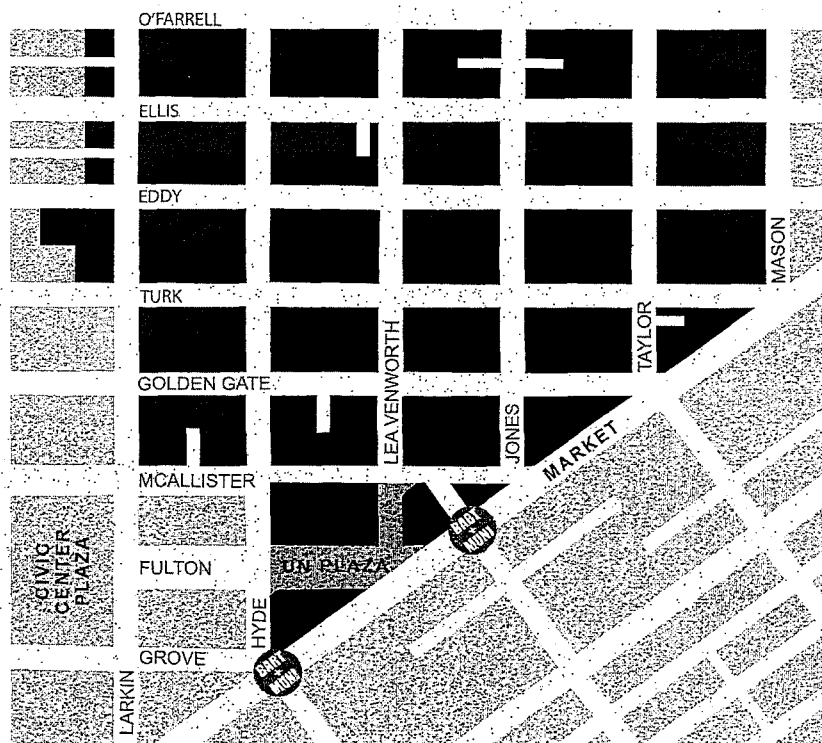


TENDERLOIN

COMMUNITY BENEFIT DISTRICT

**Annual Report 2015-
2016**

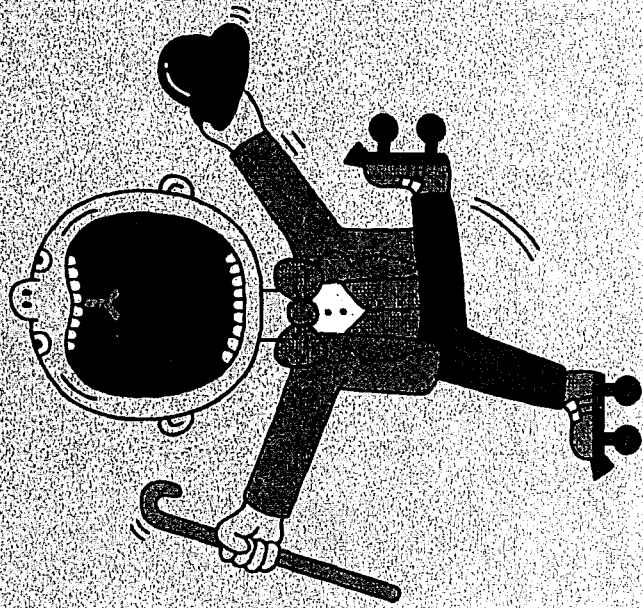
TLCBD Core Purpose: To Lead the Evolution of the Tenderloin into a Vibrant Community for All.



29 Blocks

Founded in 2005, the Tenderloin Community Benefit District (TLCBD) believes that a clean and safe environment, strong community partnerships and supportive collaboration with city agencies will create positive change in the Tenderloin neighborhood. Organization services are focused on implementing neighborhood improvements such as enhanced cleaning, beautification and safety initiatives. Established collaboratively by community leaders and property owners, the city and neighborhood adopted the TLCBD management plan to work towards a mission of neighborhood improvement for all within the district boundaries.

**AROUND HERE
WE TEND TO
EXPRESS
OURSELVES.**



Tenderloin Community Benefit District (TLCBD), through a Capacity Grant from OEWD, contracted with Urban Place Consulting Group to analyze and assess organizational leadership, operations, and stakeholder input.

