
NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

FINANCIAL STATEMENTS

June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

North of Market/Tenderloin Community Benefit Corporation

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

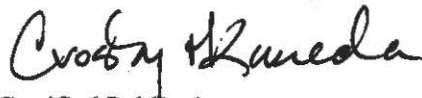
Board of Directors
North of Market/Tenderloin Community Benefit Corporation
San Francisco, California

We have reviewed the accompanying statements of financial position of North of Market/Tenderloin Community Benefit Corporation (a nonprofit organization) as of June 30, 2013, 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.



Certified Public Accountants
Oakland, California
November 25, 2013

North of Market/Tenderloin Community Benefit Corporation

Statement of Financial Position

June 30, 2013

(With Comparative Totals for the Year Ended June 30, 2012)

	2013	2012
Assets		
Current Assets		
Cash	\$ 584,808	\$ 531,055
Assessments receivable	201,237	235,320
Accounts receivable	1,045	-
Prepaid expenses	2,750	-
Total Current Assets	<u>789,840</u>	<u>766,375</u>
Property and equipment, net	<u>-</u>	<u>1,536</u>
Total Assets	<u>\$ 789,840</u>	<u>\$ 767,911</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 93,238	\$ 32,006
Accrued vacation	1,188	1,441
Total Liabilities	<u>94,426</u>	<u>33,447</u>
Contingencies (Note 3)		
Net Assets		
Unrestricted	683,539	734,464
Temporarily restricted	11,875	-
Total Net Assets	<u>695,414</u>	<u>734,464</u>
Total Liabilities and Net Assets	<u>\$ 789,840</u>	<u>\$ 767,911</u>

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

North of Market/Tenderloin Community Benefit Corporation

**Statement of Activities
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	Unrestricted	Temporarily Restricted	Total	
			2013	2012
Support and Revenue				
Government grants	\$	\$	\$	\$ 11,556
Donations	8,200		8,200	8,407
Foundation and corporate grants	14,265	25,000	39,265	-
Assessment revenue	988,538		988,538	982,255
Interest income	292		292	347
Net assets released from donor restrictions	13,125	(13,125)	-	-
Total Support and Revenue	<u>1,024,420</u>	<u>11,875</u>	<u>1,036,295</u>	<u>1,002,565</u>
Expenses				
Program	977,211		977,211	956,790
General and administrative	90,542		90,542	104,154
Fundraising	7,592		7,592	-
Total Expenses	<u>1,075,345</u>	<u>-</u>	<u>1,075,345</u>	<u>1,060,944</u>
Change in Net Assets	(50,925)	11,875	(39,050)	(58,379)
Net Assets, beginning of year	<u>734,464</u>	<u>-</u>	<u>734,464</u>	<u>792,843</u>
Net Assets, end of year	<u>\$ 683,539</u>	<u>\$ 11,875</u>	<u>\$ 695,414</u>	<u>\$ 734,464</u>

See Independent Accountants' Review Report and
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North of Market/Tenderloin Community Benefit Corporation

Statement of Cash Flows
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (39,050)	\$ (58,379)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	1,536	1,637
Change in assets and liabilities:		
Assessments receivable	34,083	29,019
Accounts receivable	(1,045)	-
Grants receivable	-	38,440
Prepaid expenses	(2,750)	-
Accounts payable and accrued expenses	61,232	(54,139)
Accrued vacation	(253)	1,441
Net cash provided (used) by operating activities	<u>53,753</u>	<u>(41,981)</u>
Cash flows from investing activities:		
Equipment purchases	-	(2,373)
Net cash used by investing activities	<u>-</u>	<u>(2,373)</u>
Net change in cash	<u>53,753</u>	<u>(44,354)</u>
Cash, beginning of year	<u>531,055</u>	<u>575,409</u>
Cash, end of year	<u>\$ 584,808</u>	<u>\$ 531,055</u>

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North of Market/Tenderloin Community Benefit Corporation

