



**To:** Mayor Wheeler, Commissioners Gonzales, Mapps, Rubio, and Ryan, Auditor Simone Rede

**From:** Mark Wells, Executive Director, Downtown Portland Clean & Safe  
Terrence Paschal, Board Chair, Downtown Portland Clean & Safe

**Regarding:** Downtown Portland Clean & Safe Annual Report (DPCS)  
(Contract dates: 10/01/21 – 09/31/22)

**Date:** 01/30/2023

Dear Mayor and Commissioners,

It is our pleasure to present for your review our first annual report for the Downtown Portland Clean & Safe Enhanced Service District (ESD) from October 2021 to September 2022. As part of our updated contract for management services for our ESD, we welcome the opportunity to share with you, our ratepayers and downtown community, a detailed review of our programs, services, and operations.

Key to this report is our updated contract implementation and compliance work. We made promises and commitments to this council and the community to follow the City's sustainable procurement and labor peace contracting requirements and those promises have been kept. We have updated and modernized our Public Safety Program to provide a compassionate and professional service to all members of our downtown community while following an updated and detailed scope of work. We are embarking on a brand-new program for our most vulnerable community members with our Community Health Outreach Worker program in partnership with our newest vendor, Bybee Lakes Hope Center. These updates along with substantial governance and transparency processes have been met since our renewal last year in keeping to the spirit of our Enhanced Service District.

As you know, our downtown district has endured continuous crises from the pandemic, political violence, ice storms, and historic wildfires. The community who funds our ESD programs have seen dramatic increases in both property and person crimes, chronic illegal street camping and debris often completely blocking public rights-of-way, and a reduction in essential public safety and basic city services.

ESD's are not and never were designed or funded to take on the tremendous additional burdens of addressing and responding to these many additional strains on our economic viability and livability; however, we are proud and humbled by how our staff and the work of dozens of amazing vendor cleaners and safety coordinators have risen to this challenge to support our downtown community. We are also thankful and grateful to be working so closely and in continued partnership with each of you and the many dedicated members of your staff.

I would like to sincerely thank each of you individually and collectively as a council for your current and on-going support for all three of our City's ESD's. We look forward to many future years of serving our downtown community and the City of Portland. It is through public-private partnerships that our downtown will recover.

Sincerely,

Mark Wells  
Executive Director  
Downtown Portland Clean & Safe

Terrence Paschal  
Board Chair  
Downtown Portland Clean & Safe



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# I. Financial and Budget Information

## DPCS Annual Report- Financials Fiscal year 2021-22

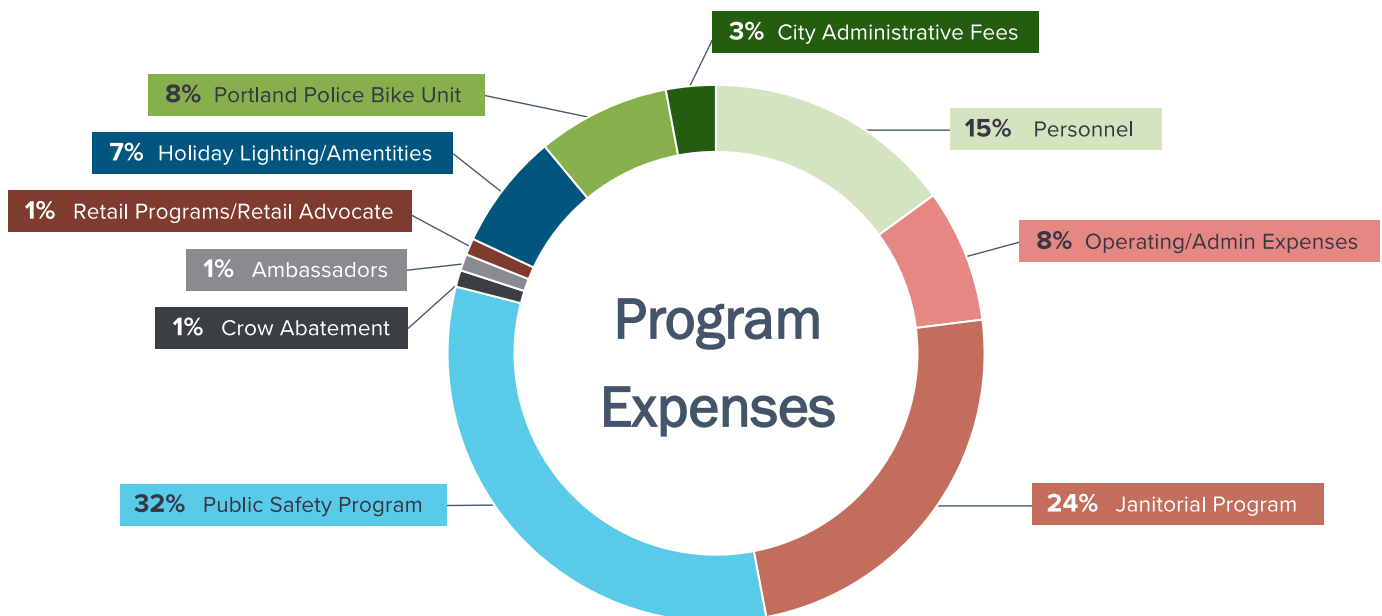
DPCS is unique among the City’s three current ESD’s by its funding source coming solely from fees collected by the City of Portland from over 400 individual “ratepayers”. Each property owner in our 213-block district pays an annual ESD fee based on a variety of building type and usage criteria. We view and treat this funding as a donation to the City of Portland to provide “enhanced” services for janitorial cleaning on the public rights of way, extra professional community safety observation, reporting and response, and a wide variety of retail programming and economic development services. DPCS also manages a variety of dedicated holiday lighting and beautification programs throughout the year.

