

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Financial Statements

For The Year Ended June 30, 2013

Independent Auditors' Report

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Financial Statements
June 30, 2013

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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, 2013 and 2012, 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, 2013 and 2012, 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, 2013

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Statement of Financial Position
For the Year Ended June 30, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash	\$ 35,574	\$ 67,926
Accounts Receivable	25,383	17,738
Prepaid Expenses	6,284	5,309
Total Current Assets	<u>67,241</u>	<u>90,973</u>
Fixed Assets:		
Equipment	2,641	2,641
Leasehold Improvements	5,180	-
Accumulated Depreciation	<u>(3,011)</u>	<u>(2,641)</u>
Fixed Assets (Net)	4,810	-
Total Assets	<u><u>\$ 72,051</u></u>	<u><u>\$ 90,973</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 3,021	\$ 1,349
Total Liabilities	<u>3,021</u>	<u>1,349</u>
Net Assets		
Temporarily Restricted Net Assets	32,962	32,200
Unrestricted Net Assets	36,068	57,424
Total Net Assets	<u>69,030</u>	<u>89,624</u>
Total Liabilities and Net Assets	<u><u>\$ 72,051</u></u>	<u><u>\$ 90,973</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, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2012</u>
Revenue:				
Governmental Funding:				
BID Reimbursements	\$ 66,000	\$ -	\$ 66,000	\$ 59,883
Small Business Enhancement Program Grant	18,125	-	18,125	18,137
Government Grant Income	17,198	26,962	44,160	25,900
Net Assets Released from Restrictions	<u>32,200</u>	<u>(32,200)</u>	<u>-</u>	<u>(50,000)</u>
Total Governmental Funding	133,523	(5,238)	128,285	53,920
Other Revenue:				
Special Events	218,524	-	218,524	226,511
Program Income	706	-	706	3,600
Grant Income	-	-	-	11,200
Other Income	550	6,000	6,550	12,629
Interest Earned	<u>2</u>	<u>-</u>	<u>2</u>	<u>51</u>
Total Other Revenue	219,782	6,000	225,782	253,991
Total Revenue	353,305	762	354,067	307,911
Expenses:				
Program	318,012	-	318,012	287,651
General and Administrative	<u>56,649</u>	<u>-</u>	<u>56,649</u>	<u>48,499</u>
Total Expenses	374,661	-	374,661	336,150
Increase/(Decrease) in Net Assets	(21,356)	762	(20,594)	(28,239)
Net Assets Beginning of Year	57,424	32,200	89,624	117,863
Net Assets End of Year	<u>\$ 36,068</u>	<u>\$ 32,962</u>	<u>\$ 69,030</u>	<u>\$ 89,624</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, 2013 and 2012

	Program	General & Administrative	Total	2012
Salaries & Wages	\$ 66,693	\$ 22,231	\$ 88,924	\$ 90,960
Payroll Taxes	5,680	1,893	7,573	7,742
Employee Benefits	8,727	2,909	11,636	7,815
Total Payroll & Related Expenses	<u>81,100</u>	<u>27,033</u>	<u>108,133</u>	<u>106,517</u>
Accounting/Audit	14,102	4,701	18,803	18,380
Advertising/Marketing	3,572	1,191	4,762	734
Grant Expenses	34,462	11,487	45,949	23,748
Payroll Processing Fees	832	277	1,109	1,212
Depreciation	278	93	370	-
Hospitality	312	104	416	87
Bank Fees	26	9	35	41
Taxes & Licenses	8	3	10	560
Internet	753	251	1,004	178
Utilities	952	317	1,269	1,174
Dues/Subscriptions	746	249	995	650
Insurance	5,120	1,707	6,827	5,818
Workshops	2,407	802	3,209	396
Miscellaneous	-	-	-	5,653
Phone/Fax	2,857	952	3,809	2,760
Postage	108	36	144	193
Special Projects/Events	148,065	-	148,065	142,156
Rent	20,045	6,682	26,726	22,869
Repairs & Maintenance	165	55	220	972
Supplies	1,988	663	2,650	2,018
Travel	117	39	156	34
Total Expenses	<u>\$ 318,012</u>	<u>\$ 56,649</u>	<u>\$ 374,661</u>	<u>\$ 336,150</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (20,594)	\$ (28,239)
Adjustments to Reconcile Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	370	-
(Increase)/Decrease in Accounts Receivable	(7,645)	14,032
(Increase)/Decrease in Prepaid Expenses	(975)	(1,025)
Increase/(Decrease) in Accounts Payable	1,672	(610)
Increase/(Decrease) Deferred Revenue	-	(75)
Total Adjustments	<u>(6,578)</u>	<u>12,322</u>
Net Cash Provided by (Used in) Operating Activities	<u>(27,172)</u>	<u>(15,917)</u>
Cash Flows from Investing Activities		
Leasehold improvements	(5,180)	-
Cash Flows from Financing Activities	-	-
 Net Increase/(Decrease) in Cash	 <u>(32,352)</u>	 <u>(15,917)</u>
Cash at Beginning of Period	<u>67,926</u>	<u>83,843</u>
Cash at End of Period	<u>\$ 35,574</u>	<u>\$ 67,926</u>

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

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Notes to Financial Statements

June 30, 2013

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 district activities and 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	\$16,797
Other	<u>8,586</u>
Total	<u>25,383</u>

NOTE 4 – Lease Agreement

Landlord and tenant mutually agree to extend the term of the Lease for one (1) additional period of five (5) years beginning January 1, 2013 and ending December 31, 2017 (the "First Extension Term"). During the First Extension Term, the reschedule is as follows:

a) Year 1: 1/1/2013 to 12/31/2013	\$2,100.00
b) Year 2: 1/1/2014 to 12/31/2014	\$2,100.00
c) Year 3: 1/1/2015 to 12/31/2015	\$2,100.00
d) Year 4: 1/1/2016 to 12/31/2016	\$2,150.00
e) Year 5: 1/1/2017 to 12/31/2017	\$2,200.00

NOTE 5 – Temporarily Restricted Net Assets

Temporarily restricted net assets is comprised of the following:

Sustainable Study Grant	26,962
Leasehold Improvements	<u>6,000</u>
Total	<u>32,962</u>