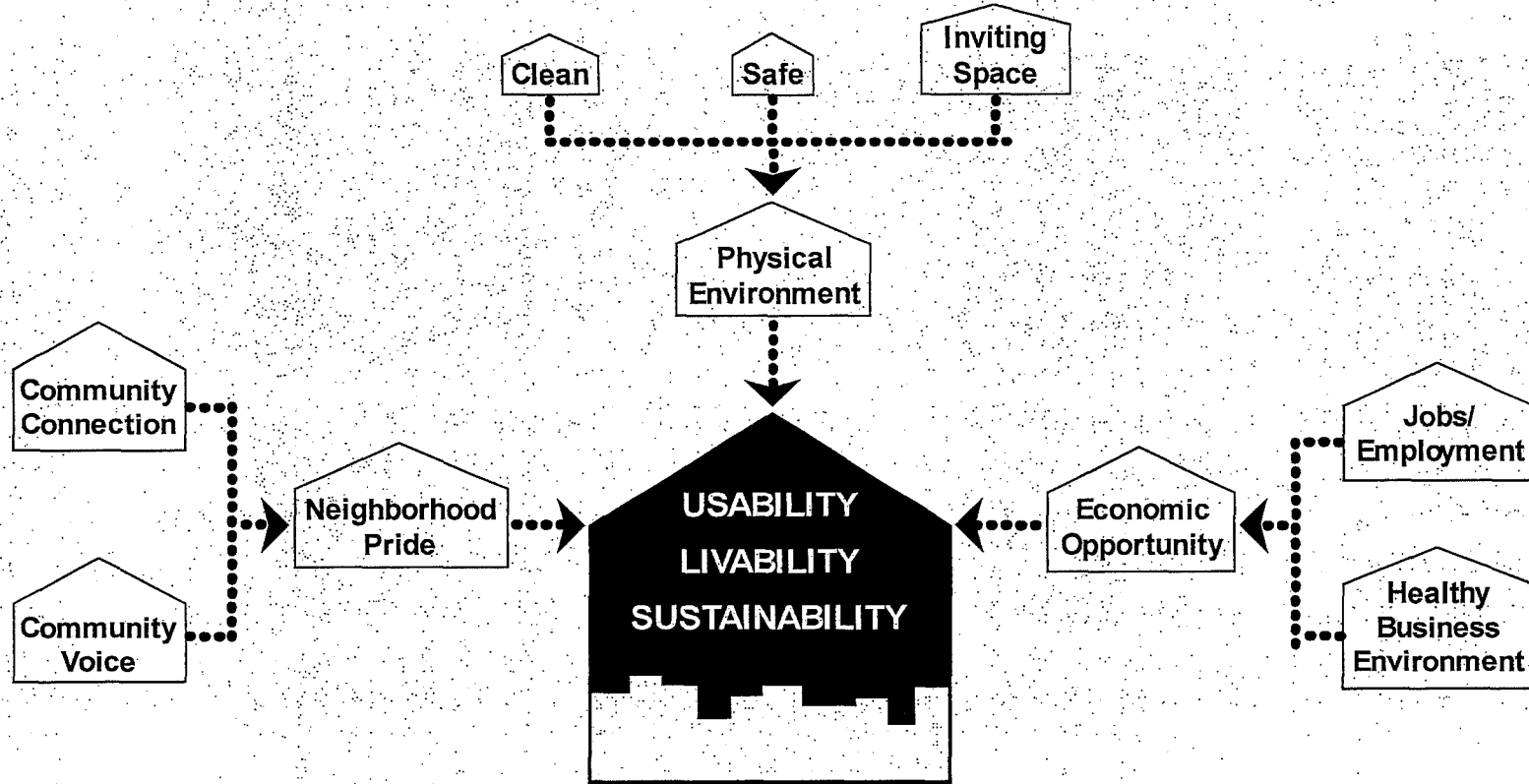
**AROUND HERE
WE TEND TO
SUPPORT
OUR BUSINESS
OWNERS.**



Operation Leadership Fundraising Program was established to raise \$300,000.00 for TLCBD leadership organization and to bolster and pilot current and new neighborhood programs in the Tenderloin.

Through Operation Leadership Urban Place Consulting created the Healthy Neighborhood Plan. This plan defines a healthy neighborhood as one that is usable, livable, and sustainable. The Healthy Neighborhood Chart explains that in order to have a healthy neighborhood you must have three key ingredients: economic opportunity, a clean and safe physical environment, and neighborhood pride. If all three of these can be accomplished the Tenderloin will be a vibrant community for all.

Healthy Neighborhood



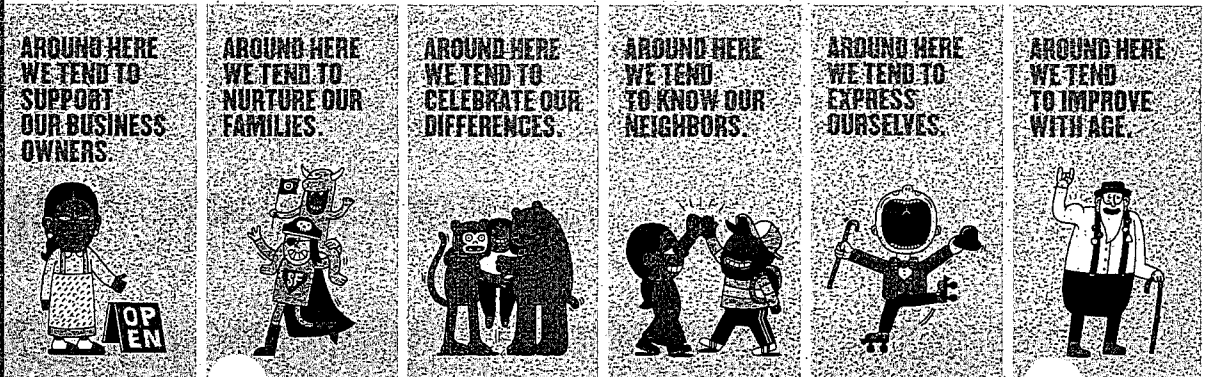
The Tenderloin
A Vibrant Community
For ALL

TENDERLOIN

TENDERLOIN COMMUNITY
BENEFIT DISTRICT

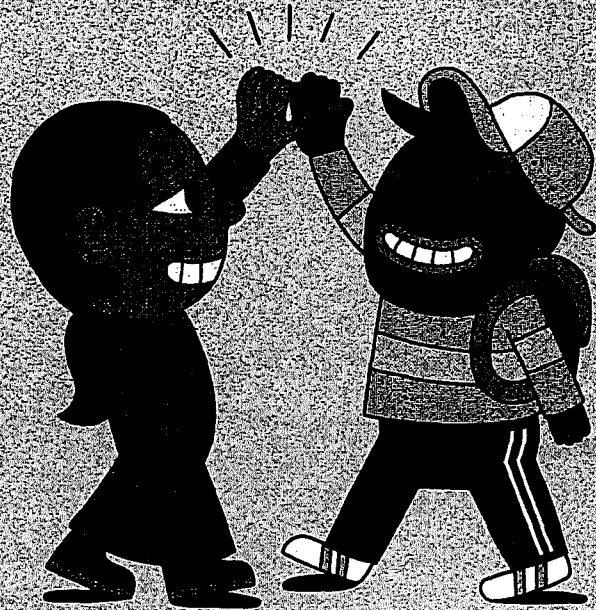
Tenderloin Banner Project aims to create an understanding and positive impression of the neighborhood and the organization.

The Tenderloin has a very rich history of pride, diversity, and hope, which the Board and community feel should be talked about. By leveraging a grant from the City and putting in our own match, the TLCBD wants to use this branding opportunity, as a visual expression that tells the story of the Tenderloins' past present and future and celebrates its' place as a landmark community.



