
NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

FINANCIAL STATEMENTS

June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Noe Valley Association, a Community Benefit District

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Noe Valley Association, a Community Benefit District
San Francisco, California

We have reviewed the accompanying statements of financial position of Noe Valley Association, a Community Benefit District (a nonprofit organization) as of June 30, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Adele Kaneda

Certified Public Accountants
Oakland, California
September 23, 2013

Noe Valley Association, a Community Benefit District

Statement of Financial Position

June 30, 2013

(With Comparative Totals for June 30, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 210,632	\$ 184,147
Assessment receivable	2,899	6,154
Prepaid expenses	100	500
	<u> </u>	<u> </u>
Total Assets	<u>\$ 213,631</u>	<u>\$ 190,801</u>
Liabilities and Net Assets		
Liabilities	\$	\$
Concentrations and contingencies (Notes 3 and 4)		
Unrestricted net assets	210,373	183,251
Temporarily restricted net assets (Note 5)	3,258	7,550
	<u> </u>	<u> </u>
Total Net Assets	<u>213,631</u>	<u>190,801</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 213,631</u>	<u>\$ 190,801</u>

See Independent Accountants' Review Report and
Notes to the Financial Statements

Noe Valley Association, a Community Benefit District

**Statement of Activities
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	Unrestricted	Temporarily Restricted	Total	
			2013	2012
Support and Revenue				
Assessment revenue	\$ 235,301	\$	\$ 235,301	\$ 239,207
Harvest festival	16,883	28,362	45,245	29,324
Donations	1,725		1,725	16,441
Interest	683		683	716
Net assets released from donor restriction (Note 5)	32,654	(32,654)	-	-
Total Support and Revenue	287,246	(4,292)	282,954	285,688
Expenses				
Program	222,907		222,907	230,395
General and administrative	25,016		25,016	37,051
Fundraising	12,201		12,201	17,685
Total Expenses	260,124	-	260,124	285,131
Change in net assets	27,122	(4,292)	22,830	557
Net Assets, beginning of year	183,251	7,550	190,801	190,244
Net Assets, end of year	\$ 210,373	\$ 3,258	\$ 213,631	\$ 190,801

See Independent Accountants' Review Report and
Notes to the Financial Statements

Noe Valley Association, a Community Benefit District

Statement of Cash Flows
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 22,830	\$ 557
Change in assets and liabilities:		
Assessment receivable	3,255	(6,154)
Prepaid expenses	400	-
Net cash provided (used) by operating activities	<u>26,485</u>	<u>(5,597)</u>
 Change in cash	 <u>26,485</u>	 <u>(5,597)</u>
 Cash, beginning of year	 <u>184,147</u>	 <u>189,744</u>
 Cash, end of year	 <u>\$ 210,632</u>	 <u>\$ 184,147</u>

See Independent Accountants' Review Report and
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Noe Valley Association, a Community Benefit District

**Statement of Functional Expenses
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	Programs		Total Program	General and Administrative	Fundraising	Total	
	Cleaning and Greening	Harvest Festival				2013	2012
Salaries	\$ 21,958	\$	\$ 21,958	\$ 13,175	\$ 8,783	\$ 43,916	\$ 45,373
Payroll taxes	1,833		1,833	1,100	733	3,666	4,484
Accounting			-	6,714	-	6,714	9,704
Fee for service	812	14,260	15,072	487	325	15,884	-
Advertising and promotions	1,747	5,682	7,429	1,048	699	9,176	9,508
Supplies	457	2,729	3,186	274	183	3,643	1,152
Postage	373		373	224	149	746	276
Telephone	220		220	132	88	440	1,006
Insurance	2,090		2,090	1,254	836	4,180	2,101
Street maintenance	143,092	974	144,066	-	-	144,066	157,800
Streetscape improvement	14,694		14,694	-	-	14,694	21,484
Payroll service	426		426	255	170	851	820
Meetings	184		184	110	73	367	359
Miscellaneous	173	6,681	6,854	105	70	7,029	24,164
Dues, permits and fees	230	3,792	4,022	138	92	4,252	-
Holiday			-	-	-	-	5,900
Donations	500		500	-	-	500	1,000
Total Expenses	\$ 188,789	\$ 34,118	\$ 222,907	\$ 25,016	\$ 12,201	\$ 260,124	\$ 285,131

See Independent Accountants' Review Report and
Notes to the Financial Statements

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

NOTE 1: NATURE OF ACTIVITIES

The Noe Valley Association, a Community Benefit District (the Organization) is a nonprofit organization founded by property owners, merchants and community members in the Noe Valley neighborhood of San Francisco, California.

The Organization receives community benefit district assessment funds from taxes paid by property owners and merchants.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2013.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization considers all contributions to be fully collectible at June 30, 2013. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2013 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

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FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on June 30, 2013.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at June 30, 2013.

Functional Allocation of Expenses

The costs of providing 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 benefited.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 23, 2013 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONCENTRATIONS

Revenue

For the year ended June 30, 2013 the Organization received 85% of its revenue from community benefit district assessments on property owners in the Noe Valley Community Benefit District. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

NOTE 4: CONTINGENCIES

Community benefit district assessments are received under agreement with the City and County of San Francisco and assessments have been currently authorized through December 2020. The assessments and related revenue to the organization may be terminated at an earlier date if the community benefit district which funds the Organizations operations is disestablished by a vote of the assessed property owners or in certain other circumstances.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of June 30:

	<u>2013</u>	<u>2012</u>
Harvest Festival	\$ -	\$ 4,292
West Portal	1,758	1,758
Photo archiving	<u>1,500</u>	<u>1,500</u>
Total	<u>\$ 3,258</u>	<u>\$ 7,550</u>

For the year ending June 30, 2013, temporarily restricted net assets of \$32,654 were released from donor restriction by incurring expenses for the Harvest Festival.