

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT
REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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A COMMUNITY BENEFIT DISTRICT
REVIEWED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Noe Valley Association, a Community Benefit District (the Organization), which comprise the statement of financial position as of June 30, 2022, 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 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 the 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 AICPA. 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.

Accountant's Conclusion

Based on our review, we are not aware of any material modification 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

We have previously reviewed the Organization's 2021 financial statements, 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 February 22, 2022. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2021 is consistent, in all material respects, with the reviewed financial statements from which they've been derived.

A handwritten signature in black ink that reads 'Maze & Associates'.

Pleasant Hill, California
January 9, 2023

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents (Note 2B)	\$ 344,730	\$ 288,593
Due from City	<u>-</u>	<u>86</u>
TOTAL ASSETS	<u>\$ 344,730</u>	<u>\$ 288,679</u>
NET ASSETS (Note 2A)		
Without donor restrictions	\$ 326,852	\$ 277,874
With donor restrictions (Note 5)	<u>17,878</u>	<u>10,805</u>
Total Net Assets	<u>344,730</u>	<u>288,679</u>
TOTAL NET ASSETS	<u>\$ 344,730</u>	<u>\$ 288,679</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
SUPPORT AND REVENUE				
Property assessment revenue	\$ 255,605	\$ -	\$ 255,605	\$ 247,114
Grants	33,221	90,000	123,221	50,229
Fees for service	19,482	-	19,482	12,466
Donations	-	-	-	-
Interest and other	114	-	114	1,998
Net assets released from restriction	82,927	(82,927)	-	-
Total Support and Revenue	<u>391,349</u>	<u>7,073</u>	<u>398,422</u>	<u>311,807</u>
EXPENSES				
Program services	261,730	-	261,730	247,024
Management and general	67,672	-	67,672	71,597
Fundraising	12,969	-	12,969	15,413
Total Expenses	<u>342,371</u>	<u>-</u>	<u>342,371</u>	<u>334,034</u>
Changes in net assets	48,978	7,073	56,051	(22,227)
Net assets at beginning of period	<u>277,874</u>	<u>10,805</u>	<u>288,679</u>	<u>310,906</u>
Net assets at end of period	<u>\$ 326,852</u>	<u>\$ 17,878</u>	<u>\$ 344,730</u>	<u>\$ 288,679</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	Program Services						Totals	
	District Projects	Fiscal Projects	Total Program	Management and General	Fundraising		2022	2021
Salaries	\$ 6,549	\$ -	\$ 6,549	\$ 48,042	\$ 2,275	\$	56,866	\$ 56,335
Payroll taxes	638	-	638	3,737	182		4,557	4,530
Accounting	559	-	559	6,518	295		7,372	7,370
Advertising and promotions	10,407	10,456	20,863	-	-		20,863	7,510
Bigbelly trash cans	-	-	-	-	9,826		9,826	12,429
Clean and Green - street maintenance and improvements	161,736		161,736	-	-		161,736	81,338
Due, permits and renewal fees	-	1,292	1,292.00	351	15		1,658	273
Entertainment	-	19,457	19,457	-	-		19,457	18,691
Fee for service	-	37,058	37,058	4,176	174		41,408	30,498
Insurance	-	1,000	1,000	2,957	123		4,080	4,467
Office expenses	-	-	-	614	26		640	96
Repairs and maintenance	1,360	9,708	11,068	-	-		11,068	23,905
Street maintenance	-	-	-	-	-		-	75,991
Streetscape improvement	-	-	-	-	-		-	9,057
Other	200	1,310	1,510	1,277	53		2,840	1,544
Total Expenses	<u>\$ 181,449</u>	<u>\$ 80,281</u>	<u>\$ 261,730</u>	<u>\$ 67,672</u>	<u>\$ 12,969</u>	<u>\$</u>	<u>342,371</u>	<u>\$ 334,034</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 56,051	\$ (22,227)
Adjustment to reconcile net income to cash provided (used) by operating activities:		
(Increase) decrease in:		
Assessment receivable	-	2,795
Due from City	<u>86</u>	<u>-</u>
Net Cash (Used) by Operating Activities	<u>56,137</u>	<u>(19,432)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	56,137	(19,432)
Cash and cash equivalents, beginning of year	<u>288,593</u>	<u>308,025</u>
Cash and cash equivalents, end of year	<u><u>\$ 344,730</u></u>	<u><u>\$ 288,593</u></u>

See Independent Accountant's Review Report and Notes to Financial Statements.

