
OCEAN AVENUE ASSOCIATION

FINANCIAL STATEMENTS

June 30, 2021

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

OCEAN AVENUE ASSOCIATION

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Ocean Avenue Association
San Francisco, California

We have reviewed the accompanying financial statements of Ocean Avenue Association (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. 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's Responsibility 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; this includes 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.

Accountant's Responsibility


Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended June 30, 2020 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated March 22, 2021. We have not performed procedures in connection with that review engagement since that date.


Oakland, California
January 26, 2022

OCEAN AVENUE ASSOCIATION
Consolidated Statement of Financial Position
June 30, 2021
(With Comparative Totals as of June 30, 2020)

	2021	2020
Assets		
Assets		
Cash	202,939	\$ 198,847
Assessments receivable	30,254	13,098
Grants receivable	7,567	40,276
Total Assets	240,760	\$ 252,221
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	2,863	\$ 45,304
Deferred revenue	-	23,228
Total Liabilities	2,863	68,532
Net assets without donor restrictions	237,897	183,689
Total Liabilities and Net Assets	240,760	\$ 252,221

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

OCEAN AVENUE ASSOCIATION

**Consolidated Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Support and Revenue		
Assessment revenue	339,581	\$ 330,554
Government grants	132,178	142,369
Penalties, interest and late assessments	2,523	309
Donations	-	18,904
Other income	-	2,195
Total Support and Revenue	<u>474,282</u>	<u>494,331</u>
Expenses		
Program	319,774	324,278
Management and general	80,275	97,377
Fundraising	20,025	26,454
Total Expenses	<u>420,074</u>	<u>448,109</u>
Change in net assets	54,208	46,222
Net Assets without donor restrictions, beginning of year	<u>183,689</u>	<u>137,467</u>
Net Assets without donor restrictions, end of year	<u>237,897</u>	<u>\$ 183,689</u>

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

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**Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 54,208	\$ 46,222
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Assessments receivable	(17,156)	8,338
Grants receivable	32,709	(34,853)
Accounts payable and accrued expenses	(42,441)	40,018
Deferred revenue	(23,228)	11,678
Net cash provided (used) by operating activities	<u>4,092</u>	<u>71,403</u>
Net change in cash	4,092	71,403
Cash, beginning of year	<u>198,847</u>	<u>127,444</u>
Cash, end of year	<u><u>\$ 202,939</u></u>	<u><u>\$ 198,847</u></u>

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**Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	Program	Management and General	Fundraising	Total	
				2021	2020
Salaries	\$ 62,312	\$ 17,646	\$ 17,646	\$ 97,604	\$ 138,697
Employee benefits	1,874	527	527	2,928	4,322
Payroll taxes	4,984	1,402	1,402	7,788	9,942
Total Personnel	<u>69,170</u>	<u>19,575</u>	<u>19,575</u>	<u>108,320</u>	<u>152,961</u>
Fee for service	246,064	44,942	-	291,006	242,957
Advertising and promotion	105	-	-	105	3,635
Supplies and office expenses	4,192	3,779	450	8,421	2,832
Travel and meals	243	-	-	243	1,400
Conferences and meetings	-	112	-	112	1,323
Insurance, service fees and other	-	11,867	-	11,867	10,016
Event expenses	-	-	-	-	32,985
Total Expenses	<u>\$ 319,774</u>	<u>\$ 80,275</u>	<u>\$ 20,025</u>	<u>\$ 420,074</u>	<u>\$ 448,109</u>

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

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Notes to the Consolidated Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

NOTE 1: NATURE OF ACTIVITIES

The Ocean Avenue Association (the Organization or OAA) is a California nonprofit Public Benefit Corporation, which was established in December of 2010. Services began in July 2011 along the Ocean Avenue corridor in the Ocean-Merced-Ingleside (OMI) neighborhood. OAA's mission is to revitalize the Ocean Avenue corridor from Interstate 280 to Manor Drive through sanitation, safety programs, marketing, promotion and advocacy for property and business owners.

The OAA is committed to making the Ocean Avenue corridor a vibrant and safe place by providing programs and services that improve the quality of life for those who live and work in the community. Entrepreneurs, merchants and neighborhood stakeholders benefit from the CBD in numerous ways. The OAA advocates for local businesses by reaching out to elected officials and City agencies on topics such as zoning, urban design, and tax policy. The CBD also serves as an ombudsman, helping members' access public services.

The OAA provides supplemental sanitation services 6 days a week, inclusive of sidewalk sweeping, reporting incidents to 311, graffiti removal from private and public property and power washing of sidewalks and transit boarding islands.

