



FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

Years Ended June 30, 2013 and 2012

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LAUTZE & LAUTZE
CPAs & FINANCIAL ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
YERBA BUENA COMMUNITY BENEFIT DISTRICT
San Francisco, California

We have audited the accompanying financial statements of YERBA BUENA COMMUNITY BENEFIT DISTRICT (the YBCBD), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
YERBA BUENA COMMUNITY BENEFIT DISTRICT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YERBA BUENA COMMUNITY BENEFIT DISTRICT as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lautze & Lautze

San Francisco, California
August 27, 2013



YERBA BUENA COMMUNITY BENEFIT DISTRICT
STATEMENTS OF FINANCIAL POSITION

June 30,

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 2,536,885	\$ 2,553,515
Assessments receivable, net	258,097	82,065
Prepaid expenses	13,082	11,073
Capital assets, net	48,724	52,578
Total assets	\$ 2,856,788	\$ 2,699,231
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 170,906	\$ 159,924
Accrued benefits	16,684	11,521
Total liabilities	187,590	171,445
Commitments		
Net assets:		
Unrestricted	2,653,498	2,512,786
Temporarily restricted	15,700	15,000
Total net assets	2,669,198	2,527,786
Total liabilities and net assets	\$ 2,856,788	\$ 2,699,231

YERBA BUENA COMMUNITY BENEFIT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30,

	2013		
	Unrestricted	Temporarily Restricted	Total
Revenue, gains and other support:			
Assessment revenue	\$ 2,403,916	\$ -	\$ 2,403,916
Contributions	81,085	700	81,785
Grants	35,000	15,000	50,000
Interest and other income	11,405	-	11,405
Special events income	1,319	-	1,319
Net assets released from restrictions	15,000	(15,000)	-
	<u>2,547,725</u>	<u>700</u>	<u>2,548,425</u>
Expenses:			
Program services	2,080,691	-	2,080,691
Supporting services:			
Management and administrative	296,827	-	296,827
Fundraising	29,495	-	29,495
	<u>2,407,013</u>	<u>-</u>	<u>2,407,013</u>
Change in net assets	140,712	700	141,412
Net assets:			
Beginning of year	<u>2,512,786</u>	<u>15,000</u>	<u>2,527,786</u>
End of year	<u>\$ 2,653,498</u>	<u>\$ 15,700</u>	<u>\$ 2,669,198</u>

YERBA BUENA COMMUNITY BENEFIT DISTRICT
STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30,

	2012		
	Unrestricted	Temporarily Restricted	Total
Revenue, gains and other support:			
Assessment revenue	\$ 2,405,445	\$ -	\$ 2,405,445
Contributions	99,831	-	99,831
Grants	25,500	15,000	40,500
Interest and other income	4,304	-	4,304
Special events income	1,487	-	1,487
Total revenue, gains and other support	<u>2,536,567</u>	<u>15,000</u>	<u>2,551,567</u>
Expenses:			
Program services	2,052,230	-	2,052,230
Supporting services:			
Management and administrative	312,240	-	312,240
Fundraising	28,697	-	28,697
Total expenses	<u>2,393,167</u>	<u>-</u>	<u>2,393,167</u>
Change in net assets	143,400	15,000	158,400
Net assets:			
Beginning of year	<u>2,369,386</u>	<u>-</u>	<u>2,369,386</u>
End of year	<u>\$ 2,512,786</u>	<u>\$ 15,000</u>	<u>\$ 2,527,786</u>

YERBA BUENA COMMUNITY BENEFIT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	Program Services			Supporting Services		
	Sidewalk Operations and Beautification	District Identity and Streetscape Improvements	Total	Management and Administrative	Fundraising	Total
Cleaning services	\$ 568,032	\$ -	\$ 568,032	\$ -	\$ -	\$ 568,032
Community guides	455,580	-	455,580	-	-	455,580
Police services	326,699	-	326,699	-	-	326,699
Salaries and benefits	82,787	70,415	153,202	109,719	20,907	283,828
Grants	49,300	125,000	174,300	-	-	174,300
Consulting fees	-	48,068	48,068	79,403	-	127,471
Greening	101,511	-	101,511	-	-	101,511
Marketing and branding	-	75,609	75,609	2,711	-	78,320
Special events	-	64,166	64,166	-	-	64,166
In-kind goods and services	5,250	64,512	69,762	1,323	7,000	78,085
Rent and utilities	600	150	750	35,974	-	36,724
Donations and contributions	26,791	-	26,791	-	-	26,791
Depreciation and amortization	-	-	-	24,747	-	24,747
Payroll taxes	6,025	5,124	11,149	7,616	1,522	20,287
Bad debts	-	-	-	15,766	-	15,766
Office supplies and postage	597	4,040	4,637	9,546	48	14,231
Insurance	-	-	-	5,457	-	5,457
Payroll processing fees	-	-	-	2,548	-	2,548
Dues and subscriptions	-	-	-	1,848	-	1,848
Uniforms	435	-	435	-	-	435
Other expenses	-	-	-	169	18	187
	<u>\$ 1,623,607</u>	<u>\$ 457,084</u>	<u>\$ 2,080,691</u>	<u>\$ 296,827</u>	<u>\$ 29,495</u>	<u>\$ 2,407,013</u>

