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

## **FINANCIAL STATEMENTS**

**June 30, 2019**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

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

Contents

|  |      |
|--|------|
| Independent Accountants' Review Report | 1-2  |
| Financial Statements:                  |      |
| Statement of Financial Position        | 3    |
| Statement of Activities                | 4    |
| Statement of Cash Flows                | 5    |
| Statement of Functional Expenses       | 6    |
| Notes to the Financial Statements      | 7-12 |

**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, 2019, 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'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.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for the year ended June 30, 2019 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, 2018 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 December 10, 2018. We have not performed procedures in connection with that review engagement since that date.

*Croody & Lameda CPAs LLP*

Oakland, California  
September 26, 2019

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

**Statement of Financial Position  
June 30, 2019  
(With Comparative Totals as of June 30, 2018)**

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|                                   | <u>2019</u>       | <u>2018</u>       |
|-----------------------------------|-------------------|-------------------|
| <b>Assets</b>                     |                   |                   |
| Cash and cash equivalents         | \$ 312,050        | \$ 295,175        |
| Assessments receivable            | 4,309             | 2,927             |
| Due from City                     | <u>-</u>          | <u>1,787</u>      |
| Total Assets                      | <u>\$ 316,359</u> | <u>\$ 299,889</u> |
| <b>Liabilities and Net Assets</b> |                   |                   |
| Contingencies (Note 4)            |                   |                   |
| Net Assets                        |                   |                   |
| Without donor restrictions        | \$ 288,637        | \$ 284,448        |
| With donor restrictions (Note 5)  | <u>27,722</u>     | <u>15,441</u>     |
| Total Net Assets                  | <u>316,359</u>    | <u>299,889</u>    |
| Total Liabilities and Net Assets  | <u>\$ 316,359</u> | <u>\$ 299,889</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, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

|  | Without Donor     | With Donor       | Total             |                   |
|--|-------------------|------------------|-------------------|-------------------|
|  | Restrictions      | Restrictions     | 2019              | 2018              |
| <b>Support and Revenue</b>               |                   |                  |                   |                   |
| Assessments revenue                      | \$ 265,656        | \$               | \$ 265,656        | \$ 265,123        |
| Late fees and other charges              |                   |                  | -                 | 7,159             |
| Fiscal projects                          | 19,036            | 93,206           | 112,242           | 93,788            |
| Donations                                | 32,920            |                  | 32,920            | 8,005             |
| Miscellaneous                            | 1,000             |                  | 1,000             | -                 |
| Interest                                 | 883               |                  | 883               | 619               |
| Support provided by purpose restrictions | 80,925            | (80,925)         | -                 | -                 |
| Total Support and Revenue                | <u>400,420</u>    | <u>12,281</u>    | <u>412,701</u>    | <u>374,694</u>    |
| <b>Expenses</b>                          |                   |                  |                   |                   |
| Program                                  | 347,256           |                  | 347,256           | 294,427           |
| Management and general                   | 38,806            |                  | 38,806            | 31,524            |
| Fundraising                              | 10,169            |                  | 10,169            | 6,980             |
| Total Expenses                           | <u>396,231</u>    | <u>-</u>         | <u>396,231</u>    | <u>332,931</u>    |
| Change in net assets                     | 4,189             | 12,281           | 16,470            | 41,763            |
| Net Assets, beginning of year            | <u>284,448</u>    | <u>15,441</u>    | <u>299,889</u>    | <u>258,126</u>    |
| Net Assets, end of year                  | <u>\$ 288,637</u> | <u>\$ 27,722</u> | <u>\$ 316,359</u> | <u>\$ 299,889</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, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

|  | 2019           | 2018           |
|--|----------------|----------------|
| <b>Cash flows from operating activities:</b>   |                |                |
| Change in net assets   | \$ 16,470      | \$ 41,763      |
| Adjustments to reconcile change in net assets to cash<br>provided (used) by operating activities |                |                |
| Change in assets and liabilities:  |                |                |
| Assessments receivable   | (1,382)        | 8,441          |
| Due from City  | 1,787          | (1,286)        |
| Accounts payable and accrued expenses  | -              | (135)          |
| Net cash provided (used) by operating activities   | 16,875         | 48,783         |
| <br>Change in cash and cash equivalents  | <br>16,875     | <br>48,783     |
| <br>Cash and cash equivalents, beginning of year   | <br>\$ 295,175 | <br>\$ 246,392 |
| <br>Cash and cash equivalents, end of year   | <br>\$ 312,050 | <br>\$ 295,175 |