**AROUND HERE
WE TEND
TO KNOW OUR
NEIGHBORS.**

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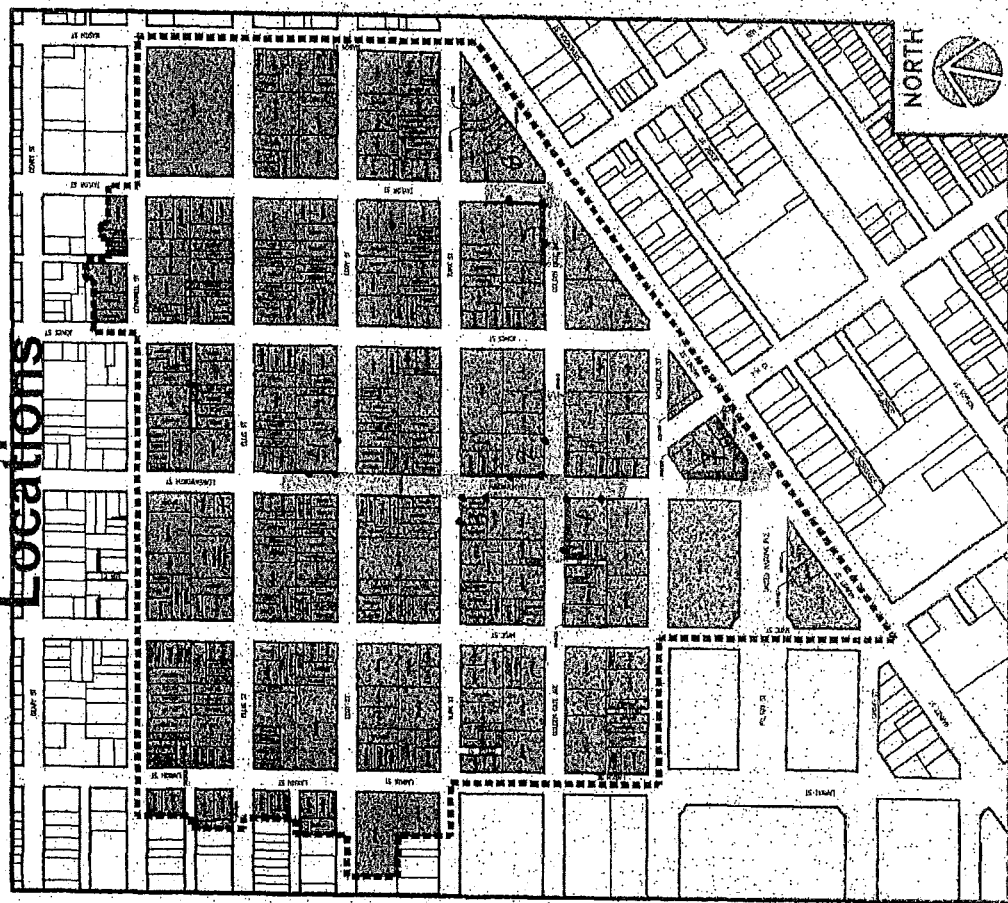


Tenderloin Camera Project has been established to try and help improve the quality of life and safety in key areas of the Tenderloin.

In partnership with the Union Square Business Improvement District and funding from the Silicon Valley Community Foundation, the TLCBD has installed cameras in areas that have been identified as hot spots for violent and drug-related crimes. Installing cameras in these areas will help prevent, prosecute and deter crime. Initially, the project estimates that approximately 6 locations, 18 cameras with 54 high quality “views” have been installed along the Leavenworth and Golden Gate Corridors in the district, with the project potentially expanding if further funding is developed.

Tenderloin Camera

Locations



PREPARED BY ESF

Area Covered by 6 Locations

6 or 7 pending property owner approval

Around here we tend to our sidewalks

- Power washing and steam cleaning once per month throughout the district removing gum and grime from the sidewalk.
- Ongoing attention was given to areas of perennial concern and street corners.
- Twice a month mechanical sidewalk scrubbing .
- Twice daily sidewalk and gutter hand-sweeping throughout the entire CBD area.
- 1,639 graffiti tags were removed from public and private property
- 14,727 bags of litter were swept off sidewalks and gutters (does not include weekend collection data)
- 5,993 needles were removed from the CBD area and disposed of safely.



Thank You

TENDER

MEMO

To: Supervisor Jane Kim, District 6
CC: San Francisco Board of Supervisors
From: Chris Corgas, OEWD Senior Program Manager
RE: North of Market Tenderloin Community Benefit District
Date: September 15, 2017

This is a memo summarizing the accomplishments of the North of Market Tenderloin Community Benefit District and an analysis of its 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. North of Market/Tenderloin 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 North of Market/Tenderloin CBD management contract with the City; and their Management Plan approved by the Board of Supervisors in 2006.

Also attached to this memo are the following documents:

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

Background



The North of Market/Tenderloin District spans 29 blocks and includes approximately 675 parcels, including parcels owned by Tenderloin Neighborhood Development Corporation, Shih Yu Lang Central YMCA and UC Hastings. The district also includes UN Plaza, Golden Gate Theaters and San Francisco Hilton.

- August 2, 2005: the Board of Supervisors approved the resolution that established the North of Market Tenderloin Community Benefit District for 15 years (Resolution # 584-05).
- January 10, 2006: the Board approved the contract for the administration and management of the North of Market Tenderloin Community Benefit District (Resolution # 15-06).
- April 28, 2015: the Board of Supervisors approved the Annual Reports for FYs 2010-2011, 2011-2012, and 2012-2013 (Resolution #160-15).
- August 2, 2016: the Board of Supervisors approved the Annual Reports for FY's 2013-2014 and 2014-2015 (Resolution #348-16).

Basic Info about Greater North of Market/Tenderloin 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	\$981,147
Fiscal Year	July 1 – June 30
Executive Director	Steve Gibson
Name of Nonprofit Owners' Entity	North of Market Tenderloin Community Benefit District

The current BID website www.tlcbd.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 Program Areas

Public Right of Way and Sidewalk Operations

Sidewalk Operations services include: (1) twice daily sidewalk and gutter hand sweeping 6 to 7 days a week, (2) bi-monthly soap and water scrub-down of all properties, (3) a "Lead Sweeper" dealing with needles, hazardous waste and bulky items, and (4) graffiti removal 10 to 15 hours per week. Public Right of Way initiatives include: (1) *Safe Passages* program and (2) social services outreach and referrals. NOM/TL CBD contracts with *San Francisco Clean City Coalition* (Clean City) to provide sidewalk cleaning and maintenance as well as the Community Service Ambassador program. The North of Market Tenderloin CBD Management Plan calls for 76% of the budget to be spent on Public Right of Way and Sidewalk Operations.

