

**CIVIC CENTER COMMUNITY BENEFIT DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

This Page Left Intentionally Blank

INTRODUCTORY SECTION

This Page Left Intentionally Blank

CIVIC CENTER COMMUNITY BENEFIT DISTRICT

**Financial Statements
For the Year Ended December 31, 2023**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents.....	i
Board of Directors	ii
FINANCIAL SECTION	
Independent Auditor’s Report	1
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7

CIVIC CENTER COMMUNITY BENEFIT DISTRICT

DECEMBER 31, 2023

BOARD OF DIRECTORS

Mary Conde
Phil Ginsburg
James Haas
Pat Hanlon
Dave Heng
Rainier Koeners
Calen McEldowney
Hank Mou
Janan New
Andrico Penick
Maureen Singleton
Katherine Sofis
Patricia Unterman
Tim Vrabel
Bill Whitfield

EMERITUS MEMBER

David Harrison

MANAGEMENT

Tracy Everwine, Executive Director

FINANCIAL SECTION

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Civic Center Community Benefit District (District), which comprises the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Maze & Associates

Pleasant Hill, California
June 26, 2024

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

Current Assets:

Cash and cash equivalents (Note 3)	\$4,848,136
Cash designated for contingencies and reserve (Note 3)	1,043,333
Accounts receivable (Note 2C)	<u>247,575</u>
Total Current Assets	<u>6,139,044</u>

Non-Current Assets:

Property and equipment, net of accumulated depreciation of \$524,523 (Notes 2D & 4)	<u>1,649,981</u>
Total Non-Current Assets	<u>1,649,981</u>
Total Assets	<u><u>\$7,789,025</u></u>

LIABILITIES

Current Liabilities:

Accounts payable	\$1,004,875
Deposits payable	53,892
Deferred revenue (Notes 2E & 5)	<u>2,998,986</u>
Total Liabilities	<u>4,057,753</u>

NET ASSETS (Note 2A)

Without Donor Restrictions	<u>3,731,272</u>
Total Net Assets	<u>3,731,272</u>
Total Liabilities and Net Assets	<u><u>\$7,789,025</u></u>

See accompanying notes to financial statements

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
 STATEMENTS OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2023

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

Support and Revenues

Local property assessments	\$3,221,871
General benefit non-assessment revenue:	
Grants	1,215,995
Contributions	35,362
Fee for services	388,044
Net investment income	75,453
Rental income	(1,912)
In-kind revenue	<u>28,117</u>
Total Support and Revenues	<u>4,962,930</u>

Expenses

Program services	4,665,365
Support services:	
Administration	608,163
Fundraising	<u>49,814</u>
Total Support Services Expenses	<u>657,977</u>
Total Expenses	<u>5,323,342</u>

CHANGE IN NET ASSETS	(360,412)
Net Assets, beginning of year	<u>4,091,684</u>
Net Assets, end of year	<u><u>\$3,731,272</u></u>

See accompanying notes to financial statements

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Safety, Cleaning & Activation</u>	<u>Non- Assessment</u>	<u>Administration</u>	<u>Fundraising</u>	
FUNCTIONAL EXPENSES					
Personnel Costs:					
Salaries	\$141,204		\$322,752	\$38,209	\$502,165
Payroll taxes	13,512		28,735	3,556	45,803
Health and other fringe benefits	24,919		52,993	6,558	84,470
Worker's compensation	2,815		6,741	741	10,297
Payroll fees	2,849		6,060	750	9,659
Supplemental staffing	58,191				58,191
					<u>58,191</u>
Subtotal Personnel Costs	<u>243,490</u>		<u>417,281</u>	<u>49,814</u>	<u>710,585</u>
Public Safety	1,521,686	\$72,007			1,593,693
Cleaning and Maintenance	845,355	51,315			896,670
Activation and Beautification	609,391	19,701			629,092
In-kind services and supplies	100		28,017		28,117
Other operating expenses:					
Accounting and auditing fees			13,355		13,355
Bank and other fees			707		707
Consultants and contractors		35,433	36,255		71,688
Depreciation (Note 4)		107,812	2,151		109,963
Dues, membership and subscriptions			9,431		9,431
Insurance		4,695	22,789		27,484
Interest expense					
Legal	1,400	50	5,900		7,350
Marketing and advertising	2,664		36,271		38,935
Office expense			1,486		1,486
Other equipment	442	143	9,047		9,632
Printing and reproduction	4,115		4,172		8,287
Program expense	15,500	1,129,195			1,144,695
Property taxes			3,104		3,104
Rent			10,000		10,000
Telephone and internet			1,384		1,384
Travel and meetings	871		6,813		7,684
					<u>7,684</u>
Total Functional Expenses	<u>\$3,245,014</u>	<u>\$1,420,351</u>	<u>\$608,163</u>	<u>\$49,814</u>	<u>\$5,323,342</u>