We take pride in the efficiency of our operations and are continually seeking ways to improve our customer service to all members of our downtown community. We undergo an annual, independent financial audit through the audit services of McDonald Jacobs. Our most recent independent, financial audit report for the fiscal 2021-2022 year is included at the end of this report for further transparency and details on our financial operation.

*An important note on our financial report is our higher than usual Operating/ Administrative expenses for this period due to significant costs associated with our contract renewal in 2021. We previously maintained an average of 5-6% for this specific expenditure.*

## Fiscal 2021-2022 Final, Audited Expenses

Total Revenues: \$6.3M



## **Fiscal 2021-2022 Final, Audited Expenses**

<b>Total Revenues</b>	<b>\$6,301,070</b>
<u>Program Expenses</u>	
Personnel	\$ 943,834
Operating/Administration	\$ 488,673
Janitorial Program	\$ 1,545,530
Public Safety Program	\$ 2,059,354
Crow Abatement	\$ 50,611
Ambassadors	\$ 87,386
Retail Programs/Retail Advocate	\$ 76,108
Holiday Lighting/Amenities	\$ 447,146
Portland Police Bike Unit	\$ 518,209
City Administrative Fees	\$ 184,220
<b>Total Expenses</b>	<b>\$ 6,401,071</b>

## II. Programs and Services

### Janitorial Program

Downtown Portland Clean & Safe continues to enjoy a strong and highly beneficial partnership and janitorial services contract with Central City Concern. We employ more than 20 individuals from an ever-changing variety of backgrounds and lived experiences who work as either trainees in the Clean Start program or as Central City Concern's full-time dedicated staff to our contract.

It is important to highlight and publicly recognize our janitorial vendors have been working above and well beyond our scope of work due to the continued proliferation of unsanctioned, street tent camping and the large amount of trash, debris and biohazards often left behind.

### Janitorial Program statistics for contract year 2021-2022:

<b>Bags of trash collected</b>	<b>75,441</b>
<b>Graffiti tags removed</b>	<b>35,647</b>
<b>Biohazards removed or cleaned</b>	<b>24,084</b>
<b>Needles collected</b>	<b>176,962</b>

### Public Safety Program

As part of our contract renewal process in the fall of 2021, Downtown Portland Clean & Safe began a lengthy and detailed request for proposal process in early 2022 to ensure we contracted with the highest quality security vendor. We followed the City's sustainable procurement and labor peace policies to ensure our state licensed security professionals were working to enhance public safety in our public spaces fairly, openly, and with compassion to everyone in our downtown community. After this six-month process, DPCS awarded our Public Safety Program to GardaWorld Security Services and began service in August of 2022.

The transition to a new security vendor had significant impacts to our staff in both unique and challenging ways. During this process, we changed a decades long dispatch number for our customers, purchased and procured a completely new radio and communications system for our safety coordinators and the PPB Bike Unit, and moved to a 24-hours a day, 7-days a week operation for the first time. We are proud to share this transition has exceeded our expectations and GardaWorld has been successful in hiring diverse and experienced Public Safety Coordinators in an extremely tight labor market.