District Identity and Streetscape Improvements

This service area includes but is not limited to promoting the district through brochures, a website, social media outlets (i.e. Facebook and Twitter), sponsoring special events, and enhancing beautification. NOM/TL dedicates approximately five percent (5%) of its budget to District Identity and Streetscape Improvements.

Management & Operations

The NOM/TL Management Plan calls for 12% of the budget to be spent on management and corporate operations. NOM/TL CBD is staffed by a full-time Executive Director who serves as the focal point person and advocate for the district. The NOM/TL CBD board has thirteen (13) board members that represent the diverse property and business owners in the district. The board meets every third Monday every month. NOM/TL CBD has several committees that function to assist the CBD with its goals and objectives.

The three committees include:

- **Executive Committee** - oversees central operations of the organization and ensures the functioning of key areas: staff and contracts; corporate finances; insurance; grants; development of budget; board agendas and meetings; correspondence; outreach; bylaws and policies; public relations; newsletters. The Executive Committee meets the 1st Tuesday of the month.
- **Public Rights of Way (PROW) Committee** – oversees the services in public spaces and ensures the success and efficiency of these services, along with other services designed to promote safety in the neighborhood. These services include the following activities: sidewalk sweeping and cleaning; steam cleaning; relations with the Department of Public Works (DPW); tree planting and maintenance; improving public right of way experience; and safety programs including Safe Passage and Safe Havens. The PROW Committee meets the 2nd Thursday of the month.
- **District Identity and Streetscape Improvements (DISI) Committee** - oversees programs that promote Tenderloin district identity and provide beautification through visual media such as art and murals. The DISI Committee meets the 1st Monday of the Month.

Summary of Accomplishments, Challenges, and Delivery of Services

FY 2015-2016

Public Right of Way and Sidewalk Operations

- Clean and Safe Services Team removed more than 1,843 graffiti tags from public and private property and collected over 395,000 pounds of litter from sidewalks and gutter.
- Purchased new steam cleaning equipment.
- Approved sub-grant agreement with Union Square BID to execute a security camera project offering a number of high definition security cameras to property owners in the district.

District Identity and Streetscape Improvements:

- Installed 3 public art pieces
- Redesigned website
- Approximately 30 new street trees planted and new landscaping to sidewalks along McAllister
- Participated in several "Four-Corner Friday" events to activate several corners in the neighborhood

Management & Operations

- Contracted with Urban Place Consulting to pursue management and leadership support for the CBD
- Developed operation leadership fundraising program
- Partnerships with community stakeholders to execute a greening and tree planting campaign
- Increased opportunities for community engagement
- Began recruiting and onboarding new CBD board members

NOM/TL CBD Annual Budget Analysis

OEWD's staff reviewed the following budget related benchmarks for NOM/TL 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 "North of Market/Tenderloin 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 "North of Market Tenderloin Community Benefit District", Section A – 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 "North of Market Tenderloin Community Benefit District", Section 3.9 – Budget*).
- **BENCHMARK 4:** Whether NOM/TL 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 36651*)

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: NOM/TL CBD met this requirement. See table below.

Service Category	Management Plan Budget	% of Management Plan	FY 15-16 Budget	% of Budget	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$749,074	76.0%	\$831,658	74.65%	-1.67%
District Identity and Streetscape Improvements	\$45,000	5.0%	\$69,005	5.68%	+1.09%
Administrative/Corporate Operations	\$120,000	12.0%	\$83,752	16.51%	+4.28%

Contingency Reserve	\$67,413	7.0%	\$38,486	3.17%	-3.70%
TOTAL	\$981,487	100%	\$1,022,901	100%	

BENCHMARK 2: Whether five-percent (5%) of NOM/TL CBD's actuals came from sources other than assessment revenue

ANALYSIS: NOM/TL CBD met this requirement. Assessment revenue was \$1,047,205.00 or 80.53% of actuals and non-assessment revenue was \$253,257 or 19.47% of actuals. See table below.

Revenue Sources	FY 2015-2016 Actuals	% of Actuals
Special Benefit Assessments	\$1,047,205.00	
Total assessment revenue	\$1,047,205.00	80.53%
Grants	\$251,000	
Donations	\$2,257	
Miscellaneous		
Interest Earned		
Total non-assessment revenue	\$253,257.00	19.47%
TOTAL	\$1,300,462.00	100%

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

ANALYSIS: NOM/TL CBD met this requirement. See table below.

Service Category	FY 2015-2016 Budget	% of Budget	FY 2015-2016 Actuals	% of Actuals	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$831,658	74.65%	\$831,658	74.65%	0%
District Identity and Streetscape Improvements	\$69,005	5.68%	\$69,005	5.68%	0%
Administrative/Corporate Operations	\$83,752	16.51%	\$83,752	16.51%	0%
Contingency Reserve	\$38,486	3.17%	\$38,486	3.17%	0%
TOTAL	\$1,022,901	100%	\$1,022,901	100%	

BENCHMARK 4: Whether NOM/TL 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: NOM/TL 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 2015-16 Carryforward to FY 16-17		Timeline
General Benefit		
Marketing/Communication	\$11,500	First half FY 16/17
Special Assessment		
Public Rights of Way and Sidewalk Operations	\$415,829	First half FY 16/17
District Identity and Streetscape Improvements	\$34,502	First half FY 16/17
Administrative and Corporate Operations	\$41,876	First half FY 16/17
Contingency and Reserve	\$19,243	First half FY 16/17
Total Carryforward	\$522,950	

Findings and Recommendations

Within the review periods of FY 2015-2016, the North of Market Tenderloin CBD generally met the expectations and requirements as set by the California Street and Highways Code Section 36650-36651; the Agreement for the Administration of the "North of Market Tenderloin Community Benefit District; and the Agreement for the Administration of the "North of Market Tenderloin Community Benefit District."