See accompanying notes to financial statements

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	(\$360,412)
Adjustments to reconcile to net cash provided by (used for) operating activities:	
Depreciation	109,963
Decrease in accounts receivable	375,694
(Increase) in accounts payable	(212,097)
Increase in deferred revenue	765,611
	765,611
Cash Flows Provided by Operating Activities	678,759

CASH FLOWS FROM FINANCING ACTIVITIES

Purchase of property and equipment	(18,279)
Cash Flows (Used) by Financing Activities	(18,279)
Net increase in cash and cash equivalents	660,480
Cash and cash equivalents, beginning of year	5,230,989
Cash and cash equivalents, end of year	\$5,891,469
Cash and cash equivalents as presented on the Statement of Financial Position:	
Cash and cash equivalents	\$4,848,136
Cash designated for contingencies and reserve	1,043,333
Total cash and cash equivalents	\$5,891,469

Supplemental cash flow information:

Property taxes paid	\$3,104
---------------------	---------

See accompanying notes to financial statements

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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 December 20, 2019.

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.

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.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 acquisitions are recorded at cost or, if donated, at their estimated fair value at date of donation. Property and equipment with a useful life of more than one year and an acquisition cost of \$2,500 or more is capitalized. 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 (kiosk) and improvements, on a straight-line basis. Expenses for maintenance, repairs and minor renewals are charged against operations as incurred.

E. *Deferred Revenue*

Deferred revenue consists of 2024 assessments of \$2,655,998 received from the City and County of San Francisco. As of December 31, 2023, deferred revenue totaled \$2,998,986, and is expected to be recognized in the subsequent fiscal year.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *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.

G. *Advertising Costs*

Advertising costs, if any, are expensed as incurred.

H. *Cash and Cash Equivalents*

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.

I. *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.

J. *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 related to unrelated business income for the year ended December 31, 2023.

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.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. Subsequent Events

The District evaluated subsequent events for recognition and disclosure through June 26, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2023 that requires recognition or disclosure in such financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents of \$5,891,469 are comprised of cash in banks, which is insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for each account, and is reported using the Level 1 fair value measurement. At December 31, 2023, the District had a balance of \$3,265,865 that was in excess of FDIC insurance. 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 \$5,891,469 balance of cash and cash equivalents, \$1,043,333 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.

**CIVIC CENTER COMMUNITY BENEFIT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended December 31, 2023**

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 December 31, 2023:

Depreciable Assets:	
Buildings (Kiosk)	\$2,156,225
Furniture and equipment	121,379
Sub-Total	2,277,604
Less: accumulated depreciation	(627,623)
Total Property and Equipment, net	\$1,649,981

Depreciation expense for the year ended December 31, 2023 was \$109,963.

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 the year ended December 31, 2023, the District has yet to receive over \$20,625 in past due Assessments from District property owners since 2023.

As of December 31, 2023, the District received \$2,655,998 in 2024 assessment revenues that are included in deferred revenue on the Statement of Financial Position.

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. As of December 31, 2023, the District owed MMCBD \$166,191 for these services.

CIVIC CENTER COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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 December 31, 2023:

Total current financial assets:	
Cash and cash equivalents	\$5,891,469
Accounts receivable	<u>247,575</u>
Total current financial assets	6,139,044
Amount set aside for contingencies and reserves	<u>(1,043,333)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$5,095,711</u></u>