GardaWorld and DPCS staff have also succeeded in continuing the vital and effective partnership with Central Police Precinct's Bike Unit to ensure lower-level, qualifying calls for services are responded to by DPCS Safety Coordinators, and crimes and significant incidents are efficiently escalated for an appropriate police response. In our recent Downtown Business Survey of rate payers, GardaWorld

Safety Coordinators rated high in their satisfaction rate with 75% of the businesses who responded indicating they are “Very Much” and “Somewhat” satisfied with services rendered.

DPCS has also been offering on-going trainings and resources to the Downtown community for:

- Personal safety, defense, and de-escalation skills
- Security assessment and target hardening consultations and resources
- Presentations by PPB’s Behavior Health Unit to teach how to respond to our mental health crisis
- Public outreach and engagement to teach the community about City and County services such as 311, on-line PPB crime reporting, pdxreport.org and many others

### **Public Safety Program Statistics for Contract Year 2021-2022:**

\* Call types mirror as closely as possible to PPB call types per City request.

<b>Aggressive Behavior</b>	<b>142</b>
<b>Assist Community Member</b>	<b>3,081</b>
<b>Disorderly Conduct</b>	<b>91</b>
<b>Mental Health Assistance</b>	<b>81</b>
<b>Sidewalk Obstruction</b>	<b>342</b>
<b>Trespass</b>	<b>48</b>
<b>Unwanted Persons</b>	<b>5,335</b>
<b>Business Outreach</b>	<b>17,792</b>
<b>Medical Emergency Assist</b>	<b>42</b>

### **Retail Programming and Economic Development**

Downtown Portland Clean & Safe manages a series of retail and business support and activation programs that support existing retailers and retain and attract new businesses to our district area. With most, in not all, street-level retailers and businesses impacted by vandalism, crime, drug use, and mental health incidents, our retail programs have expanded to include coordination and collaboration with our public safety program.

Our retail programming also includes unique and successful programs such as:

- **Holiday Pop-Up Program**  
This program focuses on minority-owned small businesses and retailers and gives them the opportunity and experience of running a brick-and-mortar store. This program has been successful in activating vacant storefronts and graduating retailers into permanent, long-term leases.

- **Research and Reports**  
Detailed and comprehensive reports such as Retail Vacancy Listings, Downtown Pedestrian Count reports, Holiday Retail Survey, and our annual Business Climate Survey (details on p.9).
- **Downtown Retail Council (DRC)**  
DPCS serves as the organizer and facilitator of this group of diverse retail businesses and organizations within our District. DRC meets monthly to network, share vital economic data and trends, provide timely outreach and communication of retail events and activation activity along with providing individualize support for retailers.
- **Downtown Retail Advocate**  
Employing a full-time downtown retail advocate to assist in the retention and recruitment of new retailers and businesses to the downtown core.
- **Sidewalk Ambassador Program**  
Full-time and summer seasonal Sidewalk Ambassadors providing traditional way finding services and information and working closer with our janitorial and public safety coordinators.
- **Downtown Marketing Program**  
We manage the “Visit Downtown” social media channels and Downtown Portland marketing which is funded in part by the Downtown Marketing Initiative. This program provides enhanced marketing and promotion of Downtown Portland to local audiences. This is the program that launched the “Here for Portland” campaign and has over 73K followers on Instagram and 120K followers on Facebook. The last holiday season campaign, “Downtown, the Possibilities are Endless,” had impactful engagement and our advertising with The Oregonian received double the national average click rate.
- **Holiday Lighting Program**  
An expanded holiday lighting program illuminated more than 800+ trees, including several lighting installations, within our prime retail corridors. Thanks to our partnership with the City of Portland, we transitioned our traditional holiday lighting program to a “winter lighting program” by keeping the lights up through the end of March and beyond.
- **Crow Abatement Program**  
A crow abatement program utilizing humane practices to reduce the impact of crow dropping on Downtown sidewalks and in our public spaces.