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**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 1 – ORGANIZATION

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 benefits district assessment funds from taxes paid by property owners and merchants. Program activities of the Organization include:

Clean and Green

Programs may consist of, but are not limited to, the following: Sidewalk and gutter sweeping, sidewalk pressure washing, graffiti and handbill removal, trash removal, trees water and weeded, hanging flower baskets, parklets and gardens planted and maintained, and public space activation.

Promotion of District

Programs may consist of, but are not limited to, the following: Events, media relations, website, and District stakeholder outreach.

Administration

Administrative staff oversees the Noe Valley CBD's services which are delivered seven days a week.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Financial Statement Presentation

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) and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions: Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

B. Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

C. Concentration of Credit Risk

The Federal Deposit Insurance Corporation (“FDIC”) insures account balances up to \$250,000 at each insured institution. The Organization sometimes carries balances that exceed FDIC insurance limits. Management believes the Organization is not exposed to any significant credit risk related to cash.

D. Property Assessments Revenue

The Organization recognizes assessment revenue when assessed. Property taxes are payable in December and April of each fiscal year. Amounts are collected by the Treasurer and Tax Collector (Tax Collector) of the City and County of San Francisco and are remitted to the Organization in four payments each year.

E. Property Assessments Receivable

Assessments receivable primarily consists of delinquent tax assessments owed by property owners. Since the taxpayers will be subject to City enforcement procedures, all assessments are considered to be fully collectible at June 30, 2022.

Although delinquent assessments are subject to penalties and fines, the Organization believes these amounts will be offset by delays in collections. Accordingly, no receivable has been recognized for penalties and fines and the Organization has not calculated the present value of this receivable.

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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, 2022.

G. Recognition of 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.

H. 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 year ended June 30, 2022.

I. Functional Allocation of Expenses

The costs of providing the various programs and activities have been 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 quarterly activity reports prepared by key personnel.

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

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expenses as incurred.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and California RTC 23701(d). Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private Organization under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income in the year ended June 30, 2022.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Organization tax returns remain open for federal income tax examination for three years from the date of filing.

L. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

**NOE VALLEY ASSOCIATION,
A COMMUNITY BENEFIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 3: Inputs that are not observable in the market and reflect the management's judgment about the assumptions that market participants would use in pricing the asset or liability.

M. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through January 9, 2023, the date which these financial statements were available to be issued.

NOTE 3 – CONCENTRATIONS

For the year ended June 30, 2022, the Organization received approximately 91% 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 could have a significant effect on the Organization's program and activities.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

A. Assessments

Community benefit district assessments are received from the City and County of San Francisco under an agreement that was renewed on January 1, 2021 for fifteen years. The assessments and related revenue to the Organization may be terminated at an earlier date if the community benefit district which funds the Organization's operations is disestablished by a vote of the assessed property owners or in certain other circumstances.

B. Grant Awards

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 5 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization sponsors the Noe Valley Town Square project and the Noe Valley Girls' Film Festival project. Net assets with donor restrictions for fiscal projects consisted of \$17,878 and \$10,805 as of June 30, 2022 and 2021, respectively.

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT NOTES TO THE FINANCIAL STATEMENTS For the Year Ended June 30, 2022

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 the statement of financial position date, consisted of the following at June 30, 2022:

Total current financial assets:	
Cash and cash equivalents	\$ 344,730
Total current financial assets	<u>344,730</u>
Less: Purpose-restricted net assets	<u>(17,878)</u>
 Total	 <u><u>\$ 326,852</u></u>

As part of the Organization’s liquidity management plan, the Organization maintains funds in excess of daily requirements in cash and cash equivalent accounts.