

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Financial Statements
For The Year Ended June 30, 2012
Independent Auditors' Report

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Financial Statements
June 30, 2012

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**Guerrero, Jimenez, Diaz
& Co. LLP**

A Certified Public Accounting Firm

Independent Auditors' Report

To the Board of Directors
North Park Organization of Businesses, Inc.

We have audited the accompanying statements of financial position of North Park Organization of Businesses, Inc. (a Non-Profit Organization) as of June 30, 2012 and 2011, and the related statements of activity, schedule of expenses, and statements of cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Park Organization of Businesses, Inc. as of June 30, 2012 and 2011, and the results of its operations and the changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Guerrero, Jimenez, Diaz, & Co., LLP
Certified Public Accountants

San Diego, California
October 2, 2012

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Statement of Financial Position
For the Year Ended June 30, 2012

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash	\$ 67,926	83,843
Accounts Receivable	17,738	31,770
Prepaid Expenses	5,309	4,284
Total Current Assets	<u>90,973</u>	<u>119,897</u>
Fixed Assets:		
Equipment	2,641	2,641
Accumulated Depreciation	<u>(2,641)</u>	<u>(2,641)</u>
Fixed Assets (Net)	-	-
Total Assets	\$ <u><u>90,973</u></u>	<u><u>119,897</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,349	1,959
Deposits		75
Total Liabilities	<u>1,349</u>	<u>2,034</u>
Net Assets		
Temporarily Restricted Net Assets	32,200	142,955
Unrestricted Net Assets	<u>57,424</u>	<u>(25,092)</u>
Total Net Assets	<u>89,624</u>	<u>117,863</u>
Total Liabilities and Net Assets	\$ <u><u>90,973</u></u>	<u><u>119,897</u></u>

The accompanying notes are an integral part of these financial statements.

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Statement of Activity
For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011</u>
Revenue:				
Governmental Funding:				
BID Assessments	\$ 59,883		59,883	57,114
Small Business Enhancement Program Grant	18,137		18,137	18,469
Government Grant Income	24,900	1,000	25,900	99,889
Net Assets Released from Restrictions	67,955	(117,955)	(50,000)	
Total Governmental Funding	<u>170,875</u>	<u>(116,955)</u>	<u>53,920</u>	<u>175,472</u>
Other Revenue:				
Special Events	226,511		226,511	223,437
Program Income	3,600		3,600	6,215
Grant Income	5,000	6,200	11,200	-
Other Income	12,629		12,629	3,309
Interest Earned	51		51	35
Total Other Revenue	<u>247,791</u>	<u>6,200</u>	<u>253,991</u>	<u>232,996</u>
Total Revenue	418,666	(110,755)	307,911	408,468
Expenses:				
Program	287,652	-	287,652	320,525
General and Administrative	48,499	-	48,499	50,839
Total Expenses	<u>336,150</u>	<u>-</u>	<u>336,150</u>	<u>371,364</u>
Increase/(Decrease) in Net Assets	82,516	(110,755)	(28,239)	37,104
Net Assets Beginning of Year	(25,092)	142,955	117,863	55,759
Prior Period Adjustment				25,000
Net Assets End of Year	<u>\$ 57,424</u>	<u>32,200</u>	<u>89,624</u>	<u>117,863</u>

The accompanying notes are an integral part of these financial statements.

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Schedule of Functional Expenses
For the Year Ended June 30, 2012

	Program	General & Administrative	Total	2011
Salaries & Wages	\$ 68,220	\$ 22,740	90,960	83,333
Payroll Taxes	5,807	1,936	7,742	6,865
Employee Benefits	5,861	1,954	7,815	9,463
Total Payroll & Related Expenses	<u>79,888</u>	<u>26,629</u>	<u>106,517</u>	<u>99,661</u>
Accounting/Audit	13,785	4,595	18,380	17,163
Advertising/Marketing	551	184	734	1,095
Grant Expenses	17,811	5,937	23,748	49,905
Payroll Processing Fees	909	303	1,212	1,018
Hospitality	65	22	87	-
Bank Fees	31	10	41	-
Taxes & Licenses	420	140	560	30
Internet	134	45	178	-
Utilities	881	294	1,174	857
Dues/Subscriptions	488	163	650	900
Insurance	4,364	1,455	5,818	6,275
Workshops	297	99	396	604
Miscellaneous	4,240	1,413	5,653	-
Phone/Fax	2,070	690	2,760	2,246
Postage	145	48	193	630
Special Projects/Events	142,156	-	142,156	168,007
Rent	17,152	5,717	22,869	21,605
Repairs & Maintenance	729	243	972	-
Supplies	1,514	505	2,018	1,368
Travel	26	9	34	-
Total Expenses	<u>\$ 287,652</u>	<u>\$ 48,499</u>	<u>\$ 336,150</u>	<u>\$ 371,364</u>

The accompanying notes are an integral part of these financial statements.

