

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT**

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**YEAR ENDED JUNE 30, 2016**

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT**

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

We have reviewed the accompanying financial statements of Dogpatch & Northwest Potrero Hill Green Benefit District (a California nonprofit corporation), which comprise of the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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.

### **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 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.

A handwritten signature in black ink, appearing to read "D. M. S.", is written over a faint, illegible printed name.

Oakland, California  
January 12, 2017

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

| <b>ASSETS</b>                     |                   |
|-----------------------------------|-------------------|
| <b>CURRENT ASSETS</b>             |                   |
| Cash and cash equivalents         | \$ 329,540        |
| Accounts receivable               | 9,433             |
| Total current assets              | <u>338,973</u>    |
| <b>OTHER ASSETS</b>               |                   |
| Prepays and deposits              | <u>1,818</u>      |
| Total other assets                | <u>1,818</u>      |
| Total assets                      | <u>\$ 340,791</u> |
| <b>LIABILITIES AND NET ASSETS</b> |                   |
| <b>CURRENT LIABILITIES</b>        |                   |
| Accounts payable                  | \$ <u>46,104</u>  |
| Total liabilities                 | 46,104            |
| <b>NET ASSETS</b>                 |                   |
| Unrestricted                      |                   |
| Board-designated                  | <u>294,687</u>    |
| Total net assets                  | 294,687           |
| Total liabilities and net assets  | <u>\$ 340,791</u> |

See accompanying notes and independent accountant's review report.

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

CHANGES IN UNRESTRICTED NET ASSETS

|  |    |                       |
|--|----|-----------------------|
| Revenues                                     |    |                       |
| Assessments                                  | \$ |                       |
| Assessment revenue                           |    | 498,402               |
| Less assessment adjustments                  |    | (42,724)              |
| Penalties                                    |    | 1,667                 |
|  |    | <u>457,345</u>        |
| Donations                                    |    | 22,500                |
| In-kind donations                            |    | 21,560                |
| Total revenues                               |    | <u>501,405</u>        |
| Expenses                                     |    |                       |
| Programs services                            |    | 161,233               |
| Supporting services                          |    |                       |
| Management and general                       |    | 45,590                |
| Fundraising                                  |    | -                     |
| Total expenses                               |    | <u>206,823</u>        |
| Other income (expenses and losses)           |    |                       |
| Interest income                              |    | 105                   |
|  |    | <u>294,687</u>        |
| CHANGES IN UNRESTRICTED NET ASSETS           |    | 294,687               |
| Unrestricted net assets at beginning of year |    | <u>-</u>              |
| Unrestricted net assets at end of year       | \$ | <u><u>294,687</u></u> |

See accompanying notes and independent accountant's review report.

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016**

|                            | <u>Program Services</u> |                |                       | <u>Supporting Services</u>    |                    | <u>Total</u>      |
|----------------------------|-------------------------|----------------|-----------------------|-------------------------------|--------------------|-------------------|
|                            | <u>Maintenance</u>      | <u>Capital</u> | <u>Accountability</u> | <u>Management and General</u> | <u>Fundraising</u> |                   |
| Advertising and promotion  | \$ -                    | -              | 8,555                 | -                             | -                  | \$ 8,555          |
| Cleaning                   | 11,870                  | -              | -                     | -                             | -                  | 11,870            |
| Community relations        | -                       | -              | 14,358                | -                             | -                  | 14,358            |
| Dues and membership        | -                       | -              | -                     | 225                           | -                  | 225               |
| Finance and legal services | -                       | 18,124         | 2,915                 | 14,027                        | -                  | 35,066            |
| In-kind                    | -                       | -              | -                     | 21,560                        | -                  | 21,560            |
| Insurance                  | -                       | -              | -                     | 2,518                         | -                  | 2,518             |
| Landscaping                | 33,159                  | -              | -                     | -                             | -                  | 33,159            |
| Organizational cost        | -                       | -              | -                     | 1,092                         | -                  | 1,092             |
| Other                      | -                       | -              | -                     | 3,707                         | -                  | 3,706             |
| Parks improvements         | -                       | 45,743         | -                     | -                             | -                  | 45,743            |
| Professional services      | 1,519                   | 790            | 16,813                | 2,461                         | -                  | 21,583            |
| Street improvements        | -                       | 2,090          | -                     | -                             | -                  | 2,090             |
| Tree care                  | 5,298                   | -              | -                     | -                             | -                  | 5,298             |
| Total operating expenses   | \$ <u>51,846</u>        | <u>66,746</u>  | <u>42,641</u>         | \$ <u>45,590</u>              | \$ <u>-</u>        | \$ <u>206,823</u> |

See accompanying notes and independent accountant's review report.

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

|  |            |
|--|------------|
| CASH FLOW FROM OPERATING ACTIVITIES  |            |
| Changes in net assets  | \$ 294,687 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |            |
| Increase (decrease) in operating assets:   |            |
| Accounts receivable  | (9,433)    |
| Prepays and deposits   | (1,818)    |
| Increase (decrease) in operating liabilities:  |            |
| Accounts payable   | 46,104     |
|  | 329,540    |
| Net cash provided by operating activities  | 329,540    |
| Net change in cash and cash equivalents  | 329,540    |
| CASH AND CASH EQUIVALENTS, beginning of year   | -          |
| CASH AND CASH EQUIVALENTS, end of year   | \$ 329,540 |

See accompanying notes and independent accountant's review report.