YERBA BUENA COMMUNITY BENEFIT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

Year Ended June 30, 2012

	Program Services			Supporting Services		
	Sidewalk Operations and Beautification	District Identity and Streetscape Improvements	Total	Management and Administrative	Fundraising	Total
Cleaning services	\$ 568,032	\$ -	\$ 568,032	\$ -	\$ -	\$ 568,032
Community guides	455,580	-	455,580	-	-	455,580
Police services	332,881	-	332,881	-	-	332,881
Salaries and benefits	66,866	53,041	119,907	134,636	19,529	274,072
Grants	130,000	49,200	179,200	-	-	179,200
Greening	123,147	-	123,147	-	-	123,147
Consulting fees	-	19,215	19,215	77,654	-	96,869
In-kind goods and services	40,495	33,568	74,063	13,956	7,812	95,831
Marketing and branding	1,500	78,019	79,519	5,089	-	84,608
Special events	9,867	72,904	82,771	-	-	82,771
Rent and utilities	-	-	-	34,124	-	34,124
Payroll taxes	4,912	3,900	8,812	8,675	1,356	18,843
Depreciation and amortization	-	-	-	18,052	-	18,052
Office supplies and postage	1,166	3,350	4,516	8,412	-	12,928
Insurance	-	-	-	5,559	-	5,559
Uniforms	3,137	-	3,137	-	-	3,137
Payroll processing fees	-	-	-	2,669	-	2,669
Dues and subscriptions	-	-	-	2,411	-	2,411
Donations and contributions	1,450	-	1,450	60	-	1,510
Other expenses	-	-	-	943	-	943
	<u>\$ 1,739,033</u>	<u>\$ 313,197</u>	<u>\$ 2,052,230</u>	<u>\$ 312,240</u>	<u>\$ 28,697</u>	<u>\$ 2,393,167</u>

YERBA BUENA COMMUNITY BENEFIT DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended June 30,

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 141,412	\$ 158,400
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	15,766	-
Depreciation and amortization	24,747	18,052
(Increase) decrease in assets:		
Assessments receivable	(191,798)	327,206
Prepaid expenses	(2,009)	(4,301)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	10,982	(2,827)
Accrued benefits	5,163	5,816
	4,263	502,346
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of capital assets	(20,893)	(26,528)
Net cash used by investing activities	(20,893)	(26,528)
Net increase (decrease) in cash and cash equivalents	(16,630)	475,818
Cash and cash equivalents:		
Beginning of year	2,553,515	2,077,697
End of year	\$ 2,536,885	\$ 2,553,515

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose and Organization

The Yerba Buena Community Benefit District (the YBCBD) was formed in 2008 by property owners to improve the quality of life in the area by making the area cleaner, safer, and more vibrant. The YBCBD has a contract with the City and County of San Francisco (the City) for a term of seven years expiring on December 31, 2015. The YBCBD stretches from about Second to Fifth and Market to Harrison Streets in San Francisco, California.

The YBCBD exists to implement programs to create a neighborhood that is safer, cleaner, greener and a better place to conduct business. These programs and services are funded by district property owners in the Yerba Buena neighborhood.

The YBCBD's mission statement is as follows:

The Yerba Buena Community Benefit District will advance the quality of life for residents and visitors in the Yerba Buena Neighborhood and San Francisco on an ongoing basis by fostering a safer and more secure community, enhancing environmental quality and beauty, and reinforcing the viability of our economic base.