North of Market Tenderloin CBD underwent a transition mid-way through FY 15-16, bringing on Urban Place Consulting as the management entity of the district. Steve Gibson, President of Urban Place Consulting, is the current executive director of the district. Mr. Gibson has a strong track record of success in managing Community Benefit Districts throughout the state and country.

The North of Market Tenderloin CBD was late in delivering annual report data to OEWD. According to the district, this was due to accounting and management changes that occurred as part of the management transition process; specifically, the former district CPA was not providing access to pertinent financial details to the new CPA in a timely manner; additionally, the CPAs used different organizational methods which complicated financial review drafting. Once the review was completed it had to be reviewed by the proper committee and voted on by the CBD governing board. Once it was adapted, it was submitted to OEWD. OEWD recommends the CBD develop processes to minimize potential turbulence when staff or vendor transition occurs.

Tenderloin Community Benefit District

YEAR END REPORT

JULY 2015 TO JUNE 2016

PRESENTED TO:

City and County of San Francisco Board of Supervisors

*North of Market/Tenderloin Community Benefit District Corporation
Board of Directors*

San Francisco Office of Economic and Workforce Development

YEAR END REPORT

JULY 2015 – JUNE 2016

SUMMARY OF PROGRAMS, EVENTS, AND ACTIVITIES

The Tenderloin Community Benefit District (TLCBD) has been busily engaged in the business of serving the community and implementing the objectives set out in the management plan.

In the fiscal year quarter of July 2015 to June 2016 the TLCBD has been involved with and accomplished the following:

- Continued contract with SF Clean City for sweeping, steam cleaning, and graffiti removal in the 29 blocks of the CBD District Monday through Friday. The SF Clean City and CBD contract extends through June 30, 2017. SF Clean City continues tracking all incidents of human waste, needles, garbage removal, large furniture items, hazardous material, etc. throughout our service area.
 - Purchased a new steam cleaning equipment and flat bed truck
 - In addition to regular service schedules, our service provider works to identify and provide more resources to designated area 'hot-spots'.
- Awarded funds from OEWD to lead a Phase 1, project management, design and plan cultivation and community engagement for an artistic and captivating public realm lighting project, 'Larkin Street Lighting Project'
 - Broad outreach and several meetings with potential candidates and creative developers for Phase 1 work objectives and deliverables
 - Development of an RFP, guidelines and schedules for proposals and submission
 - Three organization bids submitted, reviewed, interviewed and vetted
 - Hiring of project management team OurCity
 - Independent Consultant agreement finalized
 - Comprehensive outreach and project plan drafted and reviewed
- Held Annual Meeting and Board of Directors Elections; four new Board members are voted on:
 - Three new members elected on in September
- CBD moved to new office at Wework at 25 Taylor Street.
- Developed Budget for 2015/2016 guided by Board Treasurer and approved by full Board
- Capacity Building for organization
 - New website developed and published and accompanied by new organizational branding
 - Several new organization policies developed in partnership with UC Hastings College of the Law's Social Enterprise & Economic Empowerment Clinic and staff and Board member policy 'Committee'
 - Financial policy and procedure developed and approved to guide TLCBD financial procedures moving forward
 - Staff and Board consistently communicate and correspond with a local property owner to procure assessment revenue in arrears since 2006.
 - Communications between property owner, Tax Collector's Office and the Controller provide impetus for payment increasing the CBD's revenue base by \$189K. This alleviates previous financial strains from earlier years budgeting misalignments
- Prepared and distributed 2014/15 Annual Report to all property owners in district
- Received an Organizational Capacity Grant to OEWD to support an assessment and analysis of organizational leadership, operations and stakeholder analysis of

- Contracted with Urban Place Consulting to develop strategic report informed by in-depth operations analysis, stakeholder input and Board retreat
 - Planning and conducting of Board retreat in October to hone in on Board member goals for the organization
 - Completion and approval of strategic report offering recommendations to the Board of Directors on next best steps to pursue goals and needs of organization
- Leadership and Operational strategy
 - Based on Urban Place Consulting's strategic report and Annual Board retreat the Board of Directors decided to pursue management and leadership support by a consulting firm such as Urban Place Consulting
 - RFP for consulting firms is drafted, approved by Board and submitted
 - Two proposals are received, reviewed, interviewed and vetted
 - Urban Place Consulting awarded consulting role to manage, oversee and provide Interim Leadership to the TLCBD; Agreement finalized in December 2015
 - Work commences with Urban Place Consulting in November/December 2015
 - Urban Place will manage and lead the affairs of the TLCBD for 1.5 years until the organization's resources and operations are bolstered to recruit and seek an Executive Director and necessary staffing
 - Consulting firm is tasked with seeking funding to fulfill its obligations during the 1.5 year timeframe
 - Developed Operation Leadership Fundraising Program to raise \$300,000. Raised \$60,000 in this this fiscal year.
- Tender for Security Camera Sub-grant opportunity
 - CBD approves agreement with the Union Square BID to execute a security camera project offering a number of high definition security cameras to property owners in the District
 - TLCBD engages with law firm to inform agreements defining terms of the project for property owners that agree to participate
 - TLCBD engages with UC Hastings College of the Law's Social Enterprise & Economic Empowerment Clinic to support development of various agreements in support of the project
 - Nonprofit SF SAFE is engaged and contracted in partnership with project to conduct comprehensive outreach programming to the community, various stakeholders and property owners
 - Outreach plan is drafted and in review phase; some outreach to core stakeholders such as District Attorney's office and police officials have commenced
 - TLCBD contracts with Urban Place Consulting to provide project management for necessary components of the project including camera equipment RFP development, contractor review, negotiation and contracting; Data center RFP development, contractor review, negotiation and contracting; Internet provider establishment; and, insurance coordination
 - Outreach, establishment and installation of cameras in partnership with neighborhood property owners to continue through January – March 2016
- Partnership and engagement as a 'Community Cohort' for the Central Market Street Prototyping Festival, a partnership project of San Francisco's Department of Planning, Yerba Buena Center for the Arts (YBCA) and other prominent city organizations and agencies.
 - Staff and Board members joined meetings to discuss the event, act as a conduit to other community members and stakeholders to expand outreach and engagement of the event

