

File No. 180897

Committee Item No. 9

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: November 7, 2018

Board of Supervisors Meeting:

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input 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 type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Annual Report</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CPA Report - June 30, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>OEWD Memo - August 31, 2018</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral FYI - September 17, 2018</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Prepared by: John Carroll

Date: November 2, 2018

Prepared by: _____

Date: _____

1 [North of Market/Tenderloin Community Benefit District - Annual Report to the City -
2 FY2016-2017]

3 **Resolution receiving and approving an annual report for the North of Market/Tenderloin**
4 **Community Benefit District for FY2016-2017, 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. 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 9, 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 December 12, 2017, the Board of Supervisors approved the North of
2 Market/ Tenderloin CBD's annual reports for FY2015-2016 in Resolution No. 449-17; and

3 WHEREAS, The North of Market/Tenderloin CBD has submitted for the Board's receipt
4 and approval the North of Market/Tenderloin annual report for FY2016-2017 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. 180897, 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 August 31, 2018, and documentation from the North of Market/Tenderloin CBD for the Annual
11 Report is on file with the Clerk of the Board of Supervisors in File No. 180897; now, therefore,
12 be it

13 RESOLVED, That the Board of Supervisors hereby receives and approves the annual
14 report for the North of Market/Tenderloin Community Benefit District for FY2016-2017.

YEAR END REPORT

JULY 2016-JUNE 2017

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

graduates to become Block by Block employees there by providing a permanent job and a pathway out of homelessness.

Safe

- Safe Passage. Grew Safe Passage program from 10 Corner Captains to 15 Corner Captains.
- Promoted two Corner Captains to part time paid positions as part of our workforce development program.
- Expanded the Safe Passage Senior program to include a morning walking program
- Worked with Tenderloin Police Captain to increase public participation in monthly Captain's meeting.
- Received a Vision Zero grant to increase the Safe Passage programs and improve the safe movement of pedestrians in the Tenderloin.

Neighborhood Pride-Community Connection

- Developed twice a month digital newsletter. "Tenderloin Talks"
- Developed quarterly community meeting concept "Tenderloin Talks Live". Held first meeting in June 2017.
- Redesigned web site to provide easier access to TLCBD information.
- Opened storefront office on Ellis St. to provide easier access to community.
- Continued to attend meetings and engage with the numerous non-profits and stakeholders involved in the 'Golden Gate Safety Collaborative'.
- Attended and participated in several 'Four-Corner Friday' events, working to activate several corners in the neighborhood.
- Partnerships were continued with:
 - St. Francis Foundation/TLHIP Program
 - Civic Center Commons Advisory Committee

As demonstrated in this report, the Tenderloin Community Benefit District (TLCBD), its Board and staff have been highly engaged and committed to the goals of serving the community and implementing the objectives set out in the management plan. The results of this commitment and newly developed programs and initiatives have and will continue to build upon **the evolution of the Tenderloin into a vibrant community for all.**

Respectfully submitted,

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

SA 62 - Tenderloin Service Category/Budget Line	2016-2017								
	Management Plan Budget	General Benefit Dollars	Management Plan Assessment Budget	% of Budget	FY 2016-17 Budget	General Benefit Dollars	FY 2016-17 Assessment Budget	% of Budget	Variance
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations	\$ 749,074.00	\$ 37,453.70	\$ 711,620.30	76.32%	\$ 1,047,714.00	\$ 206,906.00	\$ 840,808.00	60.62%	-15.70%
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements	\$ 45,000.00	\$ 2,250.00	\$ 42,750.00	4.58%	\$ 55,111.00	\$ -	\$ 55,111.00	3.19%	-1.40%
SA 62 - Tenderloin CBD - Administrative and Corporate Operations	\$ 120,000.00	\$ 6,000.00	\$ 114,000.00	12.23%	\$ 547,330.00	\$ 403,035.00	\$ 144,295.00	31.67%	19.44%
Contingency and Reserve	\$ 67,413.00	\$ 3,370.65	\$ 64,042.35	5.87%	\$ 78,295.00	\$ -	\$ 78,295.00	4.53%	-2.34%
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%
0	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -	0.00%	0.00%
TOTAL	\$ 981,487.00	\$ 49,074.35	\$ 932,412.65	100.00%	\$ 1,728,450.00	\$ 609,941.00	\$ 1,118,509.00	100.00%	