**Statement of Functional Expenses
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)**

	Program			Total Program	General and Administrative	Fundraising	Total	
	PROW	DISI	General				2013	2012
Salaries	\$ 25,366	\$ 4,874	\$ 36,394	\$ 66,634	\$ 26,658	\$ 6,154	\$ 99,446	\$ 73,555
Pension contributions	289	44	394	727	2,265	61	3,053	2,526
Employee benefits	283	56	376	715	1,393	37	2,145	-
Payroll taxes	2,319	431	3,301	6,051	2,387	551	8,989	6,408
Total Personnel	<u>28,257</u>	<u>5,405</u>	<u>40,465</u>	<u>74,127</u>	<u>32,703</u>	<u>6,803</u>	<u>113,633</u>	<u>82,489</u>
Grants	66,273			66,273	-	-	66,273	93,358
Fees for service	790,517	691	12,801	804,009	11,593	239	815,841	782,934
Occupancy	1,656	253	2,260	4,169	8,568	351	13,088	21,630
Office expenses/supplies	1,221	20,178	3,484	24,883	13,756	70	38,709	12,564
Accounting fees					14,381	-	14,381	11,575
Advertising and promotion		824	614	1,438	47	-	1,485	8,210
Insurance	459	107	695	1,261	1,223	129	2,613	6,314
Bank fees, payroll services		519		519	229	-	748	2,314
Travel and meals		500		500	227	-	727	2,000
Conferences, conventions, meetings				-	6,024	-	6,024	6,749
Depreciation				-	1,536	-	1,536	1,637
Miscellaneous			32	32	255	-	287	126
Total Expenses	<u>\$ 888,383</u>	<u>\$ 28,477</u>	<u>\$ 60,351</u>	<u>\$ 977,211</u>	<u>\$ 90,542</u>	<u>\$ 7,592</u>	<u>\$ 1,075,345</u>	<u>\$ 1,031,900</u>

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

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

NOTE 1: NATURE OF ACTIVITIES

The North of Market/Tenderloin Community Benefit Corporation (the Organization) is a California nonprofit public benefit corporation, which was established in 2005. The ultimate goal of the North of Market/Tenderloin Community Benefit Corporation is to provide systematic cleaning and beautification services to all of the parcels in the historic Tenderloin district. The North of Market/Tenderloin Community Benefit Corporation is funded entirely by special assessments levied on properties within the district. The annual assessment rate for properties is equal to \$0.12500 per square foot of *lot size*, plus \$8.25 per *linear foot of lot frontage*, plus \$0.03 per square foot of non-exempted *building area*. The North of Market/Tenderloin Community Benefit Corporation executes its mandate to provide cleaning and beautification services with a committee-based structure made up of the following committees:

Organization and or Executive Committee oversees staff and contracts, corporate finances, insurance, grants, budget development, bylaws and policies, generation of Board agendas and meetings, etc.

Public Rights of Way and Sidewalk Operations Committee oversees cleaning services in the public right of way such as sidewalk sweeping, steam cleaning, tree planting and maintenance, and relations with the San Francisco Department of Public Works.

District Identity and Streetscape Improvement Committee oversees projects that promote the district and positive aspects of District Identity.

Community Advisory Board Committee oversees outreach, relations with community organizations and community partners, and assistance with resident needs. It also identifies and promotes positive land use in the district.

Development Committee oversees the development of fundraising strategies and supplemental support for the Organization and its activities.

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.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

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, 2013.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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, 2013.

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.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

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FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

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, 2013 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, 2013.

Estimates

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

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

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, 2013.

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 \$5,000 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, 2013.

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, 2012, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of November 25, 2013 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NORTH OF MARKET/TENDERLOIN COMMUNITY BENEFIT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

NOTE 3: CONTINGENCIES

Community benefit district assessments are received under agreement with the City and County of San Francisco and assessments have been currently authorized through June 2020. The assessments and related revenue to the organization may be terminated at an earlier date if the community benefit district which funds the Organizations 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 4: CONCENTRATIONS

Revenue

For the ended June 30, 2013, the Organization received 95% of its revenue from community benefit district assessments on property owners in the North of Market/Tenderloin 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.