- TLCBD cleaning service provider (SF Clean City) agrees to augment sweeping and debris pick service of the area around the installations in the 1000 Block of Market Street during the 3 weeks of the festival
- Representation as a 'community advisor' council member for the Better Market Street Project.
- Representation as a 'community advisor' for the Better BART station improvements to Powell and Civic Center stations.
- Support and partnership with UC Hastings College of the Law, Friends of the Urban Forest and San Francisco Municipal Transit Authority to coordinate and execute a Tenderloin greening and tree planting campaign.
 - Approximately 30 new trees planted throughout the neighborhood and new landscaping added to the sidewalks on McAllister Street
 - Comprehensive outreach and press coordinated and distributed in collaboration with partners
- Continued to attend meetings and engage with the numerous nonprofits and stakeholders involved in the 'Golden Gate Safety Collaborative' a collaboration in partnership with local police to enliven the public realm with positive and or fun activities.
 - Attended and participated in several 'Four-Corner Friday' events working to activate several corners in the neighborhood with fun activity for all.
- New collaborations commenced late in the year to review and assess coordination of neighborhood services and maintenance between the TLCBD and San Francisco Public Works Department
 - Plans are to continue relationship building and investigate methods to gain comprehensive knowledge of neighborhood services to coordinate and test pilots to investigate positive impacts
- TLCBD partners with the Department of Planning, Luggage Store Gallery, The Hall at 1028 Market Street and Office of Civic Innovations to support the installation a 'Living Innovation Zone' project, Block by Block on Market Street at 1028 Market.
 - CBD holds the permit for the installation in collaboration with the Planning Department
 - The LIZ program engages the CBD to support and coordinate a new project in United Nations Plaza with the Exploratorium as the design lead. To be installed in the spring of 2016.
- Correspondence with Community Challenge Grant (CCG) program to investigate usage of remainder funds from a previously awarded grant. Remainder funds approximately \$15K
 - CCG approves usage of remainder funds, and augments the amount by an additional \$5K, offering a total of \$20K for a unique community supported banner campaign for the neighborhood
 - The project will replace the CBD's previous banner campaign to approximately 70 banner locations throughout the 29 blocks of the neighborhood

The Tenderloin Community Benefit District and its Board members work diligently to implement the objectives of the organization's mandated management plan. 2015/2016 can be viewed as a year of ramping up and building capacity to move the organization forward. Many initiatives supported this effort: strategic planning; new website development; substantial funding procurement; new interim leadership onboarding and approval of several new neighborhood improvement projects. Many projects and tasks have commenced this year that will offer a renewed connection to the neighborhood and community, which will continue to engage and connect throughout 2016. The Larkin Street Lighting Project, Security Camera Project and community banner campaign have the potential to create great positive impact upon the community. With the onboarding of new Interim Leadership, the organization can move ahead with enhanced capacity to move all projects and objectives forward. Ultimately, the strategic planning and new Leadership will support the ultimate goal of recruiting long term leadership with more developed resource capacity that can execute the lead objective of CBD renewal in 2020. The Board and staff's work have

demonstrated a commitment to the improvement and betterment of the Tenderloin. The results of this commitment and newly developed programs and initiatives have and will continue to build upon the evolution of the Tenderloin to a vibrant community for all.

Respectfully submitted,
North of Market/Tenderloin Community Benefit District
415.292.4812

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

Service Category/Budget Line	Management Plan Budget	2016-2017		% of Budget	FY 2016-17 Budget	FY 2016-17		% of Budget	Variance	Source
		General Benefit Dollars	Management Plan Assessment Budget			Actual	Assessment Budget			
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations		\$ 37,459.70	\$ 711,620.30	76.32%	\$ 952,601.00			74.65%	-1.67%	
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements		\$ 2,250.00	\$ 42,750.00	4.58%	\$ 72,455.00			5.68%	1.09%	
SA 62 - Tenderloin CBD - Administrative and Corporate Operations		\$ 6,000.00	\$ 114,000.00	12.25%	\$ 210,692.00			16.51%	4.28%	
Contingency and Reserve		\$ 3,870.65	\$ 64,042.35	6.87%	\$ 40,410.00			3.17%	-3.70%	
0	0	\$ -	\$ -	0.00%	\$ -			0.00%	0.00%	
0	0	\$ -	\$ -	0.00%	\$ -			0.00%	0.00%	
0	0	\$ -	\$ -	0.00%	\$ -			0.00%	0.00%	
TOTAL	\$ 481,487.00	\$ 49,074.35	\$ 932,412.65	100.00%	\$ 1,276,158.00	\$ 253,257.00	\$ 7,022,901.00	100.00%		

BENCHMARK 2: General Benefit Requirement 5.00%

Revenue Source	FY 2016-2017 Actual	% of Actual	Source
Assessment Revenue	\$ 1,047,205.00	60.53%	
Total Assessment (Special Benefit) Revenue	\$ 1,047,205.00	0.17%	
Contributions and Sponsorships		19.30%	
Grants		0.00%	
Donations		0.00%	
Interest Earned		0.00%	
Earned Revenue		0.00%	
Other		0.00%	
Total Non-Assessment (General Benefit) Revenue	\$ 253,257.00	19.47%	
Total	\$ 1,300,462.00	100.00%	

