

CIVIC CENTER COMMUNITY BENEFIT DISTRICT

**REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017**

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INTRODUCTORY SECTION

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CIVIC CENTER COMMUNITY BENEFIT DISTRICT

**Financial Statements
For the Year Ended June 30, 2017**

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CIVIC CENTER COMMUNITY BENEFIT DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2017

BOARD OF DIRECTORS

Tim Vrabel, Chair
Ruth Nott, Vice Chair
Bill Whitfield, Vice Chair
John Updike, Treasurer
Jennifer Norris, Secretary
Nathan Brito
Mary Conde
Phil Ginsburg
Jim Haas
Jason Kamen
Roberto Lombardi
Susan McConkey
Janan New
Annette Turner
Patricia Unterman

MANAGEMENT

Tracy Everwine, Executive Director

FINANCIAL SECTION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Civic Center Community Benefit District
San Francisco, California

We have reviewed the accompanying financial statements of Civic Center Community Benefit District (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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 the 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 the 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 conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads 'Maze & Associates'.

Pleasant Hill, California
February 22, 2018

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CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents (Note 3)	\$368,888	\$403,492
Accounts receivable, net	<u>15,000</u>	<u>98,912</u>
Total Current Assets	<u>383,888</u>	<u>502,404</u>
Non-Current Assets:		
Furniture and equipment, net of accumulated depreciation of \$11,791 and \$11,791, respectively (Note 2C)	<u> </u>	<u> </u>
Total Non-Current Assets	<u> </u>	<u> </u>
Total Assets	<u><u>\$383,888</u></u>	<u><u>\$502,404</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$14,793	\$51,333
Accrued vacation (Note 2D)	<u>1,197</u>	<u>4,835</u>
Total Liabilities	<u>15,990</u>	<u>56,168</u>
NET ASSETS (Note 2A)		
Unrestricted	<u>367,898</u>	<u>446,236</u>
Total Net Assets	<u>367,898</u>	<u>446,236</u>
Total Liabilities and Net Assets	<u><u>\$383,888</u></u>	<u><u>\$502,404</u></u>

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

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED SUPPORT AND REVENUES		
Assessments	\$821,805	\$898,765
Grants	30,000	
Contributions		23,171
Other	<u>343</u>	<u>1,409</u>
Total Support and Revenues	<u>852,148</u>	<u>923,345</u>
PROGRAM EXPENSES		
Cleaning and Maintenance	164,648	152,627
Safety	478,981	443,122
Activation and Beautification	<u>44,963</u>	<u>34,212</u>
Total Program Expenses	<u>688,592</u>	<u>629,961</u>
SUPPORT SERVICES		
Facilities and equipment	9,243	9,340
Payroll and related	111,619	91,444
Legal and accounting	12,168	3,811
Bad debt expense	98,912	107,446
Other	<u>9,952</u>	<u>12,185</u>
Total Support Services Expenses	<u>241,894</u>	<u>224,226</u>
Total Expenses	<u>930,486</u>	<u>854,187</u>
CHANGES IN NET ASSETS	(78,338)	69,158
Net Assets, beginning of year	<u>446,236</u>	<u>377,078</u>
Net Assets, end of year	<u><u>\$367,898</u></u>	<u><u>\$446,236</u></u>

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

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	<u>(\$78,338)</u>	<u>\$69,158</u>
Adjustments to reconcile to net cash provided by (used for) operating activities:		
Bad debt expense	98,912	107,446
(Increase) in accounts receivable	(15,000)	(117,153)
Decrease in prepaid assets		750
(Decrease) increase in accounts payable	(36,540)	4,031
(Decrease) increase in accrued vacation	<u>(3,638)</u>	<u>436</u>
Cash Flows (Used) Provided by Operating Activities	<u>(34,604)</u>	<u>64,668</u>
Net (decrease) increase in cash and cash equivalents	(34,604)	64,668
Cash and cash equivalents, beginning of year	<u>403,492</u>	<u>338,824</u>
Cash and cash equivalents, end of year	<u><u>\$368,888</u></u>	<u><u>\$403,492</u></u>

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

**CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 – REPORTING ENTITY

A. General

The Civic Center Community Benefit District (District) was incorporated on June 1, 2011. The District is a 501(c)(3) nonprofit public benefit special assessment district conceived and organized by a group of concerned Civic Center property owners, arts organizations, government entities and other stakeholders (Members). Funding is provided primarily from special assessments from Members that are collected by the City and County of San Francisco and remitted to the District, pursuant to an administration agreement, dated July 1, 2011.

The goal of the District is to improve coordination and communication around the management, image, safety, beautification and cleanliness of the greater Civic Center area for the benefit of patrons, residents, employees, merchants, property owners and visitors within the District.

B. Programs

Cleaning and Maintenance – Cleaning and maintenance teams sweep and steam-clean sidewalks, remove graffiti, pick up litter and respond to immediate District cleaning needs daily 7 a.m. to 7 p.m./7 days per week.

