

**CITY CENTER DISTRICT
MANAGEMENT CORPORATION**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2020

TIDWELL
 **group**



**CITY CENTER DISTRICT MANAGEMENT CORPORATION
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DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City Center District Management Corporation
Birmingham, Alabama

We have audited the accompanying financial statements of City Center District Management Corporation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2020, and the related statement of support, revenues, expenses, and changes in net assets—modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of City Center District Management Corporation as of December 31, 2020, and its support, revenues, expenses, and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Tidwell Group, LLC

Birmingham, Alabama
January 18, 2022

CITY CENTER DISTRICT MANAGEMENT CORPORATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH
BASIS
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 2,068,454
Equipment - net	18,972

TOTAL ASSETS	\$ 2,087,426
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LIABILITIES AND NET ASSETS

LIABILITIES

TOTAL LIABILITIES	\$ -
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NET ASSETS

Without restrictions	2,087,426
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TOTAL LIABILITIES AND NET ASSETS	\$ 2,087,426
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See notes to financial statements

**CITY CENTER DISTRICT MANAGEMENT CORPORATION
STATEMENT OF SUPPORT, REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2020**

CHANGES IN NET ASSETS

Revenues collected:	
Assessments	\$ 1,478,766
Other support	88,135
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Total unrestricted revenues collected	1,566,901
Expenses:	
Program services:	
Security and sanitation services	1,145,657
District vibrancy	26,066
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	1,171,723
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Supporting services:	
Administration	5,378
Marketing	2,364
Professional services	38,212
Depreciation	1,224
<hr/>	
	47,178
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Total program and supporting services expenses	1,218,901
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CHANGES IN NET ASSETS	348,000
Net assets at beginning of year	1,739,426
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NET ASSETS AT END OF YEAR	\$ 2,087,426
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See notes to financial statements

CITY CENTER DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Nature of Activities

City Center District Management Corporation (the Corporation) promotes safety in downtown Birmingham, Alabama, by providing safety patrols in the downtown district. The Corporation is empowered to assess property owners within the district. Revenues are derived principally from these assessments.

Accounting Basis

The accompanying financial statements are prepared on the modified cash basis of recorded cash receipts and disbursements, except that the statements include a provision for depreciation of equipment. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses and liabilities are recognized when paid rather than when the obligation is incurred. Accounts receivable and accounts payable are not recorded unless they result from cash transactions.

Financial Statement Presentation

Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported as follows:

Net Assets: Without Restrictions - Net assets available for use in general operation and not subject to donor restrictions. All of the Corporation's net assets are without donor restrictions.

With Donor Restrictions - Net assets subject to donor-imposed 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 restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets: without restrictions. Revenue and support received by the corporation is through assessments and other fee income instead of in the form of donations. Expirations of restrictions on net assets are reported as reclassifications between applicable net asset classes.

CITY CENTER DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

Cash and Cash Equivalents

The Corporation defines cash and cash equivalents as all cash in checking, savings and certificate of deposit accounts, as well as all highly liquid investments with an original maturity date of ninety days or less.

Equipment

Equipment purchases are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are 5 to 7 years. Expenses for maintenance and repairs are charged to expense as incurred.

Marketing

Marketing costs are expensed as incurred. Marketing expense for the year ended December 31, 2020 totaled \$23,638. \$21,274 is allocated to program services and \$2,364 is allocated to supporting services on the accompanying financial statements.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code except to the extent of unrelated business income. The Corporation did not have any unrelated business income during the year ended December 31, 2020.

Management has evaluated the Corporation's tax positions and concluded that the Corporation has taken no uncertain tax positions that require adjustment to or disclosure in the financial statements to comply with the provisions of the accounting guidance for income taxes. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2017 remain open.

Use of Estimates

Management makes certain estimates and assumptions in preparing the accompanying financial statements. These estimates and assumptions directly affect the results of reported assets and expenses. Actual results could differ from those estimates.

**CITY CENTER DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020**

NOTE B – EQUIPMENT

Equipment consists of the following:

	December 31, 2019
Office	\$ 6,443
Security	262,224
Sanitation	1,762
	270,429
Less accumulated depreciation	(251,457)
EQUIPMENT - NET	\$ 18,972

Depreciation expense was \$12,244 for the year ended December 31, 2020 and is included in administration expense in the accompanying financial statements. \$11,020 is allocated to program services and \$1,224 is allocated to supporting services on the accompanying financial statements.

