

---

# **OCEAN AVENUE ASSOCIATION**

## **FINANCIAL STATEMENTS**

**June 30, 2022**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)**

---

**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

## OCEAN AVENUE ASSOCIATION

|  |      |
|--|------|
| Independent Accountants' Review Report | 1    |
| Financial Statements:                  |      |
| Statement of Financial Position        | 2    |
| Statement of Activities                | 3    |
| Statement of Cash Flows                | 4    |
| Statement of Functional Expenses       | 5    |
| Notes to the Financial Statements      | 6-11 |

**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, 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 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.

**Accountants' 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 review.

**Accountants' 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, 2021 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 January 26, 2022. We have not performed procedures in connection with that review engagement since that date.

  
Oakland, California  
May 12, 2023

**OCEAN AVENUE ASSOCIATION**

**Statement of Financial Position**  
**June 30, 2022**  
**(With Comparative Totals as of June 30, 2021)**

---

|                                       | <u>2022</u>       | <u>2021</u>       |
|---------------------------------------|-------------------|-------------------|
| <b>Assets</b>                         |                   |                   |
| Assets                                |                   |                   |
| Cash                                  | \$ 217,091        | \$ 202,939        |
| Assessments receivable                | 29,905            | 30,254            |
| Grants receivable                     | 27,467            | 7,567             |
| Total Assets                          | <u>\$ 274,463</u> | <u>\$ 240,760</u> |
| <b>Liabilities and Net Assets</b>     |                   |                   |
| Liabilities                           |                   |                   |
| Accounts payable and accrued expenses | \$ 22,782         | \$ 2,863          |
| Total Liabilities                     | <u>22,782</u>     | <u>2,863</u>      |
| Net assets without donor restrictions | <u>251,681</u>    | <u>237,897</u>    |
| Total Liabilities and Net Assets      | <u>\$ 274,463</u> | <u>\$ 240,760</u> |

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

**OCEAN AVENUE ASSOCIATION**

**Statement of Activities**  
**For the Year Ended June 30, 2022**  
**(With Comparative Totals for the Year Ended June 30, 2021)**

---

|  | <u>2022</u>       | <u>2021</u>       |
|--|-------------------|-------------------|
| <b>Support and Revenue</b>                               |                   |                   |
| Assessment revenue                                       | \$ 369,343        | \$ 339,581        |
| Government grants and contracts                          | 170,092           | 132,178           |
| Late fees and other income                               | 2,146             | 2,523             |
| Total Support and Revenue                                | <u>541,581</u>    | <u>474,282</u>    |
| <b>Expenses</b>  |                   |                   |
| Program  | 411,104           | 319,774           |
| Management and general                                   | 87,133            | 80,275            |
| Fundraising  | 29,560            | 20,025            |
| Total Expenses   | <u>527,797</u>    | <u>420,074</u>    |
| Change in net assets                                     | 13,784            | 54,208            |
| Net Assets without donor restrictions, beginning of year | <u>237,897</u>    | <u>183,689</u>    |
| Net Assets without donor restrictions, end of year       | <u>\$ 251,681</u> | <u>\$ 237,897</u> |

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

# OCEAN AVENUE ASSOCIATION

## Statement of Cash Flows For the Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)

|   | <u>2022</u>              | <u>2021</u>              |
|---|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>  |                          |                          |
| Change in net assets  | \$ 13,784                | \$ 54,208                |
| Adjustments to reconcile change in net<br>assets to cash provided (used) by operating activities: |                          |                          |
| Change in assets and liabilities:   |                          |                          |
| Assessments receivable  | 349                      | (17,156)                 |
| Grants receivable   | (19,900)                 | 32,709                   |
| Accounts payable and accrued expenses   | 19,919                   | (42,441)                 |
| Deferred revenue  | -                        | (23,228)                 |
| Net cash provided (used) by operating activities  | <u>14,152</u>            | <u>4,092</u>             |
| Net change in cash  | 14,152                   | 4,092                    |
| Cash, beginning of year   | <u>202,939</u>           | <u>198,847</u>           |
| Cash, end of year   | <u><u>\$ 217,091</u></u> | <u><u>\$ 202,939</u></u> |