FY 16-17 SA Budget	% of SA Budget	SA Variance
\$ 840,808.00	75.17%	-1.15%
\$ 55,111.00	4.93%	0.34%
\$ 144,295.00	12.90%	0.67%
\$ 78,295.00	7.00%	0.13%
\$ 1,118,509.00	100.00%	

BENCHMARK 2: General Benefit Requirement

Revenue Sources	FY 2016-2017 Actuals	% of actuals	Source
Assessment Revenue	\$ 1,108,066.00		
Total Assessment (Special Benefit) Revenue	\$ 1,108,066.00	57.75%	
Contributions and Sponsorships	\$ 15,302.00	0.80%	Individuals
Grants	\$ 795,519.00	41.46%	City and Foundations
Donations	\$ -	0.00%	
Interest Earned	\$ -	0.00%	
Earned Revenue	\$ -	0.00%	
Other	\$ -	0.00%	
Total Non-Assessment (General Benefit) Revenue	\$ 810,821.00	42.25%	
Total	\$ 1,918,887.00	100.00%	

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

SA 62 - Tenderloin Service Category/Budget Line	FY 2016-17									
	FY 2016-17 Budget	Amount from Assessment	Amount from General Benefit	% of Budget (Assessment)	% Budget (Total Budget)	Actuals	Amount from Assessment	Amount from General Benefit	% of Actuals (Assessment)	% of Actuals (Total B)
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations	\$ 1,047,714.00	\$ 840,808.00	\$ 206,906.00	75.17%	60.62%	\$ 1,329,911.00	\$ 859,360.00	\$ 470,551.00	77.55%	
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements	\$ 55,111.00	\$ 55,111.00	\$ -	4.93%	3.19%	\$ 85,692.00	\$ 42,559.00	\$ 43,133.00	3.84%	
SA 62 - Tenderloin CBD - Administrative and Corporate Operations	\$ 547,330.00	\$ 144,295.00	\$ 403,035.00	12.90%	31.67%	\$ 216,153.00	\$ 128,587.00	\$ 87,566.00	11.60%	
Contingency and Reserve	\$ 78,295.00	\$ 78,295.00	\$ -	7.00%	4.53%	\$ 77,560.00	\$ 77,560.00	\$ -	7.00%	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	
0	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	\$ -	\$ -	0.00%	
TOTAL	\$ 1,728,450.00	\$ 1,118,509.00	\$ 609,941.00	100.00%	100.00%	\$ 1,709,316.00	\$ 1,108,066.00	\$ 470,551.00	100.00%	1

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	Spenddown Timeline
General Benefit Project		
Public Right of Way	\$ 100,000.00	
Administrative & Corporate Op	\$ 109,571.00	
General Benefit Project 3	\$ -	
General Benefit Project 4	\$ -	
	\$ -	
	\$ -	
General Project Total	\$ 209,571.00	
Special Assessment Project		
SA 62 - Tenderloin CBD - Public Rights of Way and Sidewalk Operations	\$ 470,551.00	
SA 62 - Tenderloin CBD - District Identity and Streetscape Improvements	\$ 43,133.00	
	\$ -	
SA 62 - Tenderloin CBD - Administrative and Corporate Operations	\$ 87,566.00	
Contingency and Reserve	\$ -	
0	\$ -	
0	\$ -	
0	\$ -	
Special Project Total	\$ 601,230.00	
Total Designated Amount for FY 2016-17	\$ 810,801.00	

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

FINANCIAL STATEMENTS

June 30, 2017

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016)

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, 2017, 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, 2016 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 August 31, 2017. We have not performed procedures in connection with that review engagement since that date.

