

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Financial Statements

For The Year Ended June 30, 2014

Independent Auditors' Report

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Financial Statements
June 30, 2014

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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, 2014 and 2013, 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, 2014 and 2013, 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.



Guerrero, Jiménez, Díaz, & Co., LLP
Certified Public Accountants

San Diego, California
October 21, 2014

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
Statement of Financial Position
For the Year Ended June 30, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash	\$ 31,242	\$ 35,574
Accounts Receivable	55,723	25,383
Prepaid Expenses	6,455	6,284
Total Current Assets	<u>93,420</u>	<u>67,241</u>
Fixed Assets:		
Equipment	2,641	2,641
Leasehold Improvements	5,180	5,180
Accumulated Depreciation	<u>(3,750)</u>	<u>(3,011)</u>
Fixed Assets (Net)	4,071	4,810
Total Assets	<u><u>\$ 97,491</u></u>	<u><u>\$ 72,051</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 250	\$ 3,021
Grants Payable	<u>20,000</u>	<u>-</u>
Total Liabilities	20,250	3,021
Net Assets		
Temporarily Restricted Net Assets	37,150	32,962
Unrestricted Net Assets	<u>40,091</u>	<u>36,068</u>
Total Net Assets	<u>77,241</u>	<u>69,030</u>
Total Liabilities and Net Assets	<u><u>\$ 97,491</u></u>	<u><u>\$ 72,051</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, 2014 and 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2013</u>
Revenue:				
Governmental Funding:				
BID Reimbursements	\$ 66,000	\$ -	\$ 66,000	\$ 66,000
Small Business Enhancement Program Grant	20,462	-	20,462	18,125
Government Grant Income	48,119	10,188	58,307	44,160
Net Assets Released from Restrictions	6,000	(6,000)	-	-
Total Governmental Funding	<u>140,581</u>	<u>4,188</u>	<u>144,769</u>	<u>128,285</u>
Other Revenue:				
Special Events	244,967	-	244,967	218,524
Program Income	50	-	50	706
Grant Income	-	-	-	-
Other Income	19,149	-	19,149	6,550
Interest Earned	4	-	4	2
Total Other Revenue	<u>264,170</u>	<u>-</u>	<u>264,170</u>	<u>225,782</u>
Total Revenue	404,751	4,188	408,939	354,067
Expenses:				
Program	332,236	-	332,236	318,012
General and Administrative	68,492	-	68,492	56,649
Total Expenses	<u>400,728</u>	<u>-</u>	<u>400,728</u>	<u>374,661</u>
Increase/(Decrease) in Net Assets	4,023	4,188	8,211	(20,594)
Net Assets Beginning of Year	36,068	32,962	69,030	89,624
 Net Assets End of Year	 <u>\$ 40,091</u>	 <u>\$ 37,150</u>	 <u>\$ 77,241</u>	 <u>\$ 69,030</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, 2014 and 2013

	Program	General & Administrative	Total	2013
Salaries & Wages	\$ 69,000	\$ 23,000	\$ 92,000	\$ 88,924
Payroll Taxes	5,699	1,900	7,598	7,573
Employee Benefits	9,981	3,327	13,308	11,636
Total Payroll & Related Expenses	<u>84,680</u>	<u>28,227</u>	<u>112,906</u>	<u>108,133</u>
Accounting/Audit	14,756	4,919	19,675	18,803
Advertising/Marketing	1,343	448	1,790	4,762
Grant Expenses	6,143	2,048	8,191	45,949
Payroll Processing Fees	877	292	1,169	1,109
Depreciation	555	185	740	370
Hospitality	424	141	565	416
Bank Fees	47	16	62	35
Taxes & Licenses	8	3	10	10
Internet	513	171	684	1,004
Utilities	1,331	444	1,775	1,269
Dues/Subscriptions	975	325	1,300	995
Insurance	5,009	1,670	6,678	6,827
Workshops	500	167	667	3,209
Miscellaneous	20	7	26	-
Phone/Fax	1,868	623	2,491	3,809
Postage	759	253	1,012	144
Special Projects/Events	190,138	21,126	211,264	148,065
Rent	18,756	6,252	25,008	26,726
Repairs & Maintenance	557	186	743	220
Supplies	2,871	957	3,828	2,650
Travel	<u>108</u>	<u>36</u>	<u>144</u>	<u>156</u>
Total Expenses	<u>\$ 332,236</u>	<u>\$ 68,492</u>	<u>\$ 400,728</u>	<u>\$ 374,661</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 8,211	\$ (20,594)
Adjustments to Reconcile Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	740	370
(Increase)/Decrease in Accounts Receivable	(30,340)	(7,645)
(Increase)/Decrease in Prepaid Expenses	(172)	(975)
Increase/(Decrease) in Accounts Payable	(2,771)	1,672
Increase/(Decrease) Grants Payable	20,000	-
Total Adjustments	<u>(12,543)</u>	<u>(6,578)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(4,332)</u>	<u>(27,172)</u>
Cash Flows from Investing Activities		
Leasehold improvements	-	(5,180)
Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash	<u>(4,332)</u>	<u>(32,352)</u>
Cash at Beginning of Period	<u>35,574</u>	<u>67,926</u>
Cash at End of Period	<u>\$ 31,242</u>	<u>\$ 35,574</u>

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

NORTH PARK ORGANIZATION OF BUSINESSES, INC.

Notes to Financial Statements

June 30, 2014

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 for expenditures incurred through the end of the fiscal year.

City of San Diego Grants	\$53,703
Other	<u>2,020</u>
Total	<u>55,723</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 \$37,150 Sustainable Study Grant.