

**DOWNTOWN BERKELEY ASSOCIATION**  
**(A CALIFORNIA NONPROFIT CORPORATION)**

**FINANCIAL STATEMENTS**  
**COMPILATION REPORT**

**Year Ended December 31, 2019**  
**(With comparative totals for December 31, 2018)**

**MAX M. RANJBAR**  
**CERTIFIED PUBLIC ACCOUNTANT**

**DOWNTOWN BERKELEY ASSOCIATION**

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## MAX M. RANJBAR

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### Independent Accountant's Compilation Report

**Board of Directors and Management  
Downtown Berkeley Association  
Berkeley, California**

Management is responsible for the accompanying financial statements of Downtown Berkeley Association, which comprise the statement of financial position as of December 31, 2019 with comparative totals for the year ended December 31, 2018 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

I have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.



Max M. Ranjbar  
Walnut Creek California

February 28, 2020

**DOWNTOWN BERKELEY ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

**Year Ended December 31, 2019  
(With Comparative Totals for 2018)**

<b><u>ASSETS</u></b>	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents - NOTE C	\$ 963,120	\$ 998,331
Accounts Receivable - NOTE E	-	22,498
Prepaid expenses	17,437	-
Property and Equipment - NOTE B Net of Accumulated Depreciation of \$43,708 and \$41,381 respectively	9,457	6,462
Total Assets	<u>990,014</u>	<u>1,027,291</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts Payable	126,365	108,771
Other Current Liabilities	2,140	7,467
Deferred Income - NOTE G	<u>119,196</u>	<u>143,449</u>
Total Liabilities	247,701	259,687
Commitments - NOTE H	-	-
Net Assets - Unrestricted	<u>742,313</u>	<u>767,604</u>
Total Liabilities and Net assets	<u>990,014</u>	<u>1,027,291</u>

See independent accountant's compilation report and accompanying notes

**DOWNTOWN BERKELEY ASSOCIATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended December 31, 2019  
(With Comparative Totals for 2018)**

	<u>Without Donor Restriction</u>	
	<u>2019</u>	<u>2018</u>
<b><u>REVENUES AND SUPPORTS</u></b>		
PBID Assessment - Alameda County - NOTE B	1,351,618	1,616,768
PBID Assessment -Tax Exempt Entities - NOTE B	323,637	288,681
Total Property Based Business Improvement District	<u>1,675,255</u>	<u>1,905,449</u>
<b><u>CONTRACT SERVICES:</u></b>		
Contract service - other	12,925	13,550
Equipment rental	1,238	450
Total contract services:	<u>14,163</u>	<u>14,000</u>
<b><u>EVENTS:</u></b>		
BART Plaza Sponsorship	-	1,000
Other event income	5,167	1,214
Total events	<u>5,167</u>	<u>2,214</u>
<b><u>OTHER REVENUES:</u></b>		
Other income	2,100	8,789
Interest income	6,996	1,411
Total other revenues	<u>9,096</u>	<u>10,200</u>
<b>TOTAL REVENUES AND SUPPORTS</b>	<b>1,703,681</b>	<b>1,931,863</b>
<b><u>EXPENSES</u></b>		
<b><u>PROGRAM SERVICES</u></b>		
Salaries, wages and employee benefits	332,701	317,469
Clean and Safe Services	1,121,933	917,078
Sunday street	-	4,175
Events - other	18,497	13,679
Downtown Publicity	73,315	70,105
Marketing and economic development	5,011	19,756
BART Plaza	81,862	39,926
Total program services	<u>1,633,319</u>	<u>1,382,188</u>
<b><u>GENERAL AND ADMINISTRATION</u></b>		
Member services and communications	8,189	15,553
Occupancy	23,568	23,569
Telephone and Internet	9,264	9,865

See independent accountant's compilation report and accompanying notes

**DOWNTOWN BERKELEY ASSOCIATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended December 31, 2019  
(With Comparative Totals for 2018)**

	<u>Without Donor Restrictions</u>	
	<u>2019</u>	<u>2018</u>
Insurance	3,541	5,093
Legal and professional	16,505	13,831
Depreciation expense	\$ 2,327	2,279
Other administration	<u>32,259</u>	<u>24,864</u>
Total Management and Administration	95,653	95,054
Total Expenses	<u>1,728,972</u>	<u>1,477,242</u>
Change in Net Assets	(25,291)	\$ 454,621
Net Assets at Beginning of Year	<u>767,604</u>	<u>312,983</u>
Net Assets at End of Year	<u><u>742,313</u></u>	<u><u>767,604</u></u>

See independent accountant's compilation report and accompanying notes.

**DOWNTOWN BERKELEY ASSOCIATION**

**STATEMENTS OF CASH FLOWS**

**Year Ended December 31, 2019  
(With Comparative Totals for 2018)**

<b><u>OPERATING ACTIVITIES</u></b>	<u>2019</u>	<u>2018</u>
Change in Net Assets - Excess (Deficiency) of Revenues over Expenses	\$ (25,291)	\$ 454,621
Depreciation	2,327	2,279
Increase (Decrease) in Operating Assets:		
Increase (Decrease) in accounts receivable	22,498	(20,748)
Increase (Decrease) in prepaid expenses	(17,437)	10,921
Increase (Decrease) in accounts payable	17,595	(383)
Increase (Decrease) in other current liabilities	(5,327)	6,327
Increase (Decrease) in deferred income	<u>(24,253)</u>	<u>(145,232)</u>
Total adjustment	<u>(4,597)</u>	<u>(146,836)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(29,888)</b>	<b>307,785</b>
<b><u>NET CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of machinery and equipment	<u>(5,323)</u>	<u>(1,738)</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES:</b>	<u>(5,323)</u>	<u>(1,738)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,211)</b>	<b>306,047</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>998,331</u>	<u>692,284</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>963,120</u></u>	<u><u>998,331</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:</b>		
Interest paid	<u>-</u>	<u>-</u>
Income tax paid	<u>-</u>	<u>-</u>