The OAA also promotes the district through publications, programs, and advertising by supporting a range of community events, from holiday decorations to summer events.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated 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 Consolidation

The Organization has the ability to appoint a majority of the board of the Ingleside Community Fund (the Fund), a California nonprofit corporation. The board of the Fund includes one community designee. All other board members of the Fund are OAA board members.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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Notes to the Consolidated Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; there were no restrictions of this nature as of June 30, 2021.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounting for Assessment Revenue

The Organization recognizes assessment revenue when assessed. Assessment revenue is secured through property tax assessments managed by the City and County of San Francisco. Collection of assessment revenue depends on the City and County of San Francisco, which may assess fines, penalties and interest on delinquent assessments. The Organization recognizes revenue related to fines or penalties when payment is received and such fines or penalties are known.

Assessments Receivable

Assessments receivable primarily consists of tax assessments owed by property owners. Such assessments are subject to City and County of San Francisco enforcement procedures, and are secured by property located in the City and County of San Francisco. The

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Notes to the Consolidated Financial Statements For the Year Ended June 30, 2021 (With Comparative Totals for the Year Ended June 30, 2020)

Organization considers all assessments to be fully collectible at June 30, 2021, though the timing of collection is not under the Organization's control and may be delayed.

Grants Receivable

Grants receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at June 30, 2021. 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 IRC 501(c)(3) (formerly 501(c)(4)) and California RTC 23701.

The Internal Revenue Service has determined that the Ingleside Community Fund is exempt from federal taxes under IRC 501(c)(3).

The Organization has evaluated its current tax positions as of June 30, 2021 and is not aware of any significant uncertain tax positions for which a reserve would be necessary beyond an application that is pending with the California Franchise Tax board for the Ingleside Community Fund exemption. 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 consolidated 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. There were no contributed services that met the criteria for recognition for the year ended June 30, 2021.

Estimates

The preparation of consolidated 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 consolidated 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.

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**Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

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

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

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2021.

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 \$2,500 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, 2021.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on an estimate of staff time allocation calculated on an individual level for each employee.

Office expenses and supplies and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

Certain employees have transited to consultants, and they are paid for both salaries and fee for services. The Organization classified such contractor expenses with salaries for consistency with existing classification for such staff time.

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**Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

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, 2020, from which the summarized information was derived.

Reclassifications

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

NOTE 3: CONCENTRATIONS

Assessment Revenue

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 71% of the Organization's total revenue. Under the terms of the contract, the City and County can suspend distributions and ultimately terminate the contract if the Organization fails to provide adequate services to the district or fails to perform other responsibilities. The contract expires on June 30, 2025 and could be terminated at an earlier date if the related community benefit district is disestablished.

Geographic

A majority of the Organization's revenue comes from a group of property owners located in one geographic area. Natural disasters, economic or other local impacts on this area may affect the timing of assessment payments by such property owners.

NOTE 4: CONTINGENCIES

State Taxes

The Fund is not currently listed as exempt from state taxes with the Franchise Tax Board. The Fund is in the process of applying for such exemption based in part on the determination by the IRS of its exempt status at the federal level. In the event that exemption is not approved or delayed, additional taxes may be owed. The Organization has not accrued for any such amounts as of June 30, 2021.

Government Funding

The Organization receives government funding, which includes numerous terms and conditions both directly and by reference and is subject to subsequent audit which may result in disallowed costs or other required adjustments. The Organization believes it has complied with the terms of all such awards.

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Notes to the Consolidated Financial Statements
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

NOTE 5: RETIREMENT PLAN

The Organization sponsors a Simple IRA retirement plan for employees. The Organization contributes 3% of gross salary for each eligible employee. The Organization contributed \$2,928 and \$3,733 to the plan during the years ended June 30, 2021 and 2020, respectively.

NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Cash and cash equivalents	\$ 202,939
Assessments receivable	30,254
Grants receivable	<u>7,567</u>
Total	<u>\$ 240,760</u>

As part of the Organization's liquidity management plan, the Organization monitors cash to confirm it is sufficient for immediate requirements.

NOTE 7: INGLESIDE COMMUNITY FUND

Activity of the Ingleside Community Fund (the Fund), reported on a consolidated basis in these financials, consisted of approximately \$ 34,128 in revenue and \$ 33,319 in expenses during the year ended June 30, 2021. The fund held \$ 7,359 in cash as of June 30, 2021.

NOTE 8: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of January 26, 2022, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.