



DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT
(A CALIFORNIA NONPROFIT ORGANIZATION)



FINANCIAL STATEMENTS

WITH

INDEPENDENT ACCOUNTANT'S REVIEW

YEAR ENDED JUNE 30, 2023

DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

TABLE OF CONTENTS

JUNE 30, 2023

INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position	2
Statement of activities	3
Statement of functional expenses	4
Statement of cash flows	5
Notes to financial statements	6

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT
San Francisco, California

We have reviewed the accompanying financial statements of DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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.

We are required to be independent of DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.



Iryna Accountancy Corporation

Oakland, California

September 29, 2023

DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 398,782	193,928	\$ 592,710
Accounts receivable, current	<u>89,598</u>	<u>-</u>	<u>89,598</u>
Total current assets	488,380	193,928	682,308
Accounts receivable, noncurrent	7,181	-	7,181
Prepays and deposits	<u>6,217</u>	<u>-</u>	<u>6,217</u>
Total assets	\$ <u><u>501,778</u></u>	\$ <u><u>193,928</u></u>	\$ <u><u>695,706</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 19,322	\$ -	\$ 19,322
Accrued expenses	14,658	-	14,658
Total current liabilities	<u>33,980</u>	<u>-</u>	<u>33,980</u>
Total liabilities	<u>33,980</u>	<u>-</u>	<u>33,980</u>
NET ASSETS			
Without donor restrictions			
Board-designated	467,798	-	467,798
With donor restrictions			
Purpose and time restrictions	<u>-</u>	<u>193,928</u>	<u>193,928</u>
Total net assets	<u>467,798</u>	<u>193,928</u>	<u>661,726</u>
Total liabilities and net assets	\$ <u><u>501,778</u></u>	\$ <u><u>193,928</u></u>	\$ <u><u>695,706</u></u>

See independent accountant's review report and notes to financial statements.

DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		<u>Total</u>
SUPPORT AND REVENUES					
Assessment revenue	\$ 689,136		\$ -		\$ 689,136
Contributions	9,733		10,000		19,733
Grants	90,000		40,000		130,000
Other	316		-		316
In-kind contributions	100,347		-		100,347
Net assets released from restrictions	<u>145,274</u>		<u>(145,274)</u>		<u>-</u>
Total support and revenues	<u>1,034,806</u>		<u>(95,274)</u>		<u>939,532</u>
EXPENSES					
Program services	938,292		-		938,292
General and administrative services	116,395		-		116,395
Fundraising	<u>-</u>		<u>-</u>		<u>-</u>
Total expenses	<u>1,054,687</u>		<u>-</u>		<u>1,054,687</u>
Change in net assets	(19,881)		(95,274)		(115,155)
Net assets, beginning of year	<u>487,679</u>		<u>289,202</u>		<u>776,881</u>
Net assets, end of year	\$ <u><u>467,798</u></u>		\$ <u><u>193,928</u></u>		\$ <u><u>661,726</u></u>

See independent accountant's review report and notes to financial statements.

DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program			Supporting		Total
	Maintenance/ Capital Improvement	Accountability	Total	General/ Administrative	Fundraising	
Salaries and wages	\$ 6,333	\$ 124,409	\$ 130,742	\$ 67,839	\$ -	\$ 198,581
Payroll taxes	-	10,130	10,130	5,735	-	15,865
Workers' compensation	-	-	-	881	-	881
Accounting fees	-	-	-	13,147	-	13,147
Capital improvement	245,877	-	245,877	-	-	245,877
Communication and outreach	-	30,690	30,690	-	-	30,690
Esprit park	110,987	-	110,987	-	-	110,987
Meetings and events	-	24,741	24,741	-	-	24,741
Operation expenses	94	8,663	8,757	19,804	-	28,561
Park and green space	224,962	-	224,962	-	-	224,962
Professional services	-	-	-	8,989	-	8,989
Repair and supplies	2,083	-	2,083	-	-	2,083
Sidewalk and public realm	132,631	-	132,631	-	-	132,631
Wayfinding project	-	16,692	16,692	-	-	16,692
Total	\$ 722,967	\$ 215,325	\$ 938,292	\$ 116,395	\$ -	\$ 1,054,687

See independent accountant's review report and notes to financial statements.

DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	(115,155)
Adjustments to reconcile change in net assets to net cash change in operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable		(52,538)
Prepays and deposits		1,426
Increase (decrease) in operating liabilities:		
Accounts payable		(3,850)
Accrued expenses		2,489
Net cash provided (used) by operating activities		<u>(167,628)</u>
Net increase (decrease) in cash		<u>(167,628)</u>
Cash and cash equivalents, beginning of year		
Unrestricted cash and cash equivalents		509,996
Restricted cash and cash equivalents		<u>250,342</u>
Total cash and cash equivalents, beginning of year	\$	760,338
Cash and cash equivalents, end of year		
Unrestricted cash and cash equivalents		398,782
Restricted cash and cash equivalents		<u>193,928</u>
Total cash and cash equivalents, end of year	\$	<u><u>592,710</u></u>

See independent accountant's review report and notes to financial statements.

DOGPATCH & NORTHWEST POTRERO HILL GREEN BENEFIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 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.

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 separates its activities into 2 programs: Maintenance and improvements, and Accountability and Citizen Services.

