

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Financial Statements
For The Year Ended June 30, 2016
Independent Auditors' Report

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Financial Statements
June 30, 2016

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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 financial statements of North Park Organization of Businesses, Inc. (a Non-Profit Organization), which comprise of the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited North Park Organization of Businesses, Inc. 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

San Diego, California
January 30, 2017

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Statement of Financial Position
For the Year Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash	\$ 86,221	\$ 52,997
Accounts Receivable	68,586	75,323
Prepaid Expenses	<u>5,771</u>	<u>5,903</u>
Total Current Assets	160,578	134,223
Fixed Assets:		
Equipment	2,641	2,641
Leasehold Improvements	5,180	5,180
Accumulated Depreciation	<u>(5,231)</u>	<u>(4,490)</u>
Fixed Assets (Net)	2,590	3,331
Total Assets	<u>\$ 163,168</u>	<u>\$ 137,554</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 81	\$ 3,203
Grants Payable	<u>20,000</u>	<u>20,000</u>
Total Liabilities	20,081	23,203
Net Assets		
Temporarily Restricted Net Assets	10,200	-
Unrestricted Net Assets	<u>132,887</u>	<u>114,351</u>
Total Net Assets	143,087	114,351
Total Liabilities and Net Assets	<u>\$ 163,168</u>	<u>\$ 137,554</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, 2016 and 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2015</u>
Revenue:				
Governmental Funding:				
BID Reimbursements	\$ 73,000	\$ -	\$ 73,000	\$ 67,000
Small Business Enhancement Program Grant	17,661	-	17,661	20,572
Government Grant Income	85,717	10,200	95,917	75,412
Net Assets Released from Restrictions			-	-
Total Governmental Funding	<u>176,378</u>	<u>10,200</u>	<u>186,578</u>	<u>162,984</u>
Other Revenue:				
Special Events	280,976	-	280,976	284,177
Program Income	68,114	-	68,114	37,794
Grant Income	-	-	-	6,919
Other Income	3,587	-	3,587	26,709
Interest Earned	55	-	55	27
Total Other Revenue	<u>352,732</u>	<u>-</u>	<u>352,732</u>	<u>355,626</u>
Total Revenue	529,110	10,200	539,310	518,610
Expenses:				
Program	419,388	-	419,388	395,351
General and Administrative	91,186	-	91,186	86,149
Total Expenses	<u>510,574</u>	<u>-</u>	<u>510,574</u>	<u>481,500</u>
Increase/(Decrease) in Net Assets	18,536	10,200	28,736	37,110
Net Assets Beginning of Year	114,351	-	114,351	77,241
Net Assets End of Year	<u>\$ 132,887</u>	<u>\$ 10,200</u>	<u>\$ 143,087</u>	<u>\$ 114,351</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, 2016 and 2015

	<u>Program</u>	<u>General & Administrative</u>	<u>Total</u>	<u>2015</u>
Salaries & Wages	\$ 83,530	\$ 27,843	\$ 111,373	\$ 100,963
Payroll Taxes	6,949	2,316	9,265	8,560
Employee Benefits	10,903	3,634	14,537	14,545
Total Payroll & Related Expenses	<u>101,381</u>	<u>33,794</u>	<u>135,175</u>	<u>124,068</u>
Accounting/Audit	16,810	5,603	22,413	22,075
Advertising/Marketing	3,852	1,284	5,136	8,187
Grant Expenses	38,653	12,884	51,537	49,384
Payroll Processing Fees	1,015	338	1,353	2,108
Depreciation	555	185	740	740
Hospitality	1,850	617	2,467	929
Bank Fees	140	47	187	148
Taxes & Licenses	8	3	10	10
Internet	578	193	771	701
Utilities	980	327	1,306	2,327
Dues/Subscriptions	1,069	356	1,425	1,420
Insurance	6,581	2,194	8,774	6,607
Workshops	1,018	339	1,357	848
Miscellaneous	2	1	2	89
Phone/Fax	1,601	534	2,134	2,337
Postage	181	60	241	188
Special Projects/Events	218,746	24,305	243,051	228,172
Rent	19,770	6,590	26,360	26,273
Repairs & Maintenance	448	149	597	400
Supplies	4,125	1,375	5,500	4,449
Travel	29	10	38	40
Total Expenses	<u>\$ 419,388</u>	<u>\$ 91,186</u>	<u>\$ 510,574</u>	<u>\$ 481,500</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, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 28,736	\$ 37,110
Adjustments to Reconcile Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	740	740
(Increase)/Decrease in Accounts Receivable	6,738	(19,600)
(Increase)/Decrease in Prepaid Expenses	132	552
Increase/(Decrease) in Accounts Payable	(3,122)	2,953
Total Adjustments	4,488	(15,355)
Net Cash Provided by (Used in) Operating Activities	33,224	21,755
Cash Flows from Investing Activities	-	-
Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash	33,224	21,755
Cash at Beginning of Period	52,997	31,242
Cash at End of Period	\$ 86,221	\$ 52,997

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

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Notes to Financial Statements

June 30, 2016

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. Management does not believe that any material uncertain tax position exist. The Association generally is no longer subject to income tax examinations by federal authorities for the years ending June 30, 2012 and before and by state authorities for years ending June 30, 2011 and before.

NOTE 2 – Revenues

The Organization is funded principally by the City of San Diego through a Business Improvement District Contract “BID” and grants. City of San Diego receives the BID 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 for expenditures incurred through the end of the fiscal year and other receivables as follows:

	<u>2016</u>	<u>2015</u>
City of San Diego Grants	\$65,586	\$61,537
Other	<u>3,000</u>	<u>13,786</u>
Total	<u>68,586</u>	<u>75,323</u>

NOTE 4 – Grants Payable

During the fiscal year ending June 30, 2014, the Organization received \$20,000 as a private grant to support the Property Based Business Improvement District (PBID). The PBID is awaiting the City of San Diego’s approval. If the PBID is not approved, the funds have to be returned to the grantor parties.

NOTE 5 – Lease Commitment

Landlord and tenant mutually agree to extend the term of the Lease for one (1) additional period of five (5) years beginning January 1, 2014 and ending December 31, 2017. Future minimum base rent payments are as follows:

<u>Period Ending June 30</u>	<u>Amount</u>
2017	26,100
2018	<u>13,200</u>
	<u>\$39,300</u>

NOTE 6 – Subsequent Events

Subsequent events have been evaluated through January 30, 2017, which is the date the financial statements were available to be issued.