## Annual Business Climate Survey

Each year, DPCS retail program staff conduct an annual survey of our downtown businesses and residents. This is traditionally conducted at the end of the calendar year and will be released soon. We received 97 more responses than the year before and preliminary results show:

<b>Somewhat or very much satisfied with overall DPCS services</b>	<b>68%</b>
<b>Somewhat or very much satisfied with Janitorial Service Program</b>	<b>59%</b>
<b>Somewhat or very much satisfied with Public Safety Program</b>	<b>75%</b>
<b>Somewhat or very much satisfied with Holiday Light Program</b>	<b>89%</b>

Retail sales were found to be greater in the district in 2022 than compared to the past two years; however, they still are below 2019 levels for most retailers.

To view the full report when it is released, visit: [www.downtownportland.org/research-reports](http://www.downtownportland.org/research-reports)

## Community Health Outreach Worker Program (CHOW)

Downtown Portland Clean & Safe acknowledged the request of City Council and the community during our contract negotiation and began development of a new program centered on addressing our homeless and mental health crises. Our board of directors and staff have worked over the past year to hire the most qualified contractor that will provide full-time community health outreach and navigation services within our 213-block district.

Key to this program's success will be its coordinated operation of working with our janitorial and public safety coordinators to quickly process referrals for individuals experiencing houselessness who request and are open to receiving services. Our staff will work collaboratively with Portland Street Response, Project Respond, MCSO's Hope team, PPB's BHU and SCT programs, and the various private sector and non-profit organizations already working in this field within our district. We look forward to providing detailed metrics and accomplishments in next year's annual report.



### III. Stakeholder Outreach and Engagement

#### Downtown Retail and Business Operations

Downtown Portland Clean & Safe staff manage and work in partnership with a variety of local and regional business groups and organizations. A key program of that work is the Downtown Retail Council (DRC). This program provides a wide variety of small to large retail and related business the opportunity to meet monthly and network to support the viability of our downtown retail environment. DRC members receive vital public safety information directly for DPCS’s partnership with the Portland Police Bureau’s Criminal Intelligence Unit and other specialty units and on-going resources and trainings related to crime and public safety. The DRC’s prime mission is providing our downtown retailers a centralized networking voice to support and improve their business models for long-term financial success and stability.

#### Ratepayer and Stakeholder Engagement

Downtown Portland Clean & Safe distributes news, happenings and resources to a highly engaged audience through our monthly “Street Beat” newsletter and social media channels on Facebook, Instagram and LinkedIn. [View the latest issue of Steet Beat here.](#)

To get the latest news delivered directly to your inbox, subscribe to the Street Beat newsletter: <https://visitor.constantcontact.com/d.jsp?m=1129027699828&p=oi>

#### Newsletter and Social Statistics for Contract Year 2021-2022:

Newsletter Open Rate	44.4%
Newsletter Click Rate	7.89%
Newsletter Audience Growth	10%
Overall Social Engagement Rate	12%
Overall Social Audience Growth	31.7%

#### Neighborhood Associations

DPCS staff have long-term relationships with the three neighborhood associations within our District area: The Pearl Neighborhood Association, The Old Town Community Association, and the Downtown Neighborhood Association. DPCS staff regularly attend and present at association meetings and work closely with key board members positions to ensure accurate and important information and resources are shared efficiently with each association. DPCS staff actively nurture these vital community relationships and partnerships.

## **Public Safety Action Coalition (PSAC)**

DPCS has been an active partner and participant in the city-wide non-profit, PSAC organization. This group provides a diverse and wide-ranging voice on a variety of public safety topics and programs and is working to constantly elevate the public safety system for all community members.

## **District Residents**

During this contract year, our staff have engaged with a number of district HOA groups and provided an overview of DPCS services along with inviting residents to job shadow our janitorial staff to observe our services firsthand. We recently welcomed a new resident to our Board of Directors and look forward to greater engagement and outreach to all our residents within our district this next year.

## **Social Service Providers**

DPCS staff regularly attend and participate in a weekly “Provider’s Call” and present updates and information on our services and programming. This meeting allows for “best practice” sharing and networking with both government and social service providers in our district.

## **Pioneer Square**

This past year, DPCS staff and vendors worked closely with Pioneer Square staff and vendors to support programming and events in the square and adjacent areas. Hiring reliable private security has been a challenge for Pioneer Square and our staff has provided vendor referrals and extra event security assistance to meet concerns for safety and event success. DPCS’ retail and marketing programs work collaboratively with Pioneer Square to amplify and increase visibility for community events in “Portland’s Living Room”.