- 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 Improvements

Capital projects include creation, expansion, and improvement of public spaces – parks, sidewalk gardens and other greenspaces, plazas, and pedestrian paths. The Organization adds amenities such as workout equipment, bocce courts, seating, a walking labyrinth, pathways, irrigation systems, retaining walls and planted areas.

- 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, bringing funding and other resources to the district and helping to facilitate district-enhancing projects. The Organization nurtures community engagement and involvement.

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.

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.

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

Adoption of New Accounting Pronouncement

The Organization adopted Accounting Standards Codification (“ASC”) 842, “Leases” (“ASC 842”) for the year ended June 30, 2023, using the modified retrospective transition method and used the effective date as the date of initial application. The Organization elected the “package of practical expedients,” which permits not to reassess under ASC 842 prior conclusions about lease identification, lease classification and initial direct costs. The Organization made a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify.

The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Organization have the right to direct the use of an identified asset in exchange for consideration. Right of use (“ROU”) assets represents the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received.

Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation.

Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the statement of financial position. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the statement of financial position. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method.

The standard does not have an effect on the accounting treatment presented in the financial statements.

Net Assets

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.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. There were no board-designated endowment as of June 30, 2023.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions perpetual in nature as of June 30, 2023.

Board Designation of Net Assets Without Donor Restrictions

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 further capital projects and the overall mission of the Organization.

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

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 net assets without donor restrictions 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 net assets with donor restrictions, 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 restricted by time 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.

Receivables

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance contracts or members dues. The Organization considers all accounts receivable to be fully collectible at June 30, 2023. However, 20% of receivables is recorded as allowance for doubtful accounts was deemed necessary due to the nature of activities.

Contributions receivable including pledges and grants 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. The Organization has evaluated the value of the discount and concluded that it was not material for recognition.

Donated Assets and Professional Services

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.

Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their market value at the time the services are rendered. Donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations are not reflected in the financial statements.

Concentration of Revenue

The Organization received approximately 73% of its revenue from property owners' assessments.

Each property owner in Management Plan for Dogpatch and Northwest Potrero Hill Green Benefit District (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.

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

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization's primary revenue sources are grants and assessments.

The Organization recognizes revenue as performance obligations are satisfied.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, receivables, prepaid expenses and accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

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.

Functional Allocation of Expenses

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 based on the management estimate. 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. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Expenses, other than salaries and related expense, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

The main categories of expenses are allocated as following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll related expenses	Time and effort
Capital improvement	Function and usage
Communication and outreach	Function and usage
Esprit park	Function and usage
Operation expenses	Function and usage
Park and green space	Function and usage
Sidewalk and public realm	Function and usage

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

Advertising

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

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, 2023, deposits in amount of \$163,898 were not FDIC insured.

Note 3. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods for the year ended June 30, 2023, was as following:

<u>Purpose</u>	<u>06/30/2022</u>	<u>Additions</u>	<u>Released</u>	<u>06/30/2023</u>
Esprit Park renovation	\$ 224,065	\$ -	\$ (127,415)	\$ 96,650
NW Potrero Hill	1,680	-	-	1,680
Dogpatch	3,380	-	(732)	2,648
20th Street project	32,000	10,000	-	42,000
22nd Street project	28,077	-	(435)	27,642
Wayfinding	-	40,000	(16,692)	23,308
Total	\$ <u>289,202</u>	\$ <u>50,000</u>	\$ <u>(145,274)</u>	\$ <u>193,928</u>

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, 2023, the Organization received a significant amount of donated services from unpaid volunteers who assisted with planting trees and plants, weeding, helping with music series events that do not satisfy the criteria for recognition under FASB ASC 958-605-25-16.

The Organization received about 1,661 volunteer hours involving 31 people including board members who have helped with the program and administrative activities for the year ended June 30, 2023.

The total value of in-kind contributions has been included in the statement of activities.

Donated professional services, goods and equipment for the year ended June 30, 2023 were as following:

	<u>Amount</u>	<u>Function</u>
Professional services, designer	\$ 18,847	Program - Capital improvements
Professional services, accounting	2,000	Administrative
Goods and equipment	79,500	Program - Capital improvements
Total	\$ <u>100,347</u>	

Note 4. Donated Services and Other In-Kind Contributions (Continued)

Professional services

The Organization received professional services from a landscape architecture and urban design firm that donated 152.5 hours in average of \$124 per hour. The value of these professional services of \$18,847 was determined based on the actual billable fair market value rate charged by personnel assigned to the project.

Additionally, the Organization received 16 hours at \$125 an hour of bookkeeping services for a total of \$2,000. The value of these professional services was determined based on the actual billable fair market value rate charged by the bookkeeper.

Goods and equipment

The Organization received 2 shear planter rings, 2 box tables, 2 small geo benches, 4 large geo benches, and 820 pavers for a total of \$79,500. The value of these goods and equipment were based on their fair market value determined by the vendor that sells such goods in its normal business activities.

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	\$	592,710
Accounts receivable		96,779
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		<u>193,928</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u><u>495,561</u></u>

\$495,561 of financial assets are available to cover the Organization's liquidity needs. The Organization has a goal to maintain sufficient financial assets on hands to meet the total of next fiscal year's projected management and fundraising expenses, which are expected to be approximately \$116,395 (based on the total supporting expenses for the year ended June 30, 2023). Therefore, the Organization accumulated sufficient amount of liquid assets to sustain its liquidity needs within next 12 months.

Note 6. Subsequent Events

The Organization's management evaluated subsequent events through September 29, 2023, the date these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in such financial statements.

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