

CIVIC CENTER COMMUNITY BENEFIT DISTRICT

**REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

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INTRODUCTORY SECTION

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CIVIC CENTER COMMUNITY BENEFIT DISTRICT

**Financial Statements
For the Year Ended June 30, 2019**

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CIVIC CENTER COMMUNITY BENEFIT DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2019

BOARD OF DIRECTORS

Bill Whitfield, Chair
Nathan Brito, Vice Chair
Tim Vrabel, Treasurer
Jennifer Norris, Secretary
Andrico Penick
Mary Conde
Phil Ginsburg
Jim Haas
Tiffany Bohee
Roberto Lombardi
Susan McConkey
Janan New
Annette Turner
Patricia Unterman

EMERITUS MEMBERS

David Harrison
John Updike

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 (District), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 reviewed the District's 2018 financial statements, and we expressed an unmodified accountant's conclusion on those reviewed financial statements in our report dated December 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

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

Pleasant Hill, California
December 31, 2019

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CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 3)	\$1,180,559	\$645,202
Cash designated for contingencies and reserve (Note 3)	183,916	
Accounts receivable	66,785	22,489
Prepaid and other assets		25,345
Total Current Assets	1,431,260	693,036
Non-Current Assets:		
Property and equipment, net of accumulated depreciation of \$49,011 and \$11,791, respectively (Note 2D & 4)	2,119,004	
Total Non-Current Assets	2,119,004	
Total Assets	\$3,550,264	\$693,036
LIABILITIES		
Current Liabilities:		
Accounts payable	\$260,499	\$271,758
Deposits payable	52,692	46,892
Unearned revenue	15,000	17,500
Total Liabilities	328,191	336,150
NET ASSETS (Note 2A)		
Without Donor Restrictions (Note 2A)	3,222,073	356,886
Total Net Assets	3,222,073	356,886
Total Liabilities and Net Assets	\$3,550,264	\$693,036

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

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenues		
Local property assessments	\$1,497,113	\$664,659
General benefit non-assessment revenue:		
Grants	401,794	385,712
Contributions (Note 2B)	2,220,869	9,500
Fee for services	485,088	175,854
Interest income	53	52
Total Support and Revenues	4,604,917	1,235,777
Expenses		
Program services	1,372,887	1,083,727
Support services:		
Administration	360,688	163,062
Fundraising	6,155	
Total Support Services Expenses	366,843	163,062
Total Expenses	1,739,730	1,246,789
CHANGES IN NET ASSETS	2,865,187	(11,012)
Net Assets, beginning of year	356,886	367,898
Net Assets, end of year	\$3,222,073	\$356,886

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

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services		Supporting Services		Total
	Safety, Cleaning & Activation	Non- Assessment	Administration	Fundraising	
FUNCTIONAL EXPENSES					
Personnel Costs:					
Salaries			\$124,553	\$5,050	\$129,603
Payroll taxes			11,569	362	11,931
Health and other fringe benefits			18,625	595	19,220
Worker's compensation			2,144	49	2,193
Payroll fees			3,199	99	3,298
Subtotal Personnel Costs			160,090	6,155	166,245
Public Safety:					
Dispatch services	\$31,352				31,352
Ambassadors	344,700				344,700
Other	17,581				17,581
Subtotal Public Safety Expense	393,633				393,633
Cleaning and Maintenance	155,366				155,366
Activation and Beautification	427,924				427,924
Other operating expenses:					
Accounting and auditing fees			5,066		5,066
Consultants and contractors		\$395,964	3,176		399,140
Depreciation			37,221		37,221
Dues, membership and subscriptions			1,389		1,389
Insurance			12,108		12,108
Legal			1,558		1,558
Miscellaneous			145		145
Office supplies			4,262		4,262
Other equipment			5,284		5,284
Postage and delivery			32		32
Printing and reproduction			1,531		1,531
Rent			8,917		8,917
Renewal fees			113,021		113,021
Telephone and internet			1,847		1,847
Travel and meetings			5,041		5,041
Total Functional Expenses	\$976,923	\$395,964	\$360,688	\$6,155	\$1,739,730

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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	<u>\$2,865,187</u>	<u>(\$11,012)</u>
Adjustments to reconcile to net cash provided by (used for) operating activities:		
Depreciation	37,221	
(Increase) in accounts receivable	(44,296)	(7,489)
Decrease (increase) in prepaid assets	25,345	(25,345)
(Decrease) increase in accounts payable	(11,259)	256,965
Increase in deposits payable	5,800	46,892
(Decrease) increase in unearned revenue	(2,500)	17,500
(Decrease) increase in accrued vacation		<u>(1,197)</u>
Cash Flows Provided by Operating Activities	<u>2,875,498</u>	<u>276,314</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Contributed property and equipment	<u>(2,156,225)</u>	
Cash Flows (Used) by Investing Activities	<u>(2,156,225)</u>	
Net (decrease) increase in cash and cash equivalents	719,273	276,314
Cash and cash equivalents, beginning of year	<u>645,202</u>	<u>368,888</u>
Cash and cash equivalents, end of year	<u>\$1,364,475</u>	<u>\$645,202</u>

Supplemental cash flow information:

The District paid no interest or taxes in 2019 or 2018, respectively.