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, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

|                            | Programs             |                    | Total<br>Program  | Managemen<br>and General | Fundraising      | Total             |                   |
|----------------------------|----------------------|--------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
|                            | District<br>Projects | Fiscal<br>Projects |                   |                          |                  | 2019              | 2018              |
| Salaries                   | \$ 25,200            | \$ 32,500          | \$ 57,700         | \$ 12,600                | \$ 4,200         | \$ 74,500         | \$ 42,000         |
| Payroll taxes              | 1,995                | -                  | 1,995             | 998                      | 333              | 3,326             | 3,413             |
| Accounting                 | -                    | -                  | -                 | 8,302                    | -                | 8,302             | 8,836             |
| Fee for service            | 4,651                | -                  | 4,651             | 326                      | 109              | 5,086             | 36,893            |
| Street maintenance         | 185,398              | -                  | 185,398           | -                        | -                | 185,398           | 160,220           |
| Streetscape improvement    | 17,650               | -                  | 17,650            | -                        | -                | 17,650            | 21,412            |
| Advertising and promotions | 3,800                | 6,998              | 10,798            | 1,900                    | 633              | 13,331            | 1,511             |
| Office expenses            | 1,371                | 16,092             | 17,463            | 684                      | 229              | 18,376            | 20,915            |
| Insurance                  | 3,494                | 713                | 4,207             | 1,747                    | 582              | 6,536             | 3,616             |
| Travel, meals, meetings    | 847                  | 410                | 1,257             | 424                      | 141              | 1,822             | 1,136             |
| Entertainment              | -                    | 18,881             | 18,881            | -                        | -                | 18,881            | 13,730            |
| Dues, permits and fees     | 20,027               | 3,007              | 23,034            | 10,014                   | 3,338            | 36,386            | 9,197             |
| Donations                  | 965                  | 600                | 1,565             | 482                      | 161              | 2,208             | 2,550             |
| Easter egg hunt and other  | 1,817                | -                  | 1,817             | 909                      | 303              | 3,029             | 5,558             |
| Miscellaneous              | 840                  | -                  | 840               | 420                      | 140              | 1,400             | 1,944             |
| Total Expenses             | <u>\$ 268,055</u>    | <u>\$ 79,201</u>   | <u>\$ 347,256</u> | <u>\$ 38,806</u>         | <u>\$ 10,169</u> | <u>\$ 396,231</u> | <u>\$ 332,931</u> |

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, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

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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. Program activities of the Organization include:

**Public Rights of Way and Sidewalk Operations**

Sidewalk and gutter sweeping and spot cleaning, hot water steam cleanings, bulky and illegal trash removal, graffiti abatement, right of way support related to garbage cans, light poles, trees and tree wells.

**District Identity and Streetscape Improvements**

Activities related to district identity and streetscape improvements include tree planting, flower baskets, open sidewalks, new crosswalks, and additional greening work.

**Fiscal Projects**

Fiscal project work such as the Noe Valley Town Square (NVTS) project and the Noe Valley Girl's Film Festival (NVGFF).

**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; the Organization must continue to use the resources in accordance with the donor's instructions.

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

**Notes to the Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

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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 financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed 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.

**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, 2019.

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, 2019 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.

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

**Notes to the Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

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**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, 2019.

**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.

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

**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.

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.

The Organization had no assets or liabilities recorded at fair value on June 30, 2019.

**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

NOE VALLEY ASSOCIATION,  
A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

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Organization had no property and equipment that met this capitalization policy at June 30, 2019.

**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 quarterly activity reports prepared by key personnel.

Office expenses and supplies, insurance, 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. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

**Changes in Accounting Principles**

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at June 30, 2018:

| Net Asset Class:                      | <u>As Originally<br/>Presented</u> | <u>After Adoption of<br/>ASU 2016-14</u> |
|---------------------------------------|------------------------------------|--|
| Unrestricted net assets               | \$ 284,448                         | \$ -                                     |
| Temporarily restricted net assets     | 15,441                             | -  |
| Net assets without donor restrictions | -                                  | 284,448                                  |

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

**Notes to the Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

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|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Net assets with donor restrictions | <u>-</u>          | <u>15,441</u>     |
| Total                              | <u>\$ 299,889</u> | <u>\$ 299,889</u> |

**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, 2018, from which the summarized information was derived.

**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 September 26, 2019 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, 2019 the Organization received approximately 65% 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**

**Assessments**

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**

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

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

**Notes to the Financial Statements  
For the Year Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)**

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grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for fiscal projects consisted of \$27,722 and \$15,441 as of June 30, 2019 and 2018, 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, 2019 are:

|  |                   |
|--|-------------------|
| Financial assets:  |                   |
| Cash and cash equivalents                                      | \$ 312,050        |
| Due from City  | <u>4,309</u>      |
| Total financial assets   | 316,359           |
| Less financial assets held to meet donor-imposed restrictions: |                   |
| Purpose-restricted net assets                                  | <u>(27,722)</u>   |
| Amount available for general expenditures within one year      | <u>\$ 288,637</u> |

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of daily requirements in cash and cash equivalent accounts.