Programs and services provided by the YBCBD are:

- **Clean Team** - The Clean Team works to improve the appearance and cleanliness of the district daily from 6:00am to 8:30pm. They steam clean all sidewalks in the district twice a month, work daily on sidewalk cleaning and gutter sweeping, and remove trash on a frequent basis. They also pull weeds, clean tree wells, remove graffiti, and paint poles, mailboxes, and fire plugs.
- **Community Guides Program** - The Community Guides serve as goodwill ambassadors in the neighborhood. Guides provide information, directions, and connect those who need help to the right social services. They report maintenance issues such as areas in need of cleaning. They do not provide emergency response, but will call emergency dispatch to report issues. Up to six guides work weekdays 6:00am to 9:00pm and weekends 8:00am to 10:00pm.
- **SFPD 10B Officer** - In addition to existing police services, the San Francisco Police Department (SFPD) provides officers to the YBCBD under City Administrative Code Section 10B. These officers are funded by the YBCBD. The 10B officer primarily addresses quality of life issues within the neighborhood and within the purview of SFPD, such as issuing citations for drinking, trespassing, permit violations, littering, and pedestrian safety infractions. The additional police presence adds 70 hours per week of police time to the 5,000 hours a week already provided by the Southern District Police Station.
- **Business Development** - Marketing programs help strengthen the area's economic viability to make it more inviting to businesses and visitors. The YBCBD is working to develop a neighborhood brand/identity, organize events to draw people to the area, and produce promotional materials, such as district maps, brochures and newsletters.
- **Greening** - Activities are being developed and may include tree planting, hanging flower baskets, and other streetscape improvements.

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purpose and Organization (Continued)

- **Community Benefit Fund** - The YBCBD Community Benefit Fund supports district initiatives by providing small grants to programs in the neighborhood that help to achieve the mission of the YBCBD.

Basis of Accounting

The YBCBD prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Classification of Net Assets

YBCBD reports 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. Accordingly, the net assets of the YBCBD are classified and reported as described below:

Unrestricted: Those net assets and activities which represent the portion of expendable funds that are available to support the YBCBD's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily Restricted: Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently Restricted: Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

As of June 30, 2013 and 2012, the YBCBD did not have any net assets meeting the definition of permanently restricted.

Estimates

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

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The YBCBD considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Assessments Receivable

Assessments receivable represents obligations of local property owners due to the YBCBD. Unpaid receivables do not accrue interest.

The YBCBD uses the allowance method to account for uncollectible assessments. The allowance for uncollectible assessments receivable reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year. As of June 30, 2013 and 2012, the allowance for uncollectible assessments was \$283,682 and \$267,916, respectively.

Capital Assets

The YBCBD capitalizes acquisitions of capital assets with a cost or value in excess of \$1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of acquisition. Depreciation on furniture and equipment is calculated using the straight-line method based upon estimated useful lives ranging from 3 to 10 years. Website development costs are amortized using the straight-line method over 3 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities.

Revenue Recognition

Assessment Revenue

The YBCBD receives its support primarily from a special assessment levied by the City on properties located within the YBCBD in accordance with City Ordinance. The assessment is recorded by the YBCBD when earned. The City remits the assessments to the YBCBD as the assessments are collected from the property owners. Interest is not charged on late assessments, however late penalties are charged in accordance with the City's policy.

Contributions

The YBCBD recognizes all contributions in the year of receipt, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction. Contributions with donor-imposed restrictions and investment income generated from such investments that are complied with in the year of receipt are reported as unrestricted support.

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions (Continued)

The satisfaction of a donor-imposed restriction on a contribution is recognized when the corresponding expenditures are incurred or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statements of activities. Such transactions are recorded as *net assets released from restrictions* and are reported separately from other transactions.

Contributed Goods and Services

Donated material and equipment are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the YBCBD reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The YBCBD reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The YBCBD records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the years ended June 30, 2013 and 2012, the YBCBD received contributed goods and services in the amounts of \$78,085 and \$95,831, respectively.

Advertising

The costs of advertising are charged to expense as incurred. Advertising expense for the years ended June 30, 2013 and 2012 was \$60,081 and \$57,458, respectively.

Income Taxes

The YBCBD is a qualified organization exempt from federal and state income taxes under §501(c)(3) of the Internal Revenue Code and §23701f of the California Revenue and Taxation Code, respectively.