See independent accountant's compilation report and accompanying notes

**DOWNTOWN BERKELEY ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**Year Ended December 31, 2019**

**NOTE A - ORGANIZATION**

Downtown Berkeley Association (DBA) is a nonprofit organization incorporated in 1990 under the laws of the State of California. The Downtown Berkeley Association provides support for DBA member businesses through advocacy, promotions, and communications. DBA also provides clean and safe, hospitality and landscaping services through contract services.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Financial Statement presentation**

The books of accounts are maintained, and the financial statements have been prepared on the accrual basis of accounting. The accompanying financial statements are presented on the basis of unrestricted, temporary restricted, and permanently restricted net assets.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of imposed restrictions. Accordingly, net assets of the Downtown Berkeley Association and changes therein are classified and reported as follows:

**Net Assets Without Donor Restriction** – Net assets that are not subject to any imposed restrictions.

**Net Assets With Donor Restriction** – Net assets subject to imposed restrictions. Generally, the contributor(s) of these assets permit the Downtown Berkeley Association to use all or part of the income earned on any related investments for general/specific purposes.

There were no donor restrictions net assets as of December 31, 2019.

See independent accountant's compilation report and accompanying notes



## **DOWNTOWN BERKELEY ASSOCIATION**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Year Ended December 31, 2019**

#### **Support and Revenue**

The Downtown Berkeley Association's support and revenue come primarily by annual contract with the City of Berkeley through PBID assessments from private property owners' property tax bills (Alameda County) to implement the Downtown Berkeley Property Based Business Improvement District (PBID) Management Plan (Management Plan), approved by City of Berkeley property owners and Berkeley City Council on May 31, 2016 for a ten year period beginning January 1, 2017 and ending December 31, 2026.

The Downtown Berkeley Association support and revenue also come from PBID assessments through tax exempt government entities.

Downtown Berkeley Association Management Plan Action will implement the environmental and economic enhancements that augment base level City Services. The Downtown Berkeley Association shall report annual and quarterly progress reports to the Office of Economic Development, City of Berkeley.

Downtown Berkeley Association's non-assessment revenue and support come primarily through contract services.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Property and Equipment**

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives and increase the value of assets are capitalized. Property and equipment are recorded at cost. Depreciation expense is calculated using straight line method over estimated useful life of the assets, ranging from five to seven years.

See independent accountant's compilation report and accompanying notes

**DOWNTOWN BERKELEY ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**Year Ended December 31, 2019**

**Interest Income**

Interest income is mainly from saving accounts and is recorded when received.

**Income Tax**

Downtown Berkeley Association revenue and support are exempt from federal and the state of California income taxes under the Internal Revenue Code Section 501(c) (6) and the California Franchise Tax Board Revenue and Taxation Code Section 23701(e). Tax years 2016 through 2019 are open to examination by taxing authorities.

**Prior Year Information**

Prior year information (year 2018 balances) has been presented in aggregate for comparative purpose only.

**NOTE C - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include deposits in checking and saving accounts held for operating purposes. Downtown Berkeley Association considers all unrestricted liquid investments with initial maturity at the date of purchase of three months or less to be cash and cash equivalents.

**NOTE D - CONCENTRATION OF RISK - UNINSURED CASH BALANCE**

At the statement of financial position date, Downtown Berkeley Association's aggregate amount of deposits in one financial institution exceeds federally insured limit by Federal Deposit Insurance Corporation (FDIC).

**NOTE E - ACCOUNTS RECEIVABLE**

Accounts receivable at the statement of financial position dates are current and fully collectible. No allowance for doubtful accounts, therefore, has been provided in the financial statements.

See independent accountant's compilation report and accompanying notes

**DOWNTOWN BERKELEY ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**Year Ended December 31, 2019**

**NOTE F - CONTINGENCY**

Contract made with the City of Berkeley is subject to the Berkeley City Charter, and the City Auditor's Office may conduct an audit of Downtown Berkeley Association's financial statements, performance and compliance records maintained in connection with the operations and services performed under the contract. In the event of such audit, DBA agrees to provide the City Auditor with reasonable access to DBA's employees and make all such financial, performance and compliance records available to the Auditor's Office.

City of Berkeley may terminate its contract with Downtown Berkeley Association at its convenience and without cause upon thirty (30) days written notice to Downtown Berkeley Association.

**NOTE G - DEFERRED INCOME**

Deferred income of \$119,196 as of December 31, 2019 represents year 2020 revenues received in advance in December 2019 from University of California Berkeley.

**NOTE H - COMMITMENTS**

Downtown Berkeley Association contracts its general, administration and certain maintenance services on an annual basis. The contracts are generally cancelable on 30 to 60 days' notice.

**NOTE I - DATE OF MANAGEMENT REVIEW**

In preparation of the financial statements, Downtown Berkeley Association's management has evaluated events and transactions for potential recognition or disclosure through February 28, 2020, the date that the financial statements were available to be issued. Management found no subsequent events to be disclosed.

See independent accountant's compilation report and accompanying notes