
NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

FINANCIAL STATEMENTS

June 30, 2016

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)

CROSBY & KANEDA
Certified Public Accountants

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, 2016, 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.

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 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.

Accountant's 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, 2016 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, 2015 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 November 23, 2015. We have not performed procedures in connection with that review engagement since that date.

A handwritten signature in black ink, appearing to read "Crosby + Rane". The signature is written in a cursive, flowing style.

Certified Public Accountants
Oakland, California
September 20, 2016

Noe Valley Association, a Community Benefit District

Statement of Financial Position
June 30, 2016
(With Comparative Totals as of June 30, 2014)

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 263,778	\$ 259,106
Assessment receivable	12,078	11,455
Due from City	<u>1,786</u>	<u>2,851</u>
Total Assets	<u>\$ 277,642</u>	<u>\$ 273,412</u>
Net Assets		
Concentrations and contingencies (Notes 3 and 4)		
Unrestricted net assets	\$ 276,142	\$ 271,912
Temporarily restricted net assets (Note 5)	<u>1,500</u>	<u>1,500</u>
Total Net Assets	<u>277,642</u>	<u>273,412</u>
Total Liabilities and Net Assets	<u>\$ 277,642</u>	<u>\$ 273,412</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, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
Support and Revenue				
Assessment revenue	\$ 261,226	\$ -	\$ 261,226	\$ 252,532
Government grant			-	15,000
Corporate grant			-	5,000
Harvest festival			-	21,314
Donations	111		111	7,687
Interest	666		666	644
Total Support and Revenue	<u>262,003</u>	<u>-</u>	<u>262,003</u>	<u>302,177</u>
Expenses				
Program	225,744		225,744	227,682
Management and general	25,509		25,509	26,676
Fundraising	6,520		6,520	11,358
Total Expenses	<u>257,773</u>	<u>-</u>	<u>257,773</u>	<u>265,716</u>
Change in net assets	4,230	-	4,230	36,461
Net Assets, beginning of year	<u>271,912</u>	<u>1,500</u>	<u>273,412</u>	<u>236,951</u>
Net Assets, end of year	<u>\$ 276,142</u>	<u>\$ 1,500</u>	<u>\$ 277,642</u>	<u>\$ 273,412</u>

See Independent Accountants' Review Report and
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Noe Valley Association, a Community Benefit District
Statement of Cash Flows
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 4,230	\$ 36,461
Change in assets and liabilities:		
Assessment receivable	(623)	(8,121)
Due from City	1,065	(672)
Net cash provided (used) by operating activities	4,672	27,668
Change in cash	4,672	27,668
Cash, beginning of year	259,106	231,438
Cash, end of year	\$ 263,778	\$ 259,106

See Independent Accountants' Review Report and
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Noe Valley Association, a Community Benefit District

**Statement of Functional Expenses
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

	Program	Management and General	Fundraising	Total	
				2016	2015
Salaries	\$ 23,400	\$ 11,700	\$ 3,900	\$ 39,000	\$ 36,000
Payroll taxes	1,911	956	319	3,186	2,964
Accounting	-	5,950	-	5,950	8,851
Fee for service	-	-	-	-	22,516
Advertising and promotions	9,036	4,518	1,506	15,060	6,641
Supplies	97	45	16	158	2,161
Postage	8	5	-	13	18
Telephone	962	481	160	1,603	450
Insurance	2,225	1,112	371	3,708	5,274
Street maintenance	167,713	-	-	167,713	143,455
Streetscape improvement	18,758	-	-	18,758	31,956
Payroll service	479	239	80	798	791
Travel, meals, meetings	1,020	435	145	1,600	574
Miscellaneous	-	-	-	-	2,080
Dues, permits and fees	135	68	23	226	818
Donations	-	-	-	-	1,167
Total Expenses	\$ 225,744	\$ 25,509	\$ 6,520	\$ 257,773	\$ 265,716

See Independent Accountants' Review Report and
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NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

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, 2016.

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, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

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, 2016.

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, 2016 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, 2016.

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

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

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, 2016.

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, 2016.

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, 2015, 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.

NOE VALLEY ASSOCIATION, A COMMUNITY BENEFIT DISTRICT

**Notes to the Financial Statements
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)**

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of September 20, 2016 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, 2016 the Organization received approximately 100% 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

For the years ended June 30, temporarily restricted net assets consisted of \$1,500 for photo archiving for 2016 and 2015, respectively.