Ocean Avenue Association

FINANCIAL STATEMENTS

June 30, 2012

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Ocean Avenue Association

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Certified Public Accountants

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Independent Accountants' Review Report

Board of Directors
Ocean Avenue Association
San Francisco, California

We have reviewed the accompanying statements of financial position of Ocean Avenue Association (a nonprofit organization) as of June 30, 2012, and the related statements of activities, cash flows, and functional expenses for the two years 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 controls 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.

Crosby & Kaneda
Certified Public Accountants
Oakland, California
September 21, 2012

Ocean Avenue Association

Statement of Financial Position
June 30, 2012

Assets

Current Assets		
Cash	$	135,695
Grants receivable		25,021
Assessments receivable		153,620
Total Assets	$	314,336

Liabilities and Net Assets

Liabilities	$	
Contingencies (Note 3)		
Net assets-unrestricted		314,336
Total Liabilities and Net Assets	$	314,336

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

Ocean Avenue Association

Statement of Activities
For the Two Years Ended June 30, 2012

Support and Revenue		
Contributions	$	15,000
Government grants		37,628
Assessment revenue		479,156
Miscellaneous income		200
Total Support and Revenue		531,984
Expenses		
Program		188,111
General and administrative		15,469
Fundraising		14,068
Total Expenses		217,648
Change in net assets		314,336
Net Assets-unrestricted, beginning of year		-
Net Assets-unrestricted, end of year	$	314,336

Ocean Avenue Association

Statement of Cash Flows
For the Two Years Ended June 30, 2012

Cash flows from operating activities:		
Change in net assets	$	314,336
Adjustments to reconcile change in net		
assets to cash (used) provided by operating activities:		
Change in assets and liabilities:		
Grants receivable		(25,021)
Assessments receivable		(153,620)
Net cash provided by operating activities		135,695
Net change in cash		135,695
Cash, beginning of year		-
Cash, end of year	$	135,695

Ocean Avenue Association

Statement of Functional Expenses
For the Two Years Ended June 30, 2012

	Program	General and Administrative	Fundraising	Total
Salaries	$ 35,000	$ 11,667	$ 11,666	$ 58,333
Employee benefits	89	30	30	149
Payroll taxes	3,017	1,006	1,006	5,029
Total personnel	38,106	12,703	12,702	63,511
Grants	3,300	-	-	3,300
Accounting	-	1,400	-	1,400
Fee for service	130,248	1,366	1,366	132,980
Advertising and promotion	450	-	-	450
Supplies	1,988	-	-	1,988
Printing and publication	894	-	-	894
Telephone	350	-	-	350
Dues, licenses, service fees	2,306	-	-	2,306
Postage and shipping	240	-	-	240
Equipment rental and maintenance	5,940	-	-	5,940
Insurance	4,289	-	-	4,289
Total Expenses	$ 188,111	$ 15,469	$ 14,068	$ 217,648

NOTE 1: NATURE OF ACTIVITIES

The Ocean Avenue Association (the Organization) is a California nonprofit Community Benefit District (CBD), which was established in December of 2010. Services began in July 2011 along the Ocean Avenue corridor in the Oceanview-Merced-Ingleside neighborhood. The Organization'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 Organization 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 Organization 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 to access public services.

The Organization 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 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. Temporarily restricted net assets also include accumulated appreciation of permanently restricted endowment funds that have not been appropriated by the Board in accordance with the California Uniform

Prudent Management of Institutional Funds Act of 2008 (UPMIFA). There were no temporarily restricted net assets at June 30, 2012.

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, 2012.

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.

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.

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) (4) and the California Revenue and Taxation Code Section 23701(f). The Organization has evaluated its current tax positions as of June 30, 2012 and is not aware of any significant uncertain tax positions for which a reserve would be necessary.

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. There were no contributed services that met the criteria for recognition for the two years ended June 30, 2012.

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 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, 2012.

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, 2012.

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.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 21, 2012 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 4: CONCENTRATIONS

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 90 % 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 Organization is disestablished by a vote of more than 50% of the assessed owners.