## **District Hotels and Restaurants**

DPCS works closely with the Oregon Restaurant and Lodging Association (ORLA) and presents at ORLA meetings and functions. This sector of the downtown economy has been especially impacted by COVID and the increasing crime rates so DPCS staff work in partnership with the City’s SSCC program and staff of our city commissioners to assist with reporting crime, illegal camping and providing public safety resources through our trainings and agency partners.

## **Travel Portland**

We partner closely with Travel Portland in several ways. Travel Portland marketing and promotion of the Downtown area is focused on overnight stays and market outside the city. DPCS targets, through our “Visit Downtown” social channels and marketing campaigns, local residents and community members. We often partner to support projects and programs that might do both. Additionally, when Travel Portland closed its in person information center, they helped to expand and fund our Mobile Sidewalk Ambassador program.

## **IV. Contracted Firms and Organizations**

DPCS is proud to share and review the work of the many firms and organizations we contracted with throughout our contract year. We have taken great care and due diligence to carefully and fully comply with our contract and the City of Portland's Sustainable Procurement and Labor Peace policies to ensure qualified, professional and competent vendors are delivering the highest services possible to our ratepayers and Downtown community. This work is being supplemented by our internal equity committee's work to ensure we increase the diversity of local origin of our contracted services.

### **Current contracted firms and organizations, with services provided:**

Central City Concern | Janitorial Program

GardaWorld Security Services | Public Safety Program

New Avenues for Youth | Street Ambassador Program

Bybee Lakes Hope Center | Community Health Outreach Worker Program

Integrated Avian Solutions | Crow Abatement Program

Tross Build and Maintenance | Holiday Lighting Program

Eponic | Safety and Janitorial Program data collection and technology

Day Wireless | Radio system for public safety and PPB Bike Unit

Portland Business Alliance | Management Services for DPCS

Worksystems | Sidewalk Ambassador Program

## **VI. Independent Financial Audit Report - Fiscal Year 2021-2022**

CLEAN & SAFE, INC.

Audited Financial Statements

For the Years Ended June 30, 2022 and 2021



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clean & Safe, Inc.

### Opinion

We have audited the accompanying financial statements of Clean & Safe, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Clean & Safe, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits 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 Clean & Safe, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Clean & Safe, Inc.'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 Clean & Safe, Inc.'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 Clean & Safe, Inc.'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.

*McDonald Jacobson, P.C.*

Portland, Oregon  
November 29, 2022

CLEAN & SAFE, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,586,435	\$ 2,291,421
Cash - Holiday lighting and district amenities	1,409,839	1,104,701
Accounts receivable, net	506,808	1,002,204
Property and equipment, net	<u>5,212</u>	<u>20,670</u>
 TOTAL ASSETS	 <u>\$ 4,508,294</u>	 <u>\$ 4,418,996</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 569,921	\$ 403,220
Deferred revenue	<u>1,353,340</u>	<u>1,330,742</u>
 Total liabilities	 1,923,261	 1,733,962
 Net assets without donor restrictions	 <u>2,585,033</u>	 <u>2,685,034</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,508,294</u>	 <u>\$ 4,418,996</u>

See notes to financial statements.

CLEAN & SAFE, INC.  
 STATEMENTS OF ACTIVITIES  
 For the years ended June 30, 2022 and 2021

	2022	2021
<b>Change in net assets without donor restrictions:</b>		
<b>Revenue:</b>		
Enhanced Services District fees	\$ 6,239,576	\$ 5,987,588
Contributions	30,000	-
Interest and other income	31,494	87,033
Total revenue	6,301,070	6,074,621
<b>Expenses:</b>		
Program:		
Public policy and business development	187,588	159,846
Public relations and marketing	242,308	182,563
Public space maintenance	2,054,431	1,631,485
Public space security	2,696,246	2,377,449
Holiday lighting and district amenities	488,667	386,761
Shared operating and overhead costs	262,871	244,635
Contributions	3,800	30,000
Total program expenses	5,935,911	5,012,739
Supporting services:		
Administration	465,160	278,446
Total expenses	6,401,071	5,291,185
Change in net assets	(100,001)	783,436
<b>Net assets:</b>		
Beginning of year	2,685,034	1,901,598
End of year	\$ 2,585,033	\$ 2,685,034

See notes to financial statements.



