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# **NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT**

## **FINANCIAL STATEMENTS**

**June 30, 2014**

**(With Comparative Totals for the Year Ended June 30, 2013)**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

# Noe Valley Association, a Community Benefit District

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

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

We have reviewed the accompanying statements of financial position of Noe Valley Association, a Community Benefit District (a nonprofit organization) as of June 30, 2014, and the related statements of activities, cash flows, and functional expenses for the year 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 control 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  
October 13, 2014

Noe Valley Association, a Community Benefit District

Statement of Financial Position  
June 30, 2014  
(With Comparative Totals for June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash	\$ 231,438	\$ 210,632
Assessment receivable	3,334	2,899
Accounts receivable	2,179	-
Prepaid expenses	<u>-</u>	<u>100</u>
Total Assets	<u>\$ 236,951</u>	<u>\$ 213,631</u>
<b>Liabilities and Net Assets</b>		
Liabilities	\$ -	\$ -
Concentrations and contingencies (Notes 3 and 4)		
Unrestricted net assets	233,693	210,373
Temporarily restricted net assets (Note 5)	<u>3,258</u>	<u>3,258</u>
Total Net Assets	<u>236,951</u>	<u>213,631</u>
Total Liabilities and Net Assets	<u>\$ 236,951</u>	<u>\$ 213,631</u>

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

Noe Valley Association, a Community Benefit District

Statement of Activities  
 For the Year Ended June 30, 2014  
 (With Comparative Totals for the Year Ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
<b>Support and Revenue</b>				
Assessment revenue	\$ 247,526	\$	\$ 247,526	\$ 235,301
Harvest festival	15,049	15,250	30,299	45,245
Donations	2,000		2,000	1,725
Interest	629		629	683
Net assets released from donor restriction (Note 5)	15,250	(15,250)	-	-
<b>Total Support and Revenue</b>	<u>280,454</u>	<u>-</u>	<u>280,454</u>	<u>282,954</u>
<b>Expenses</b>				
Program	222,017		222,017	222,907
General and administrative	23,681		23,681	25,016
Fundraising	11,436		11,436	12,201
<b>Total Expenses</b>	<u>257,134</u>	<u>-</u>	<u>257,134</u>	<u>260,124</u>
Change in net assets	<u>23,320</u>	<u>-</u>	<u>23,320</u>	<u>22,830</u>
Net Assets, beginning of year	<u>210,373</u>	<u>3,258</u>	<u>213,631</u>	<u>190,801</u>
Net Assets, end of year	<u>\$ 233,693</u>	<u>\$ 3,258</u>	<u>\$ 236,951</u>	<u>\$ 213,631</u>

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

Noe Valley Association, a Community Benefit District

Statement of Cash Flows  
For the Year Ended June 30, 2014  
(With Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 23,320	\$ 22,830
Change in assets and liabilities:		
Assessment receivable	(435)	3,255
Accounts receivable	(2,179)	-
Prepaid expenses	100	400
Net cash provided by operating activities	<u>20,806</u>	<u>26,485</u>
Change in cash	<u>20,806</u>	<u>26,485</u>
Cash, beginning of year	<u>210,632</u>	<u>184,147</u>
Cash, end of year	<u>\$ 231,438</u>	<u>\$ 210,632</u>

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

**Noe Valley Association, a Community Benefit District**

**Statement of Functional Expenses  
For the Year Ended June 30, 2014**

**(With Comparative Totals for the Year Ended June 30, 2013)**

	Programs		Total Program	General and Administrative	Fundraising	Total	
	Cleaning and Greening	Harvest Festival				2014	2013
Salaries	\$ 18,000	\$	\$ 18,000	\$ 10,800	\$ 7,200	\$ 36,000	\$ 43,916
Payroll taxes	1,534		1,534	921	614	3,069	3,666
Accounting			-	6,525	-	6,525	6,714
Fee for service	3,685	14,829	18,514	2,211	1,474	22,198	15,884
Advertising and promotions	1,423	4,099	5,522	854	569	6,945	9,176
Supplies	774	953	1,727	465	309	2,501	3,643
Postage	5		5	3	2	9	746
Telephone	225		225	135	90	450	440
Insurance	2,171		2,171	1,302	868	4,341	4,180
Street maintenance	147,591	785	148,376	-	-	148,376	144,066
Streetscape improvement	14,506		14,506	-	-	14,506	14,694
Payroll service	346		346	208	138	692	851
Meetings	362		362	217	145	724	367
Miscellaneous		7,246	7,246	-	-	7,246	7,029
Dues, permits and fees	67	3,417	3,484	40	27	3,551	4,252
Donations			-	-	-	-	500
<b>Total Expenses</b>	<b>\$ 190,689</b>	<b>\$ 31,329</b>	<b>\$ 222,017</b>	<b>\$ 23,681</b>	<b>\$ 11,436</b>	<b>\$ 257,134</b>	<b>\$ 260,124</b>

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

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

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**NOTE 1: NATURE OF ACTIVITIES**

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 benefit district assessment funds from taxes paid by property owners and merchants.

**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.

*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, 2014.

**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.



NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

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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.

**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, 2014.

Although delinquent assessments are subject to penalties and fines, the Organization believes that 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.

**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) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2014 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, 2014.

**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.

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

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**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, 2014.

**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 \$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, 2014.

**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.

**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, 2013, from which the summarized information was derived.

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

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**Reclassifications**

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

**Subsequent Events**

The Organization has evaluated subsequent events and has concluded that as of October 13, 2014 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

**NOTE 3: CONCENTRATIONS**

**Revenue**

For the year ended June 30, 2014 the Organization received 88% 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, may have an effect on the Organization's program and activities.

**NOTE 4: CONTINGENCIES**

Community benefit district assessments are received under agreement with the City and County of San Francisco and assessments have been currently authorized through December 2020. 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.

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: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as follows as of June 30:

	<u>2014</u>	<u>2013</u>
West Portal	\$ 1,758	\$ 1,758
Photo archiving	<u>1,500</u>	<u>1,500</u>
Total	<u>\$ 3,258</u>	<u>\$ 3,258</u>

For the year ending June 30, 2014, temporarily restricted net assets of \$15,250 were released from donor restriction by incurring expenses for the Harvest Festival.