Crosby & Lanida CPAs LLP

Oakland, California

May 2, 2018

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Statement of Financial Position
June 30, 2017
(With Comparative Totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash	\$ 664,437	\$ 514,112
Assessments receivable	156,161	154,036
Grants receivable	100,000	55,000
Prepaid expenses	30,142	5,359
Deposits	<u>10,500</u>	<u>1,950</u>
Total Assets	<u>\$ 961,240</u>	<u>\$ 730,457</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 58,333</u>	<u>\$ 37,121</u>
Total Liabilities	<u>58,333</u>	<u>37,121</u>
Commitments and Contingencies (Notes 3 and 4)		
Net assets-unrestricted	<u>902,907</u>	<u>693,336</u>
Total Liabilities and Net Assets	<u>\$ 961,240</u>	<u>\$ 730,457</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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	<u>2017</u>	<u>2016</u>
Support and Revenue		
Government grants	\$ 163,860	\$ 16,000
Foundation and corporate grants	631,659	235,000
Assessment revenue	1,108,066	1,047,205
Miscellaneous	15,302	2,257
Total Support and Revenue	<u>1,918,887</u>	<u>1,300,462</u>
Expenses		
Program	1,468,751	1,070,478
Management and general	216,153	210,692
Fundraising	24,412	7,792
Total Expenses	<u>1,709,316</u>	<u>1,288,962</u>
Change in Net Assets	209,571	11,500
Net Assets-unrestricted, beginning of year	<u>693,336</u>	<u>681,836</u>
Net Assets-unrestricted, end of year	<u>\$ 902,907</u>	<u>\$ 693,336</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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 209,571	\$ 11,500
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Assessments receivable	(2,125)	260,337
Grants receivable	(45,000)	(55,000)
Prepaid expenses	(24,783)	(4,060)
Deposits	(8,550)	-
Accounts payable and accrued expenses	21,212	4,346
Accrued vacation	-	(3,250)
Net cash provided (used) by operating activities	150,325	213,873
Net change in cash	150,325	213,873
Cash, beginning of year	514,112	300,239
Cash, end of year	\$ 664,437	\$ 514,112

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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

	Program	Management and General	Fundraising	Total	
				2017	2016
Salaries and benefits	\$ 2,032	\$ -	\$ -	\$ 2,032	\$ 41,101
Grants	355	-	-	355	41,684
Management services	284,030	182,736	24,000	490,766	163,393
Accounting fees	-	9,133	-	9,133	17,960
Other fees for service	2,575	17,655	-	20,230	-
Advertising and promotion	42,359	-	-	42,359	8,937
Office expenses and supplies	65,330	845	51	66,226	16,373
Occupancy	21,656	4,175	260	26,091	13,932
Insurance	5,008	965	61	6,034	3,697
Cleaning services	899,360	-	-	899,360	794,943
Public space improvement	141,026	-	-	141,026	183,085
Meetings	1,439	277	18	1,734	64
Sponsorship	485	-	-	485	432
Miscellaneous	3,096	367	22	3,485	3,361
Total Expenses	<u>\$ 1,468,751</u>	<u>\$ 216,153</u>	<u>\$ 24,412</u>	<u>\$ 1,709,316</u>	<u>\$ 1,288,962</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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

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, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

Temporarily restricted net assets – represent contributions and other inflows of assets 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. There were no temporarily restricted net assets as of June 30, 2017.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2017.

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, 2017 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 be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2017.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals 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, 2017.

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, 2017.

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 Organization had no property and equipment that met this capitalization policy at June 30, 2017.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

Notes to the Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended 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, 2016, 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 May 2, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: COMMITMENT

Operating Leases

The Organization is party to a lease for office space in San Francisco that expires on January 31, 2020. Future minimum lease payments were as follows for the years ended June 30:

2018	\$ 43,740
2019	45,051
2020	<u>26,733</u>
Total	<u>\$ 115,524</u>

NOTE 4: 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

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

**Notes to the Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)**

grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 5: CONCENTRATIONS

Revenue

For the year ended June 30, 2017, the Organization received 58% 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 this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 6: 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 no contributions for the years ended June 30, 2017 and 2016.

MEMO

To: Supervisor Jane Kim, District 6

CC: San Francisco Board of Supervisors

From: Chris Corgas, OEWD Senior Program Manager
Helen Mar, OEWD Project Specialist

RE: North of Market/Tenderloin Community Benefit District

Date: August 31, 2018

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, 2016, and June 30, 2017.

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 2016-2017
2. CPA Financial Review Reports
 - a. FY 2016-2017
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).
- December 12, 2017: the Board of Supervisors approved the Annual Reports for FY's 2015-2017 (Resolution #449-17).