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

## OCEAN AVENUE ASSOCIATION

### Statement of Functional Expenses For the Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)

|                                    | Program           | Management<br>and General | Fundraising      | Total             |                   |
|------------------------------------|-------------------|---------------------------|------------------|-------------------|-------------------|
|                                    |                   |                           |                  | 2022              | 2021              |
| Salaries                           | \$ 92,836         | \$ 26,110                 | \$ 26,111        | \$ 145,057        | \$ 97,604         |
| Retirement contributions           | 2,328             | 655                       | 655              | 3,638             | 2,928             |
| Employee benefits                  | 1,920             | 540                       | 540              | 3,000             | -                 |
| Payroll taxes                      | 6,769             | 1,904                     | 1,904            | 10,577            | 7,788             |
| Total Personnel                    | <u>103,853</u>    | <u>29,209</u>             | <u>29,210</u>    | <u>162,272</u>    | <u>108,320</u>    |
| Fees for service                   |                   |                           |                  |                   |                   |
| Cleaning & sanitation              | 133,912           | -                         | -                | 133,912           | 113,481           |
| Watering, landscaping, maintenance | 24,055            | -                         | -                | 24,055            | 16,268            |
| Project expenses                   | 137,793           | -                         | -                | 137,793           | 86,426            |
| Professional and other services    | 2,525             | 38,230                    | -                | 40,755            | 74,831            |
| Advertising and promotion          | 4,722             | -                         | -                | 4,722             | 105               |
| Supplies and office expenses       | 4,244             | 3,841                     | 350              | 8,435             | 8,421             |
| Travel and meals                   | -                 | -                         | -                | -                 | 243               |
| Conferences and meetings           | -                 | 1,208                     | -                | 1,208             | 112               |
| Insurance                          | -                 | 6,651                     | -                | 6,651             | 5,782             |
| Service fees, permits and other    | -                 | 7,994                     | -                | 7,994             | 6,085             |
| Total Expenses                     | <u>\$ 411,104</u> | <u>\$ 87,133</u>          | <u>\$ 29,560</u> | <u>\$ 527,797</u> | <u>\$ 420,074</u> |

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

## OCEAN AVENUE ASSOCIATION

### Notes to the Financial Statements For the Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)

---

#### 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 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 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).

##### **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.

*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 either nature as of June 30, 2022.

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



## OCEAN AVENUE ASSOCIATION

### Notes to the Financial Statements For the Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)

---

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 Organization considers all assessments to be fully collectible at June 30, 2022, 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, 2022. 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.

**OCEAN AVENUE ASSOCIATION**

**Notes to the Financial Statements  
For the Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)**

---

**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) and Revenue and Taxation Code (R&TC) Section 23701f.

The Organization has evaluated its current tax positions as of June 30, 2022 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. There were no contributed services that met the criteria for recognition for the year ended June 30, 2022.

**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 value 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 - 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, 2022.

**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

## OCEAN AVENUE ASSOCIATION

### Notes to the Financial Statements For the Year Ended June 30, 2022 (With Comparative Totals for the Year Ended June 30, 2021)

---

Organization had no property and equipment that met this capitalization policy at June 30, 2022.

#### **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.

#### **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, 2021, from which the summarized information was derived.

#### **Recent Accounting Pronouncements**

In September 2020, the FASB issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update was designed to increase the transparency of contribution nonfinancial assets through enhancements to presentation and disclosure. The update requires that in-kind contributions be presented as a separate line on the statement of activities, disaggregate in-kind contributions by category, describe whether contributed nonfinancial assets were monetized or utilized, disclose policies for monetization rather than utilization (if any), donor-imposed restrictions related to in-kind contributions and describe the valuation techniques used to arrive at a fair value measure of value of donated items. The Organization's adoption of this update did not have a material impact on the Organizations financial statements.

**OCEAN AVENUE ASSOCIATION**

**Notes to the Financial Statements  
For the Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)**

---

**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 financial statements.

**Subsequent Events**

The Organization has evaluated subsequent events and has concluded that as of May 12, 2023, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

**NOTE 3: CONCENTRATIONS**

**Assessment Revenue**

Special benefit assessments are received under a contract with the City and County of San Francisco and represent approximately 69% 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.

**Concentration of Credit Risk**

The Organization receives assessment payment revenue in lump sums periodically during the year and at times, the Organization may have had deposits in excess of federally insured limits.

**NOTE 4: CONTINGENCIES AND UNCERTAINTIES**

**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.

**Coronavirus**

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.

OCEAN AVENUE ASSOCIATION

Notes to the Financial Statements  
For the Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

---

**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 \$3,638 and \$2,928 to the plan during the years ended June 30, 2022 and 2021, 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, 2022 are:

|                           |                   |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 217,091        |
| Assessments receivable    | 29,905            |
| Grants receivable         | <u>27,467</u>     |
| Total                     | <u>\$ 274,463</u> |

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

**NOTE 7: RELATED PARTY ACTIVITIES**

A member of the Organization's board served as a member of management of a partner nonprofit Oceanview Merced Ingleside Cultural Participation Project (OMICPP). Total disbursements for the period ending June 30, 2022 were \$25,000 to OMICPP.

**NOTE 8: INGLESIDE COMMUNITY FUND**

Ingleside Community Fund completed its activities during the year ended June 30, 2022, and following a letter of no objection from the California Registry of Charitable Trusts, was merged into Ocean Avenue Association prior to June 30, 2022. Activity of the Ingleside Community Fund (the Fund), reported as part of these financials, consisted of approximately \$38,603 in revenue and \$45,063 in expenses during the year ended June 30, 2022. No balances were held in former Fund accounts as of June 30, 2022.