

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

**(A California Nonprofit Corporation)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

DRAFT



*Accountants & Advisors*

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

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## **Independent Accountant's Review Report**

Board of Directors  
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, 2021, and the related statements of activities, functional expenses 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.

Certified Public Accountants

San Francisco, California

**TBD**

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

**STATEMENT OF FINANCIAL POSITION - JUNE 30, 2021**

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,203,438
Accounts receivable	3,471
	1,206,909
OTHER:	
Prepays and deposits	7,081
	7,081
TOTAL ASSETS	\$ 1,213,990

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	31,477
Accrued expenses	7,483
Deferred revenue	-
	38,960
TOTAL LIABILITIES (ALL CURRENT)	38,960
NET ASSETS:	
Net assets without donor restrictions	594,776
Net assets with donor restrictions	580,254
	1,175,030
TOTAL NET ASSETS	1,175,030
TOTAL LIABILITIES AND NET ASSETS	\$ 1,213,990

See accompanying independent accountants' review report and notes to financial statements.

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

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND CONTRIBUTIONS:</b>			
Assessment revenue	650,673		\$ 650,673
Contributions	51,178	9,205	60,383
Grants		593,777	593,777
In-kind contributions	2,000		2,000
Other	251		251
Net assets released from restrictions	152,602	(152,602)	-
<b>TOTAL REVENUES AND DONATIONS</b>	<b><u>856,704</u></b>	<b><u>450,380</u></b>	<b><u>1,307,084</u></b>
<b>EXPENSES:</b>			
Program services	666,687		666,687
Supporting services:			
Management and general	94,292		94,292
Fundraising			-
<b>TOTAL EXPENSES</b>	<b><u>760,979</u></b>	<b><u>-</u></b>	<b><u>760,979</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>95,725</b>	<b>450,380</b>	<b>546,105</b>
<b>NET ASSETS, beginning of year</b>	<b><u>499,051</u></b>	<b><u>129,874</u></b>	<b><u>628,925</u></b>
<b>NET ASSETS, end of year</b>	<b><u>\$ 594,776</u></b>	<b><u>\$ 580,254</u></b>	<b><u>\$ 1,175,030</u></b>

See accompanying independent accountants' review report and notes to financial statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2021**

	Program Services				Supporting Services		Total
	Maintenance	Capital	Accountability	Total	Management and General	Fundraising	
Accounting fees	\$ -	\$ 2,000	\$ -	\$ 2,000	\$ 8,600	\$ -	\$ 10,600
Capital improvement	-	224,079	-	224,079	-	-	224,079
Communication and outreach	-	7,000	23,036	30,036	-	-	30,036
Esprit park	-	96,372	-	96,372	-	-	96,372
In-kind donation	-	-	-	-	2,000	-	2,000
Meetings and events	-	-	3,014	3,014	-	-	3,014
Operation expenses	-	-	-	-	11,750	-	11,750
Park and green space	95,916	-	-	95,916	-	-	95,916
Payroll taxes and workers' compensation	-	-	6,300	6,300	7,051	-	13,351
Professional services	-	-	-	-	3,190	-	3,190
Repair and supplies	1,111	-	-	1,111	-	-	1,111
Salaries and wages	-	6,333	85,492	91,825	61,701	-	153,526
Sidewalk and public realm	116,034	-	-	116,034	-	-	116,034
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 213,061</b>	<b>\$ 335,785</b>	<b>\$ 117,841</b>	<b>\$ 666,687</b>	<b>\$ 94,292</b>	<b>\$ -</b>	<b>\$ 760,979</b>

See accompanying independent accountants' review report and notes to financial statements.

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

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 546,105
Adjustment to reconcile change in net assets to net cash used by operating activities:	
Increase (decrease) in operating assets:	
Accounts receivable	318
Prepays and deposits	(4,169)
Increase (decrease) in operating liabilities:	
Accounts payable	21,177
Accrued expense	(2,946)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	560,485
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	-
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	560,485
CASH AND CASH EQUIVALENTS, beginning of year	642,953
	<hr/>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,203,438</u>

See accompanying independent accountants' review report and notes to financial statements.

# DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

## NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021

### **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.

#### 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.



# DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

## NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021

### Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

#### Financial statement presentation:

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions, and with donor restrictions. Descriptions of these categories are as follows:

#### *Without donor restrictions:*

The portion of net assets available for use in general operations and not subject to donor-imposed restrictions. Board designated net assets are included in this category.

#### Board designated 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 net assets without donor restrictions to assure compliance with its Management Plan for Dogpatch and Northwest Potrero Hill Green Benefit District (GBD). There are no board designated net assets at June 30, 2021.

#### *With donor restrictions:*

The portion of net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled.

#### 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.

# DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

## NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021

### **Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

#### Revenue recognition:

Assessment revenue is recognized as revenue pro-rata over the period of assessment.

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

#### 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 net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions at that time.

#### 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.

#### 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.

#### Advertising expenses:

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

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

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

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.

Subsequent events:

The Organization's management evaluated subsequent events through TBD, the date these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in such financial statements.

**Note 2. NATURE 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.

**Note 3. CONCENTRATIONS OF CREDIT RISK:**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of accounts receivable and cash and cash equivalents. The Organization places its cash and cash equivalents with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Organization has not experienced any losses in such accounts.

The Organization received approximately 49% of its revenue from the City of San Francisco on fiscal year 2021, 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.

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

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021**

**Note 4. 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, 2021, the Organization received a significant amount of donated services from unpaid volunteers who assisted with planting trees and plants, cleaning public areas, managing informational booths, attending public meetings, and providing administrative support that do not satisfy the criteria for recognition.

The Organization received about 1,883 volunteer hours involving 64 people including 17 board members who have helped with the program and administrative activities for the year ended June 30, 2021.

Additionally, the Organization received professional services for Treasurer's work in financial management. Donated professional services for the year ended June 30, 2021 were as follows:

Professional services	\$ 2,000
Total	\$ 2,000

**Note 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

Cash and cash equivalents	\$	1,203,438
Accounts receivable		3,471
		1,206,909
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		(580,254)
Financial assets available to meet cash needs for general expenditures within one year	\$	626,655

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

**NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2021**

**Note 6. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions are restricted for the following purposes or periods for the year ended June 30, 2021 is as follows:

Restricted Purpose	July 1, 2020	Additions	Released from Restrictions	June 30, 2021
Esprit Park Renovation	\$ 97,755	\$ 585,000	\$ 111,705	\$ 571,050
Angel Alley project	-	40,897	40,897	-
NW Potrero Hill	-	1,228	-	1,228
Dogpatch	-	7,977	-	7,977
22nd Street Caltrain Gateway	32,119	(32,119)	-	-
Totals	<u>\$ 129,874</u>	<u>\$ 602,983</u>	<u>\$ 152,602</u>	<u>\$ 580,255</u>

**Note 7. COVID-19 IMPACT:**

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which have impacted the organization. While revenue remains strong and operation pretty normal, what has been affected is the pace of capital projects. There is difficulty getting permits, site reviews, materials and products which has delayed scheduled projects.