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

**DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT** (the Organization) is a nonprofit organization that was incorporated on August 28, 2015 as a non-profit corporation under the laws of the State of California. The Organization provides services in two districts in San Francisco: Dogpatch and Northwest Potrero Hill. The Organization's purpose is to improve the maintenance of existing publicly accessible green spaces including open spaces, parks, informal community gardens, and sidewalk greenings; to develop new green infrastructure; to improve the long-term ecological health of the neighborhood; and to fund the creation of new open spaces, parks, and gardens. The Organization collaborates with landowners, tenants, developers, condominium owners, renters, and advocates for open spaces, parks, and gardens. The Organization was established to incorporate the vision of land occupiers with the Organization's vision and mission.

The Organization's mission is to create, expand, enhance, clean, and maintain open spaces, parks, play areas, plazas, parklets, gardens, sidewalk greenings, and other such physical public realm areas within the boundaries of Dogpatch and Northwest Potrero Hill districts. The Organization promotes sound ecological practices and green infrastructure with a locally controlled, sustainable, and transparent funding structure, and supports community volunteer efforts.

***Maintenance***

The Organization hires and oversees landscape maintenance and janitorial contractors. Landscape maintenance is provided to the green spaces of Dogpatch and Northwest Potrero Hill districts. These are largely green spaces created by neighbors on properties owned and managed by a variety of City of San Francisco and California state agencies such as Public Works, the Municipal Transportation Agency, Caltrans, etc. The Organization provides janitorial services that includes sidewalk cleaning, trash removal, and graffiti abatement.

***Capital***

Capital projects include repairs or upgrades to existing green spaces or the addition of new green spaces. The Organization provides capital improvements to the projects such as major walking path upgrades, retaining wall replacement, installation of irrigation systems, the replacement of a weedy verge with formal plantings, renovation of a public plaza, and expansion of pocket parks.

***Accountability and Citizen Services***

The Organization connects and communicates with residents and businesses and advocates for their interests to City of San Francisco and California state departments, and elected officials regarding new green projects and improving green areas in San Francisco.



## **Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

### **Financial Statement Presentation**

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. Under *FASB ASC 958*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Unrestricted Net Assets* are resources available to support operations. The only limits on the use of unrestricted 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. Also, contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Unrestricted net assets may be designated for specific purposes by the Board of Directors.

*Temporarily Restricted Net Assets* consist of resources subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become unrestricted at the date specified by the donor. The donor-restricted assets are resources for (a) support of specific operating activities; (b) investment for specified term; (c) use in a specific future period; or (d) acquisition of long-lived assets. The Organization had no temporarily restricted assets as of June 30, 2016.

*Permanently Restricted Net Assets* are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted assets as of June 30, 2016.

### **Board Designation of Unrestricted Net Assets**

It is the policy of the Board of Directors of the Organization to review its plans for future services periodically and to designate appropriate sums of unrestricted net assets to assure compliance with its Management Plan for Dogpatch and Northwest Potrero Hill Green Benefit District (GBD).

## **Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

### **Cash and Cash Equivalents**

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

### **Contributions**

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is 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 either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. 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 temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

### **Donated Assets**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are also recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

## **Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

### **Concentration of Revenue**

The Organization received approximately 93% of its revenue from the City of San Francisco. Each property owner in the GBD pays an assessment based on a formula calculated on objective parcel criteria, as defined in The Management Plan. This assessment is collected twice a year through owners' personal tax bills. The GBD assessment is collected and enforced by the City and County of San Francisco's Treasurer and Tax Collector that in turn, transfers the assessment payments to the Organization.

### **Fair Value of Financial Instruments**

The carrying amounts of cash, accounts receivable, and accounts payable approximate fair value because of the short maturity of these instruments.

### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from both federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under similar state provisions. Accordingly, no provision for income taxes has been made in the accompanying financial statements. It is the opinion of management that all income earned has been related to the Organization's tax-exempt status, and there has been no unrelated business income.

*ASC 740-10* requires an organization to determine whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the 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 Organization has no assets or liabilities related to uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### **Expense Recognition and Allocation**

The costs of providing various programs and other activities are summarized on a functional basis in the 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 benefited. General and administrative 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

**Note 2. Concentrations of Credit Risk**

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and accounts receivable. The Organization places its cash and in banks that are insured in limited amounts by the U.S. Government. Due to operational requirements, the Organization’s checking and other deposit accounts may be maintained with a balance in excess of the \$250,000 federally insured limit. As of June 30, 2016, deposits in amount of \$87,444 were not FDIC insured.

**Note 3. Advertising Expenses**

Non direct-response advertising costs are expensed when the advertising first occurs.

**Note 4. Donated Services and Other In-Kind Contributions**

Donated services are recognized as contributions 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.

During the year ended June 30, 2016, the Organization received a significant amount of donated services from unpaid volunteers who assisted with building maintenance, landscaping, cooking and providing administrative support that do not satisfy the criteria for recognition under FASB ASC 958-605-25-16.

The Organization received about 80 volunteer hours for the year ended June 30, 2016.

Additionally, the Organization received free meeting spaces and various professional services. Donated meeting spaces and professional services for the year ended June 30, 2016 were as followed:

|                       |    |               |
|-----------------------|----|---------------|
| Meeting spaces        | \$ | 9,450         |
| Professional services |    | <u>12,110</u> |
| Total                 | \$ | <u>21,560</u> |

The estimated fair value of in-kind contribution for the year ended June 30, 2016 is recorded in the accompanying statement of activity.

**Note 5. Related Party Transactions**

The Organization has five members of the Board of Directors who are also governmental officials with the City and County of San Francisco.

**Note 6. Subsequent Events**

The Organization's management evaluated subsequent events through January 12, 2017, the date these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in such financial statements.