The YBCBD recognizes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return and requires the affirmative evaluation that is more-likely-than-not, based on the technical merits of a tax position, that an organization is entitled to economic benefits resulting from tax positions taken in income tax returns. For tax exempt entities, favorable tax status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax-exempt status.

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements.

The YBCBD's evaluation on June 30, 2013 revealed no tax positions that would have a material impact on the financial statements. The 2009 through 2012 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2008 through 2012 tax years remain subject to examination by the California Franchise Tax Board. The YBCBD does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Concentrations of Risk

Financial Instruments

Financial instruments which potentially subject the YBCBD to concentrations of credit risk consist principally of cash and cash equivalents. The YBCBD maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. The YBCBD has not experienced any losses in such accounts. Management believes that the YBCBD is not exposed to any significant credit risk related to concentrations.

Assessments Receivable

As of June 30, 2013 and 2012, 36% and 21% of the assessments receivable were due from two property owners, respectively.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis for the years ended June 30, 2013 and 2012 in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an analysis of personnel time by each program.

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

2. CAPITAL ASSETS

Capital assets, net at June 30 consist of the following:

	2013	2012
Website development	\$ 71,532	\$ 68,795
Furniture and equipment	4,078	4,078
Less accumulated depreciation and amortization	(45,042)	(20,295)
	30,568	52,578
Construction in progress	18,156	-
	\$ 48,724	\$ 52,578

For the years ended June 30, 2013 and 2012, depreciation and amortization expense was \$24,747 and \$18,052, respectively.

3. UNRESTRICTED NET ASSETS

Unrestricted net assets at June 30 consist of the following:

	2013	2012
Sidewalk Operations and Beautification	\$ 1,325,806	\$ 1,397,794
Contingency/Reserve	896,757	708,515
Administration	298,788	115,765
District Identity and Streetscape Improvement	83,423	238,134
Invested in capital assets	48,724	52,578
	\$ 2,653,498	\$ 2,512,786

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 consist of \$15,700 for the 2013-14 Yerba Buena Night and the 2013-14 Yerba Buena Family Day. Temporarily restricted net assets at June 30, 2012 consist of \$15,000 for the 2012-13 Yerba Buena Night and the 2012-13 Yerba Buena Family Day.

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

5. NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended June 30, 2013, net assets totaling \$15,000 were released from restriction in connection with the 2012-13 Yerba Buena Night and the 2012-13 Yerba Buena Family Day.

6. GRANTS

The YBCBD distributes annual grants called Community Benefits Fund grants to community organizations providing services, within the district, that support the improvements and activities of the YBCBD. Grant expense for the years ended June 30, 2013 and 2012 was \$174,300 and \$179,200, respectively.

7. COMMITMENTS

Leases

The YBCBD is obligated under a noncancelable operating lease agreement for office space in San Francisco, California. The term of the lease is August 15, 2009 through August 14, 2015.

The YBCBD also leases office equipment with monthly lease payments expiring in August 2013. During the year ended June 30, 2013 this lease was amended to, among other things, extend the lease term through December 31, 2015.

The following is a schedule of minimum lease commitments for the years ending June 30:

2014	\$ 31,425
2015	32,372
2016	<u>5,178</u>
	<u><u>\$ 68,975</u></u>

Rent expense for the years ended June 30, 2013 and 2012 was \$26,493 and \$24,396, respectively.

Construction

The YBCBD has made a commitment for the construction of five park benches to be installed throughout the district. The cost of the project is estimated to be approximately \$35,000 and will be funded partially by a grant from the City. As of June 30, 2013 the YBCBD paid \$18,156 of this commitment.

7. RELATED PARTY TRANSACTIONS

Members of the YBCBD's Board are also associated with organizations that received Community Benefit Fund grants from the YBCBD. Pursuant to the YBCBD's conflict of interest policy, all conflicted YBCBD board members refrain from the decision-making process and abstain from the voting process.

YERBA BUENA COMMUNITY BENEFIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

7. RELATED PARTY TRANSACTIONS (CONTINUED)

The YBCBD has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each Board member is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the YBCBD does business with an entity in which a Board member has a material financial interest. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the YBCBD, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the YBCBD, in accordance with applicable conflict of interest laws. Community Benefit Fund grants paid to related parties for the years ended June 30, 2013 and 2012 totaled, \$57,500 and \$72,250, respectively.

8. SUBSEQUENT EVENTS

The YBCBD has evaluated all subsequent events through August 27, 2013, the date the financial statements were available to be issued.