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 2016-2017

Public Right of Way and Sidewalk Operations

- Clean and Safe Services Team removed 1,923 graffiti tags from public and private property and collected over 408,500 pounds of litter from sidewalks and gutter
- Steam-cleaned 675,000 linear feet of sidewalk
- Executed 2 Public Space Activation events
- Grew Safe Passage program from 10 Corner Captains to 15 Corner Captains
- Received a Vision Zero grant to increase the Safe Passage programs and improve the safe movement of pedestrians in the Tenderloin

District Identity and Streetscape Improvements

- Installed 70 street banners that are neighborhood landmarks
- Developed “Tenderloin Talks”, a semi-monthly digital newsletter
- Redesigned website to provide easier access to TLCBD information
- Developed “Tenderloin Talks Live”, a quarterly community meeting concept 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 Secured a total of \$561, 685 from non-assessment sources in FY16-17
- New Board members were recruited and Board was expanded from 13 to 15 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 2016-2017

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 16-17 Assessment Budget	% of Assessment Budget	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$749,074	76.32%	\$840,808.00	75.17%	-1.15%
District Identity and Streetscape Improvements	\$45,000	4.58%	\$55,111.00	4.93%	+0.34%
Administrative/Corporate Operations	\$120,000	12.23%	\$144,295.00	12.90%	+0.67%
Contingency Reserve	\$67,413	6.87%	\$78,295.00	7.00%	+0.13%
TOTAL	\$981,487	100%	\$1,118,509.00	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 \$1,108,066.00 or 57.75% of actuals and non-assessment revenue was \$810,821.00 or 42.25% of actuals. See table below.*

Revenue Sources	FY 2016-2017 Actuals	% of Actuals
Special Benefit Assessments	\$1,108,066.00	
Total assessment revenue	\$1,108,066.00	57.75%
Contributions and Scholarships	\$15,302.00	
Grants	\$795,519.00	
Total non-assessment revenue	\$810,821.00	42.25%
TOTAL	\$1,918,887.00	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 2016-2017 Assessment Budget	% of Assessment Budget	FY 2016-2017 Assessment Actuals	% of Assessment Actuals	Variance Percentage Points
Public Right of Way and Sidewalk Operations	\$840,808.00	75.17%	\$859,360.00	77.55%	+2.38%
District Identity and Streetscape Improvements	\$55,111.00	4.93%	\$42,559.00	3.84%	-1.09%
Administrative/Corporate Operations	\$144,295.00	12.90%	\$128,587.00	11.60%	-1.30%
Contingency Reserve	\$78,295.00	7.00%	\$77,560.00	7.00%	0.00%
TOTAL	\$1,118,509.00	100%	\$1,108,066.00	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 2016-17 Carryforward to FY 17-18	
Special Assessment	
Public Rights of Way and Sidewalk Operations	\$470,551.00
District Identity and Streetscape Improvements	\$43,113.00
Administrative and Corporate Operations	\$87,566.00
Total Carryforward	\$601,230.00

Findings and Recommendations

Within the review periods of FY 2016-2017, the North of Market Tenderloin CBD 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” - as found on page 5 of this memo.

Under Steve Gibson’s leadership, North of Market/Tenderloin CBD continued to improve in all aspects, especially service delivery. For example, the CBD increased cleaning services from 5 to 7 days per week. Additionally, the CBD increased staff capacity which led to increased coordination between itself, City departments, and other stakeholders which directly led to a positive improvement in efficiency and effectiveness of the organization as well as improved relationships with various community stakeholders.

The CBD was extremely successful in securing non-assessment dollars, which contributed to approximately 42% of the total budget, far exceeding its required 5%.

Overall, FY 16-17 was a year of capacity building, strategic planning, substantial funding procurement, and recruiting long-term leadership for the CBD.

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 Security Camera Project, Community Banner Campaign, "Four-Corner Friday," and worked to activate several corners in the neighborhood. North of Market Tenderloin CBD has increased opportunities in partnering with community stakeholders and 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 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
Joaquin Torres, Director, Office of Economic and Workforce Development

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

DATE: September 17, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Kim on September 11, 2018:

File No. 180897

Resolution receiving and approving an annual report for the North of Market/Tenderloin Community Benefit District for FY2016-2017, 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
J'Wel Vaughan, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2018 SEP 19 PM 3:15
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. Topic 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):

Kim

Subject:

North of Market/Tenderloin Community Benefit District – FY 2016-2017

The text is listed:

Attached.

Signature of Sponsoring Supervisor:



For Clerk's Use Only