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

Service Category/Budget Line	FY 2016-18 Budget	FY 2016-17		% of Budget (Assessment)	% Budget (Total)	Actual	FY 2016-17		% of Actual (Assessment)	% of Actual (Total Budget)	Variance (Assessment)	Variance (Total Budget)	Source
		Amount from Assessment	Amount from General Benefit				Amount from Assessment	Amount from General Benefit					
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations	\$ 952,601.00	\$ 891,658.00	\$ 120,943.00	81.30%	74.65%	\$ 952,601.00			81.30%	74.65%	0.00%	0.00%	
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements	\$ 72,455.00	\$ 69,005.00	\$ 3,450.00	6.75%	5.68%	\$ 72,455.00			6.75%	5.68%	0.00%	0.00%	
SA 62 - Tenderloin CBD - Administrative and Corporate Operations	\$ 210,692.00	\$ 89,752.00	\$ 126,940.00	8.19%	16.51%	\$ 210,692.00			8.19%	16.51%	0.00%	0.00%	
Contingency and Reserve	\$ 40,410.00	\$ 38,488.00	\$ 1,924.00	3.76%	3.17%	\$ 40,410.00			3.76%	3.17%	0.00%	0.00%	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -			0.00%	0.00%	0.00%	0.00%	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -			0.00%	0.00%	0.00%	0.00%	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -			0.00%	0.00%	0.00%	0.00%	
TOTAL	\$ 1,276,158.00	\$ 1,023,901.00	\$ 253,257.00	100.00%	100.00%	\$ 1,276,158.00	\$ 253,257.00	\$ 7,022,901.00	100.00%	100.00%			

BENCHMARK 4: Whether 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

FY 2016-2017 Carryover Disbursement	Source	Spillover/Timeline
General Benefit Project		
Special Assessment Project		
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations		
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements		
SA 62 - Tenderloin CBD - Administrative and Corporate Operations		
Contingency and Reserve		
0		
0		
Special Project Total	\$ 514,450.00	
Total Designated Amount for FY 2016-17	\$ 522,350.00	

PROPOSED CHANGES	Yes	No	If yes, what are the changes?	If yes, what is the justification?
Any proposed changes in boundaries of district?				
Any proposed changes in boundaries of benefit districts/zones?				
Are you amending the basis and method of assessment?				

ASSESSMENT METHOD	Assessment Basis	Notes
		If this explanation is too long, please provide an attachment in .doc format and mention in these boxes that you have provided the attachment. Please email the attachment to the appropriate DEWD team member with the subject CBDNAME - ASSESSMENT METHOD - STREETS AND HIGHWAYS

# of safety walks/initiatives	
# of social media followers	
# of businesses opening/expanding	
# of Public Space Activation events (street fairs, outdoor markets, public performances)	
# of installations of public art/murals/neighborhood landmarks completed	
# of Mailings Recipients	
# of Mailing List Recipients	
# of Newsletters/Communications	
# of Media Mentions	
# of 311 Requests for large/bulky items	
# of Homeless Interactions (including calls regarding)	
# of Human/Animal Waste pickups	
# of Merchant Contacts	
# of Bags	Poundage
	395000lbs

Graffiti Removal	# of Instances

Steam Cleaning	# of Instances	Total Linear Footage of District	Total Linear Footage Cleaned
			675000

Cleaning Calls	OPTIONAL
# of Calls	

Public Safety Calls	OPTIONAL
# of Calls	

Service	Measurement Type	Methodology
Trash removal	395000	1 bag = 25 lbs (multiply # of bags by 25 to get poundage)

Service	Measurement Type	Methodology
Graffiti/Sticker removal	1843	1 removal = 1 Instance

Service	Measurement Type	Methodology
Steam Cleaning	675,000	Linear footage can be provided by contractor (per USBID)

Service	Measurement Type	Methodology
Cleaning calls (optional)	# of calls requesting cleaning services	1 call = 1 Instance

Service	Measurement Type	Methodology
Public Safety calls (optional)	# of calls requesting public safety services	1 call = 1 Instance

Vacancy Tracking	SELECT CBD/BID	Address	APN	Property Owner	Phone	Email	SQ footage	Last known use
Total								0

**NORTH OF
MARKET/TENDERLOIN
COMMUNITY BENEFIT
CORPORATION**

FINANCIAL STATEMENTS

June 30, 2016

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
North of Market/Tenderloin Community Benefit Corporation
San Francisco, California

We have reviewed the accompanying financial statements of North of Market/Tenderloin Community Benefit Corporation (the Organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows and functional expenses 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 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, 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.

Accountants' 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 American Institute of Certified Public Accountants. 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.

Accountants' 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.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended June 30, 2015 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report.

dated February 4, 2016. We have not performed procedures in connection with that review engagement since that date.

Crosby + Haneda

Certified Public Accountants
Oakland, California
August 31, 2017

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Statement of Financial Position
June 30, 2016
(With Comparative Totals as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	\$ 514,112	\$ 300,239
Assessments receivable	154,036	414,373
Grants receivable	55,000	-
Prepaid expenses	5,359	1,299
Deposits	1,950	1,950
	<u>730,457</u>	<u>717,861</u>
Total Assets	<u>\$ 730,457</u>	<u>\$ 717,861</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 37,121	\$ 32,775
Accrued vacation	-	3,250
Total Liabilities	<u>37,121</u>	<u>36,025</u>
Contingencies (Note 3)		
Net assets-unrestricted	693,336	681,836
Total Net Assets	<u>693,336</u>	<u>681,836</u>
Total Liabilities and Net Assets	<u>\$ 730,457</u>	<u>\$ 717,861</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Statement of Activities
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

	<u>2016</u>	<u>2015</u>
Support and Revenue		
Government grants	\$ 16,000	\$ 4,000
Donations	-	250
Foundation and corporate grants	235,000	-
Assessment revenue	1,047,205	1,104,987
Miscellaneous	2,257	11,862
Total Support and Revenue	<u>1,300,462</u>	<u>1,121,099</u>
Expenses		
Program	1,070,478	916,618
Management and general	210,692	65,730
Fundraising	7,792	14,944
Total Expenses	<u>1,288,962</u>	<u>997,292</u>
Change in Net Assets	11,500	123,807
Net Assets-unrestricted, beginning of year	<u>681,836</u>	<u>558,029</u>
Net Assets-unrestricted, end of year	<u>\$ 693,336</u>	<u>\$ 681,836</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Statement of Cash Flows
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 11,500	\$ 123,807
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Assessments receivable	260,337	(189,840)
Accounts receivable	-	599
Grants receivable	(55,000)	20,000
Prepaid expenses	(4,060)	201
Deposits	-	(1,950)
Accounts payable and accrued expenses	4,346	(82,086)
Accrued vacation	(3,250)	1,826
Net cash provided (used) by operating activities	<u>213,873</u>	<u>(127,443)</u>
Net change in cash	213,873	(127,443)
Cash, beginning of year	<u>300,239</u>	<u>427,682</u>
Cash, end of year	<u>\$ 514,112</u>	<u>\$ 300,239</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Statement of Functional Expenses
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