Noncash activity: received contribution of Kiosk with a value of \$2,156,225

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, 2019

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 Civic Center Community Benefit District improves and promotes San Francisco’s historic Civic Center through a host of planning, policy and public programming initiatives. In addition to focused and responsive neighborhood clean and safe programs, the District provides public open space beautification, activation and advocacy on behalf of the area’s diverse constituency.

B. Programs

Cleaning and Maintenance – The District provides essential services to supplement and compliment those provided by local government. The District’s supplemental maintenance support for Civic Center shows pride and stewardship of the District. Furthermore, addressing issues like litter, graffiti and general upkeep in a timely manner keeps acts of vandalism at bay creating an accessible, equitable and comfortable environment for everyone.

Community Ambassadors – Ambassadors assist the public in navigating the District with a welcoming and informed presence. Their presence is also a deterrent to criminal activity through proactive and immediate reporting of unsafe conditions. Ambassadors also connect those in need of medical attention or social service support with the proper agencies. Ambassadors also work on select evenings near arts venues, to enhance the pedestrian experience before and after evening performances and events. An Ambassador is also dedicated to the street-level entrance of the Civic Center Garage to provide support and guidance for garage patrons.

Activation and Beautification – Activation and Beautification efforts include outdoor musical performances, public art installations, street festivals, the Civic Center Plaza Holiday Tree Lighting, and oversight of the Civic Center Plaza cafe kiosk; decorative lighting and landscaping.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation and Financial Statement Presentation*

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). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The District reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions on the net assets are reported as reclassifications between the applicable classes of 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.

During fiscal year ended June 30, 2019, the District received a one-time contribution from The Trust for Public Lands of \$2,156,225, included in the total contributions amount on the Statement of Activities.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Receivables*

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

D. *Property and Equipment*

Property 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 for furniture, and 20 years for buildings and improvements, on a straight-line basis. Expenses for maintenance, repairs and minor renewals are charged against operations as incurred. At June 30, 2019 the Organization incurred the following depreciation for furniture and equipment, and property, \$11,791 and \$37,221 respectively for a total of \$49,011.

E. *Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on management's estimates. Direct costs are allocated to Assessment and Non-Assessment Programs, or Management and General. A portion of Personnel Costs have been allocated to Fundraising based on management's estimate of time spent on general fundraising efforts.

F. *Advertising Costs*

Advertising costs, if any, are expensed as incurred.

G. *Statement of Cash Flows*

For purposes of the statement of cash flows, the District considers all highly liquid debt investments purchased with an initial maturity of three months or less to be cash equivalents.

H. *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.

I. *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, 2019 or 2018.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

J. Fair Value Measurements

The District reports certain assets and liabilities at fair value in the financial statements. 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 observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, the district develops inputs using the best information available in the circumstances.

K. New Accounting Pronouncement

During the year ended June 30, 2019, the district adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (see Note 7).

**CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Subsequent Events

The District evaluated subsequent events for recognition and disclosure through December 31, 2019, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2019 that requires recognition or disclosure in such financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The District’s cash and cash equivalents of \$1,364,475 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.

Of the \$1,364,475 balance of cash and cash equivalents, \$183,916 has been set aside as designated for contingencies and reserve, in accordance with the District’s management plan with the City and County of San Francisco.

NOTE 4 – PROPERTY AND EQUIPMENT

In February 2019, the District received a contribution from The Trust for Public Land of a 640 square foot food and beverage kiosk on the southwest corner of Civic Center Plaza, with a value of \$2,156,225 on the date of the contribution.

The District’s property and equipment consisted of the following as of June 30:

	2019	2018
<i>Depreciable Assets:</i>		
Buildings (Kiosk)	\$2,156,225	
Furniture and equipment	11,791	\$11,791
Sub-Total	2,168,016	11,791
Less: accumulated depreciation	(49,012)	(11,791)
Total Property and Equipment, net	\$2,119,004	

Depreciation expense for fiscal years ended June 30, 2019 and 2018 were \$37,221 and \$0, respectively.

**CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – ASSESSMENT REVENUE

The District receives member assessment revenue via the City and County of San Francisco property tax roll. Therefore, 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. As of June 30, 2019, CCCBD has yet to receive over \$121,392 in past due Assessments from District property owners since 2011.

NOTE 6 – OUTSIDE SERVICE CONTRACTS

The District contracts with StreetPlus to provide cleaning, maintenance and ambassador services on the District’s behalf.

The District contracts with Mid Market Community Benefit District (MMCBD), a California nonprofit corporation, for the management of the District.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at June 30, 2019:

Total current financial assets:	
Cash and cash equivalents	\$1,364,475
Accounts receivable	66,785
Total current financial assets	1,978,101
Amount set aside for contingencies and reserves	(183,916)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$1,382,387