CLEAN & SAFE, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
For the years ended June 30, 2022 and 2021

	2022			2021		
	Total Program	Admin- istration	Total	Total Program	Admin- istration	Total
Salaries and related expenses	\$ 934,670	\$ 96,548	\$ 1,031,218	\$ 824,629	\$ 76,370	\$ 900,999
Contracts - Security	2,506,781	-	2,506,781	2,302,702	-	2,302,702
Contracts - Maintenance	1,525,249	-	1,525,249	1,130,514	-	1,130,514
Contracts - Holiday lighting and district amenities	447,146	13,707	460,853	351,962	8,105	360,067
Contract renewal costs	-	119,989	119,989	-	-	-
Operating expenses	518,265	99,176	617,441	372,932	80,148	453,080
Depreciation	-	15,458	15,458	-	15,458	15,458
Other	3,800	120,282	124,082	30,000	98,365	128,365
Total expenses	<u>\$ 5,935,911</u>	<u>\$ 465,160</u>	<u>\$ 6,401,071</u>	<u>\$ 5,012,739</u>	<u>\$ 278,446</u>	<u>\$ 5,291,185</u>
Percent of total expenses	92.7%	7.3%	100.0%	94.7%	5.3%	100.0%

See notes to financial statements.

CLEAN & SAFE, INC.  
STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (100,001)	\$ 783,436
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	15,458	15,458
(Increase) decrease in:		
Accounts receivable	495,396	(844,907)
Increase (decrease) in:		
Accounts payable and accrued expenses	166,701	256,980
Deferred revenue	22,598	86,518
Net cash flows from operating activities	600,152	297,485
Net change in cash and cash equivalents	600,152	297,485
Cash and cash equivalents - beginning of year	3,396,122	3,098,637
Cash and cash equivalents - end of year	\$ 3,996,274	\$ 3,396,122
Cash and cash equivalents	\$ 2,586,435	\$ 2,291,421
Cash - Holiday lighting and district amenities	1,409,839	1,104,701
Total cash	\$ 3,996,274	\$ 3,396,122

See notes to financial statements.

CLEAN & SAFE, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

I. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Clean & Safe, Inc. (CSI or the Organization) was incorporated as a nonprofit Oregon corporation in June 1988, originally as an affiliate of the Portland Business Alliance (the Alliance); however, the organizations are no longer under common control. CSI's principal source of revenue is generated from Enhanced Services District (ESD) fees on downtown businesses within the Clean & Safe District established by the City of Portland (the City). Total ESD fees approximated \$6,240,000 and \$5,988,000 for the years ended June 30, 2022 and 2021, respectively. Expenditures of fee revenue are restricted to Clean & Safe services, which include security, business development, public relations and marketing, cleaning of sidewalks, graffiti removal, and administration. Clean & Safe services also provide employment opportunities to socially and economically disadvantaged persons. CSI contracts with the Alliance to provide these services and processes all transactions for the Organization. A portion of overhead expenses and shared administrative personnel costs incurred by the Alliance are charged to the Organization based on a percentage direct salaries.

The City has authorized the contract with CSI through September 30, 2026.

Net Assets

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) 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. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

CLEAN & SAFE, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

I. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Collections are the responsibility of the City of Portland. Balances that are still outstanding after reasonable collection efforts have been made by the City are written off through a charge to the valuation allowance and a credit to accounts receivable at the time the City notifies the Organization of the amount to write off. There are no amounts due from the City that are more than 90 days past due. The City manages collections from rate payers and any overdue from rate payers are collectable upon sale of the related property.

Property and Equipment

CSI capitalizes property and equipment purchases over \$750. Property and equipment are stated at cost or at appraised value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives (generally three to five years) of the related assets.

Enhanced Service District Fees and Deferred Revenue

The Organization has a contract the City of Portland to provide security, business development, public relations and marketing, cleaning of sidewalks, graffiti removal and holiday lighting. Amounts received are recognized as revenue when the Organization has provided services as outlined in the contract. Advances on the contract are included in deferred revenue.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

CLEAN & SAFE, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2022 and 2021

I. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes

CSI is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. CSI is not a private foundation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses allocated include salaries and related expenses, and operating expenses, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Subsequent Events

The Organization has evaluated all subsequent events through November 29, 2022, the date the financial statements were available to be issued.