	Program	Management and General	Fundraising	Total	
				2016	2015
Salaries	\$ 19,834	\$ 11,419	\$ 5,417	\$ 36,670	\$ 81,276
Pension contributions	-	-	-	-	468
Employee benefits	1,149	659	319	2,127	6,587
Payroll taxes	1,589	954	433	2,976	6,390
Total Personnel	<u>22,572</u>	<u>13,032</u>	<u>6,169</u>	<u>41,773</u>	<u>94,721</u>
Grants	41,684	-	-	41,684	65,000
Fees for service	343	-	-	343	20,745
Cleaning services	794,907	-	-	794,907	774,009
Beautification	12,950	-	-	12,950	250
Public space improvement	183,085	-	-	183,085	-
Management services	-	162,304	-	162,304	3,730
Equipment rental	-	-	-	-	6,574
Office expenses and supplies	-	3,249	-	3,249	5,343
Legal fees	-	275	-	275	-
Accounting fees	-	17,685	-	17,685	13,320
Advertising and promotion	8,937	-	-	8,937	5,807
Occupancy	5,858	8,593	1,623	16,074	-
Insurance	-	3,698	-	3,698	5,779
Conferences, conventions, meetings	17	1,440	-	1,457	1,084
Sponsorship	125	-	-	125	750
Miscellaneous	-	416	-	416	180
Total Expenses	<u>\$ 1,070,478</u>	<u>\$ 210,692</u>	<u>\$ 7,792</u>	<u>\$ 1,288,962</u>	<u>\$ 997,292</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

NOTE 1: NATURE OF ACTIVITIES

The North of Market/Tenderloin Community Benefit Corporation (the Organization) is a California nonprofit public benefit corporation, which was established in 2005. The ultimate goal of the North of Market/Tenderloin Community Benefit Corporation is to provide systematic cleaning and beautification services to all of the parcels in the historic Tenderloin district. The North of Market/Tenderloin Community Benefit Corporation is funded entirely by special assessments levied on properties within the district. The annual assessment rate for properties is equal to \$0.12500 per square foot of lot size, plus \$8.25 per linear foot of lot frontage, plus \$0.03 per square foot of non-exempted building area. The North of Market/Tenderloin Community Benefit Corporation executes its mandate to provide cleaning and beautification services with a committee-based structure made up of the following committees:

Organization and or Executive Committee oversees staff and contracts, corporate finances, insurance, grants, budget development, bylaws and policies, generation of Board agendas and meetings, etc.

Public Rights of Way and Sidewalk Operations Committee oversees cleaning services in the public right of way such as sidewalk sweeping, steam cleaning, tree planting and maintenance, and relations with the San Francisco Department of Public Works.

District Identity and Streetscape Improvement Committee oversees projects that promote the district and positive aspects of District Identity.

Community Advisory Board Committee oversees outreach, relations with community organizations and community partners, and assistance with resident needs. It also identifies and promotes positive land use in the district.

Development Committee oversees the development of fundraising strategies and supplemental support for the Organization and its activities.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

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. Temporarily restricted net assets may also include accumulated appreciation of permanently restricted endowment funds that have not been appropriated by the Organization. There were no temporarily restricted net assets as of June 30, 2016.

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. There were no permanently restricted net assets as of June 30, 2016.

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 and grants 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.

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.

Contributed Services

Contributed 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

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2016.

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.

Estimates

The preparation of financial statements in conformity with GAAP 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.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2016.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 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. The

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

Organization had no property and equipment that met this capitalization policy at June 30, 2016.

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.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of August 31, 2017 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONTINGENCIES

Community benefit district assessments are received under agreement with the City and County of San Francisco and assessments have been currently authorized through June 2020. The assessments and related revenue to the organization may be terminated at an earlier date if the community benefit district which funds the Organizations operations is disestablished by a vote of the assessed property owners or in certain other circumstances.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 4: CONCENTRATIONS

Revenue

For the year ended June 30, 2016, the Organization received 74% of its revenue from community benefit district assessments on property owners in the North of Market/Tenderloin Community Benefit District. A significant reduction in the level of

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 5: RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan) under section 403(b) of the Internal Revenue Code. The Plan covers all employees who meet age and length of service requirements. The Organization may make a matching contribution of up to 3% of the employee's salary. The contribution rate is determined annually. All contributions to an employee's account vest immediately.

The Organization made contributions under the Plan of \$468 for the year ended June 30, 2015. The Organization made no contributions for the year ended June 30, 2016.

Conclusion

North of Market Tenderloin CBD has performed well in implementing their service plan. North of Market Tenderloin CBD has continued to successfully market and produce events and projects such as the "Living Innovation Zones," banner projects, and increased greenscaping. North of Market Tenderloin CBD has increased their opportunities in partnering with community stakeholders and numerous municipal agencies for the implementation of their management plan. NOM/TL CBD has an active board of directors and committee members; and OEWD believes the NOM/TL CBD will continue to successfully carryout their mission and service plans.

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: John Carroll, Assistant Clerk, Government Audit and Oversight
Committee, Board of Supervisors

DATE: September 22, 2017

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Kim on September 19, 2017:

File No. 171016

Resolution receiving and approving the annual reports for the North of Market/Tenderloin 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

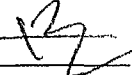
Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

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SAN FRANCISCO

2017 SEP 19 PM 2:08

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 inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached 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 the Imperative Form.

Sponsor(s):

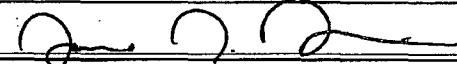
Jane Kim

Subject:

North of Market/ Tenderloin Community Benefit District - FY 2015-2016

The text is listed:

Attached

Signature of Sponsoring Supervisor: 

For Clerk's Use Only