Community Service Ambassadors – Community Service Ambassadors are a key element of the District. Their function is to assist the public with information and direct them to destinations within the area, made possible by training on local geography, area venues and businesses, transportation systems, and other useful information. The Ambassadors are goodwill ambassadors who assist the public in navigating the District with a welcoming and informed presence. They also play a vital role in promoting the Civic Center area as safe and friendly. They are easily visible and identifiable by their orange uniforms. Their presence is a deterrent to anti-social behavior, and they report conditions or observations of criminal activity immediately through the District dispatch to the SFPD.

10-B Police Officer Program – The District partnered with the Central Market Community Benefit District to employ an off-duty police officer to work in our District part-time through the SFPD's 10-B Program. The officers work alongside District Ambassadors and cleaners to primarily address quality of life issues within the neighborhood and within the purview of SFPD, such as issuing citations for Public intoxication, trespassing, permit violations, littering and pedestrian safety infractions.

Activation and Beautification – The District facilitates and encourages public realm events that showcase the District as the ceremonial and functional center of the City and highlight its role as the premiere regional performing arts District for the entire San Francisco Bay Area. Beautification efforts include improvement projects such as lighting, signage, landscaping and public art installations.

Civic Center Greeter – The District added one nighttime Community Service Ambassador dedicated to the entrance and elevator of the Civic Center Parking Garage to improve safety and use of the garage at night.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – REPORTING ENTITY (Continued)

Cleaning and Graffiti Team – The service provide for uniformed maintenance workers to respond to maintenance calls to remove graffiti, wash down the sidewalk or pick up an accumulation of debris on the sidewalk. They are aided by calls by the District staff to the Department of Public Works to coordinate delivery of the maintenance service that the City provides.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Financial Statement Presentation

The financial statements of the District have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the District and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the District and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions, if any. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. At June 30, 2017 and 2016, the District had no temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the District. Generally, the donors of these assets permit the District to use all or part of the income earned on any related investments for general or specific purposes. At June 30, 2017 and 2016, the District had no permanently restricted net assets.

B. Support and Revenues

The District relies on member assessments which are invoiced in advance from San Francisco City and County. All contributions are recorded upon receipt, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The District and the City and County of San Francisco entered into an administration agreement whereby, on the District's behalf, the City and County of San Francisco will levy and collect the assessments from the Members through the Members' secured property tax bills. For payments received in conjunction with the first and second installment of secured property taxes, the City and County of San Francisco will remit those funds to the District on or before January 10th and May 10th, respectively. Delinquent assessments will be remitted to the District at least once during the final quarter of the fiscal year and from time to time, at the discretion of the Controller of the City and County of San Francisco.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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C. *Furniture and Equipment*

Furniture and equipment is stated at cost. Donated assets are recorded at their estimated fair market values at date of donation. Depreciation is computed over the estimated useful lives of the respective assets, ranging from 2 to 3 years, on a straight-line basis. Expenses for maintenance, repairs and minor renewals are charged against operations as incurred. As of June 30, 2017 and 2016, respectively, all of the District's furniture and equipment were fully depreciated.

D. *Accrued Vacation*

Accrued vacation is comprised of unpaid vacation. Vacation is accrued as earned and sick leave is not accrued since it does not vest. All accrued vacation is considered to be a current liability. The balance at June 30, 2017 and 2016 was \$1,197 and \$4,835, respectively.

E. *Estimates*

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

F. *Income Taxes*

The District is exempt from income tax under Section 501(c)(3) of U.S. the Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the District qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The District paid no taxes on unrelated business income in the years ended June 30, 2017 or 2016.

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

G. *Advertising Costs*

Advertising costs, if any, are expensed as incurred.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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H. Fair Value Measurements

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

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

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

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

NOTE 3 – CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are comprised of cash in banks, which is insured by the Federal Depository Insurance Corporation up to \$250,000, and is reported using the Level 1 fair value measurement. The District has not experienced any losses in such accounts. Management believes the District is not exposed to any significant risk related to the security of its cash.

NOTE 4 – ASSESSMENT REVENUE

The District receives assessment revenues from the San Francisco City and County on behalf of members in the assessment district as a part of the County tax roll. Conversely, the District does not have control over unpaid assessments. The City and County may not be able to collect on unpaid assessments. As such, revenue is only recorded when received.

NOTE 5 – OPERATING LEASE

The District rented office space subject to an operating lease beginning December 1, 2011, for \$750 per month, plus common area maintenance charges. The lease term is month-to-month, subject to termination by either party. Rent expense, including common area maintenance charges totaled \$7,750 and \$9,340 for the years ended June 30, 2017 and 2016, respectively, and is included with facilities and equipment expense on the Statement of Activities.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – OUTSIDE SERVICE CONTRACTS

The District contracts with MJM Management Group to provide ambassador, janitorial, maintenance, and other services on the District's behalf. At June 30, 2017 and 2016, MJM charges were \$688,592 and \$629,961, respectively.

On May 1, 2017, the District entered into a services agreement with Central Market Community Benefit District (CMCBD), a California nonprofit corporation, for the management of the District. The District will pay CMCBD \$10,516.42 per month, up to a maximum of \$126,197 per calendar year. The agreement commenced on May 1, 2017 and terminates on April 30, 2018.

NOTE 7 – SUBSEQUENT EVENTS

The District evaluated subsequent events for recognition and disclosure through February 22, 2018, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2017 that require recognition or disclosure in such financial statements.

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