CLEAN & SAFE, INC.  
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2. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,586,435	\$ 2,291,421
Cash - Holiday lighting and district amenities	1,409,839	1,104,701
Accounts receivable, net	<u>506,808</u>	<u>1,002,204</u>
	4,503,082	4,398,326
Less amounts unavailable for general expenditure:		
Holiday lighting and district amenities	<u>1,409,839</u>	<u>1,104,701</u>
Financial assets available for general expenditure	<u>\$ 3,093,243</u>	<u>\$ 3,293,625</u>

See Note 6 for information about cash held for holiday lighting and district amenities.

3. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Due from City of Portland - ESD and other fees	\$ 512,138	\$ 1,007,534
Less allowance for uncollectible accounts	<u>5,330</u>	<u>5,330</u>
Accounts receivable, net	<u>\$ 506,808</u>	<u>\$ 1,002,204</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 77,292	\$ 77,292
Less accumulated depreciation	<u>72,080</u>	<u>56,622</u>
Property and equipment, net	<u>\$ 5,212</u>	<u>\$ 20,670</u>

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5. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the statements of financial position. There are no significant judgments affecting the determination of amount and timing of revenue.

- Enhanced service district revenue is recognized over the service period (October-September), at rates set by ratepayers in conjunction with City of Portland Code.
- Holiday lighting revenue is recognized over the service period (October-March), at rates set by ratepayers in conjunction with City of Portland Code.

Total revenue recognized over time by contract type is as follows:

	<u>2022</u>	<u>2021</u>
Enhanced Service District Revenue	\$ 5,554,230	\$ 5,323,665
Holiday Lighting	<u>685,346</u>	<u>663,923</u>
Total revenue from contracts with customers	<u>\$ 6,239,576</u>	<u>\$ 5,987,588</u>

The beginning and ending contract balances are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable (contract asset):			
Enhanced Service District revenue, net	\$ 420,267	\$ 970,596	\$ 139,701
Holiday Lighting fees, net	<u>86,541</u>	<u>31,608</u>	<u>17,596</u>
Total accounts receivable	<u>\$ 506,808</u>	<u>\$ 1,002,204</u>	<u>\$ 157,297</u>
Deferred revenue (contract liability):			
Enhanced Service District Revenue	<u>\$ 1,353,340</u>	<u>\$ 1,330,742</u>	<u>\$ 1,244,224</u>

Revenue recognized for the years ended June 30, 2022 and 2021 that was included in the contract liability balance at the beginning of each year was \$1,330,742 and \$1,244,224, respectively.

CLEAN & SAFE, INC.  
NOTES TO FINANCIAL STATEMENTS, Continued  
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6. HOLIDAY LIGHTING AND DISTRICT AMENITIES

During the year ended June 30, 2003, City of Portland ordinances stipulated a percentage of license fees collected to be used for the Holiday Lighting project. Additional stipulations were added during the year ended June 30, 2014 which allows funds in excess of amounts necessary to fund the Holiday Lighting project to be used for other district amenities. In September 2020, the ordinance was amended such that if excess revenues will not be needed to fund a prudent reserve for the costs and expenses of the lighting program and district amenities program in future license years, the funds may be used for cleaning, security, crime prevention and other services that benefit properties within the district.

During the years ended June 30, 2022 and 2021, CSI incurred expenses totaling approximately \$488,700 and \$386,800, respectively, for the Holiday Lighting and District Amenities project. Cash includes remaining funds restricted for approved projects of approximately \$1,409,800 and \$1,104,700 at June 30, 2022 and 2021, respectively.

7. RELATED PARTY TRANSACTIONS

CSI carries out several transactions with companies where certain board members are employed in key management positions. All transactions were within the normal course of business and had an insignificant impact on the Organization.

CSI contracts with the Alliance to provide substantially all Clean & Safe services. Two to three members of the Board of Directors of CSI also serve on the board of the Alliance.

8. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of CSI if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.



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9. PURCHASE COMMITMENTS

As of the date of the report, CSI committed to pay approximately \$622,100 to companies contingent upon terms of the agreements in place. Accordingly, the amount is expected to be paid and recorded during the year ending June 30, 2023.

As of the date of the report, CSI also has an agreement for Holiday Lighting services in the Clean & Safe District through June 30, 2023. Commitments under the agreement total approximately \$296,400 through June 30, 2023.

10. CONCENTRATIONS OF CASH BALANCES ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

CSI maintains its cash balances in several financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$2,856,000 and \$2,256,000 as of June 30, 2022 and 2021, respectively.