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Statement of Cash Flows
For the Year Ended June 30, 2012

	2012	2011
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (28,239)	37,104
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	-
(Increase)/Decrease in Accounts Receivable	14,032	(495)
(Increase)/Decrease in Prepaid Expenses	(1,025)	286
Increase/(Decrease) in Accounts Payable	(610)	(1,041)
Increase/(Decrease) Deferred Revenue	(75)	(25,000)
Total Adjustments	12,322	(26,250)
Net Cash Provided by Operating Activities	(15,917)	10,854
Cash Flows from Investing Activities	-	-
Cash Flows from Financing Activities		
Prior Period Adjustment	-	25,000
Net Increase/(Decrease) in Cash	(15,917)	35,854
Cash at Beginning of Period	83,843	47,989
Cash at End of Period	\$ 67,926	\$ 83,843

The accompanying notes are an integral part of these financial statements.

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Notes to Financial Statements

June 30, 2012

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

North Park Organization of Businesses, Inc. ("the Organization") is a non-profit consortium of local businesses organized for the purposes of promoting, improving and fostering business conditions in the City of San Diego in an area commonly known as North Park, pursuant to City Ordinance 16481, which established and defined a parking and business improvement area as the North Park Business Improvement District under the provisions of the Parking and Business Improvement Area Law of 1979 of the State of California and enabling ordinances of the City of San Diego.

Financial Statement Presentation

Financial statement presentation follows the FASB Accounting Standards Codification No. 958 (ASC 958), "Not-For-Profit Entities" (Formerly Statement of Financial Accounting Standards No. 116 and No. 117). Under ASC 958, the organization is required to record and report information regarding its financial position and activities according to three classes of net assets:

- * Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of the Organization.
- * Temporarily restricted net assets consist of contributions that are subject to specific donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- * Permanently restricted net assets consist of contributions subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, which are generally from 3 to 7 years. All property and equipment purchased by the Association with funds received from the City of San Diego are considered property of the City. If the agreement with the City of San Diego is terminated for any reason, the Association is required to deliver such assets to the City of San Diego.

Income Taxes

The Association was organized as a non-profit organization and was granted exemption from Federal and State income taxes under sections 501(c)(6) of the Internal Revenue Code and 23701(e) of the State of California Revenue and Taxation Law.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of the financial statements, therefore, actual results could differ from these estimates.

NOTE 2 - Revenues

The Organization is funded principally by the City of San Diego. City of San Diego receives the funds as a special assessment collected together with business licensing fees from businesses located within the North Park business district. Such funds are used to reimburse North Park Organization of Businesses, Inc. for approved maintenance expenses. In addition, the organization organizes annual and special events which are held within the North Park business district. Monies raised from these activities help fund improvement projects in the business district.

NOTE 3 - Accounts Receivable

The balance in accounts receivable represents the following unpaid claims submitted to various agencies of the City of San Diego and other private grants for expenditures incurred through the end of the fiscal year.

City of San Diego Grants	\$13,288
Other	<u>4,450</u>
Total	<u>17,738</u>

NOTE 4 – Lease Agreement

The Organization leases office space under a noncancellable operating lease which expires September 30, 2012. The lease requires monthly rental payments ranging from \$1,500 to \$1,875.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2012 are:

Year ended June 30:	
2013	5,625

NOTE 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets is comprised of the following;

County of San Diego Grant	25,000
Website	3,700
Gateway 805 Project	2,500
Community Projects Grant	<u>1,000</u>
Total	<u>32,200</u>

These Temporarily restricted net assets represent donations restricted for the park building project (County of San Diego Grant) and various community projects.

NOTE 6 – Temporarily Restricted Grant

The \$50,000 temporarily restricted grant for bike racks (CDBG Grant) received last fiscal year was returned to the City of San Diego because the Governor of California cut the redevelopment funding and requested the grant be returned.