NOTE C – CONTRACT SECURITY SERVICES

The Corporation contracts with a security firm to provide the officers who patrol the downtown district. The Corporation and Mydatt Services Inc., d/b/a Block by Block entered into an agreement effective January 1, 2019, for a term of two years and shall automatically be renewed for three additional terms of one year each unless either party provides written notice of intent to not renew. The total amount paid under the contract during the year ended December 31, 2020 was \$833,243 and is included in security and sanitation services in the accompanying financial statements.

NOTE D – ADMINISTRATIVE SERVICES CONTRACT

The Corporation entered into a three-year contract with REV Birmingham, Inc. on January 1, 2018, with an automatic renewal of successive one-year periods unless either party gives written notice of termination. The terms of the agreement are for REV Birmingham, Inc. to provide administrative services to the Corporation. REV Birmingham, Inc. also provided the Corporation with consulting services, including recommendations for future staffing, an assessment of the financial records and accounting of the Corporation, and assessing the security services contract. The total amount paid under the contract for the year ended December 31, 2020 was \$254,748 and is included in professional services expense in the accompanying financial statements. \$216,536 is allocated to program services and \$38,212 is allocated to supporting services on the accompanying financial statements.

CITY CENTER DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE E – SIGNIFICANT CONCENTRATIONS

Financial instruments which potentially subject the Corporation to concentrations of credit risk include cash and cash equivalents. The Corporation maintains its cash and cash equivalents with financial institutions located in Birmingham, Alabama. Depository accounts are guaranteed by federal deposit insurance up to certain limits. At December 31, 2020, the Corporation had uninsured cash balances of \$1,488,284. However, management believes the risk is limited because of the financial institutions' financial position.

Approximately 95% of the Corporation's revenues for the year ended December 31, 2020, are derived from a special assessment of properties located within the business improvement district of downtown Birmingham, Alabama.

The security services are contracted with one vendor that provides the security personnel.

NOTE F – OPERATING LEASE

The Corporation leases its office space and various equipment under operating lease agreements. The office space lease agreement was entered into effective May 1, 2010 and is for an initial term of one year and will be continued thereafter until terminated by either party. The Corporation shares the office space with The Parking Authority (the Lessor) whereby the Corporation pays \$413 of the monthly payment due of \$826. The equipment is leased on a month to month basis. Rent expense for office space and equipment totaled \$14,505 for the year ended December 31, 2020.

NOTE G – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of support, revenues, expenses and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The cost of providing the various programs and other activities has been summarized on a functional basis in the table below. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

	Program Services		Supporting Services		Total
	Security and Sanitation	District Vibrancy	Administrative		
Security and sanitation services	\$ 843,467	\$ -	\$ -	\$ 843,467	
Depreciation	11,020	-	1,224	12,244	
Administration	53,360	-	5,378	58,738	
Marketing	21,274	-	2,364	23,638	
Professional services	216,536	26,066	38,212	280,814	
	<u>\$ 1,145,657</u>	<u>\$ 26,066</u>	<u>\$ 47,178</u>	<u>\$ 1,218,901</u>	

CITY CENTER DISTRICT MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE H – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation has financial assets available within one year of the statement of assets, liabilities, and net assets – modified cash basis date to meet cash needs for general expenditures. This amount consists of cash and cash equivalents as presented on the accompanying statement of financial position. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of assets, liabilities, and net assets – modified cash basis.

The Corporation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Corporation maintains financial assets on hand to meet normal operating expenses.

NOTE I - UNCERTAINTIES

Uncertainty related to COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged, and has since spread around the globe to affect many countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Corporation's operations. Future potential impacts may include the inability for property owners within the district to pay the assessments and inability for employees of the contract security provider to work. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

NOTE J – SUBSEQUENT EVENTS

Events that occur after the statement of assets, liabilities, and net assets – modified cash basis date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of assets, liabilities, and net assets – modified cash basis date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of assets, liabilities, and net assets – modified cash basis date require disclosure in the accompanying notes. Management evaluated the activity of the Corporation through January 18, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events except for the one discussed below have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements. Subsequent to year end, the Corporation entered into two significant contract to procure, manage, and oversee the renovation of 20th Street in Birmingham, Alabama using funds from the City and County. The City has committed funding in the amount of \$6,155,132 for the improvements.