

BONK, CUSHMAN, EAGLE & GARCIA

CERTIFIED PUBLIC ACCOUNTANTS

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NORTH PARK ORGANIZATION OF BUSINESSES, INC. **dba NORTH PARK MAIN STREET** **REVIEWED FINANCIAL STATEMENTS** **JUNE 30, 2024 (with comparative totals for 2023)**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
North Park Organization of Businesses, Inc.
dba North Park Main Street
San Diego, CA

We have reviewed the accompanying financial statements of North Park Organization of Businesses, Inc., dba North Park Main Street (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 North Park Organization of Businesses, Inc., dba North Park Main Street and 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 year ended June 30, 2024 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2023 Financial Statements

The year ended June 30, 2023 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated January 8, 2024. We have not performed any auditing procedures since that date.

Bonk, Cushman, Eagle & Garcia

December 6, 2024

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(With Comparative Totals at June 30, 2023)

	<u>2024</u>	<u>2023</u>
ASSETS:		
Cash and Cash Equivalents	\$ 221,096	\$ 225,558
Accounts Receivable	53,405	202,133
Employee Advance	42	115
Total Current Assets	<u>274,543</u>	<u>427,806</u>
Equipment	22,561	22,561
Less: (Accumulated Depreciation)	<u>(17,085)</u>	<u>(14,626)</u>
Total Property & Equipment	<u>5,476</u>	<u>7,935</u>
Security Deposit	<u>3,629</u>	<u>3,629</u>
Total Other Assets	<u>3,629</u>	<u>3,629</u>
Total Assets	<u>\$ 283,648</u>	<u>\$ 439,370</u>
LIABILITIES:		
Accounts Payable	\$ 37,923	\$ 29,637
Payroll Liability	12,409	12,409
Credit Cards	<u>3,423</u>	<u>3,679</u>
Total Current Liabilities	<u>53,755</u>	<u>45,725</u>
Total Liabilities	<u>\$ 53,755</u>	<u>\$ 45,725</u>
NET ASSETS:		
Without Donor Restrictions	<u>\$ 229,893</u>	<u>\$ 393,645</u>
Total Net Assets	<u>229,893</u>	<u>393,645</u>
Total Liabilities & Net Assets	<u>\$ 283,648</u>	<u>\$ 439,370</u>

See accompanying notes and independent accountant's review report

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals For The Year Ended June 30, 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024</u>	<u>2023</u>
REVENUE:				
Governmental Funding:				
Special Enhancement District Contract	\$ 488,458	\$ -	\$ 488,458	\$ 436,186
BID Reimbursements	78,890	-	78,890	84,737
PBID Reimbursements	-	-	-	230,615
Small Business Enhancement Program Grant	16,090	-	16,090	17,893
Government Grant Income	13,289	-	13,289	48,140
Total Governmental Funding	<u>596,727</u>	<u>-</u>	<u>596,727</u>	<u>817,571</u>
Other Revenue:				
Special Events	408,591	-	408,591	426,216
Program Income	4,030	-	4,030	1,401
Other Income	91,400	-	91,400	79,000
Interest	198	-	198	25
Total Other Revenue	<u>504,219</u>	<u>-</u>	<u>504,219</u>	<u>506,642</u>
Total Revenue	1,100,946	-	1,100,946	1,324,213
EXPENSES:				
Program Services	1,006,333	-	1,006,333	976,427
General & Administrative	258,365	-	258,365	247,972
Total Expenses	<u>1,264,698</u>	<u>-</u>	<u>1,264,698</u>	<u>1,224,399</u>
Change in Net Assets	(163,752)	-	(163,752)	99,814
Net Assets, Beginning of Year	<u>393,645</u>	<u>-</u>	<u>393,645</u>	<u>293,831</u>
Net Assets, End of Year	<u>\$ 229,893</u>	<u>\$ -</u>	<u>\$ 229,893</u>	<u>\$ 393,645</u>

See accompanying notes and independent accountant's review report

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services	General & Administrative	2024 Total	2023 Total
Salaries & Wages	\$ 100,493	\$ 33,497	\$ 133,990	\$ 155,268
Payroll Taxes	36,512	12,171	48,683	33,236
Employee Benefits	8,226	2,742	10,968	8,523
Total Payroll & Related Expenses	<u>145,231</u>	<u>48,410</u>	<u>193,640</u>	<u>197,027</u>
 PBID & SED Contracts				
Administration	47,267	15,756	63,023	78,579
Improvement & Economic Dev.	48,104	16,035	64,139	72,817
Insurance	3,347	1,116	4,463	-
Landscaping	11,732	3,911	15,643	18,039
Sanitation	282,210	94,070	376,280	235,335
Safety Programs	30,934	10,311	41,245	30,389
Accounting/Audit	23,625	7,875	31,500	44,788
Advertising/Marketing	6,356	2,118	8,474	2,199
Bank Fees	11,450	3,817	15,267	21,365
Consulting Services	-	-	-	57,010
Depreciation	1,844	615	2,459	2,001
Dues/Subscriptions	800	266	1,066	980
Grant Expenses	1,934	645	2,579	1,000
Hospitality	941	314	1,255	3,173
Insurance	9,999	3,333	13,332	7,440
Legal Fees	-	-	-	15,000
Miscellaneous	40	13	53	1,002
Payroll Processing Fees	3,551	1,184	4,734	3,609
Rent	20,831	6,943	27,774	33,567
Repairs & Maintenance	536	179	715	209
Special Projects/Events	346,676	38,520	385,196	385,384
Supplies	8,162	2,721	10,882	9,432
Taxes & Licenses	150	50	200	100
Travel	152	51	202	1,076
Utilities	-	-	-	1,474
Workshops	463	116	579	1,404
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 1,006,333</u>	<u>\$ 258,365</u>	<u>\$ 1,264,698</u>	<u>\$ 1,224,399</u>

See accompanying notes and independent accountant's review report

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals For The Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (163,752)	\$ 99,814
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation	2,459	2,001
(Increase) / Decrease in:		
Accounts Receivable	148,728	(155,907)
Employee Advance	73	335
Security Deposit	-	(3,500)
Increase / (Decrease) in:		
Accounts Payable	8,286	19,003
Grants Payable	-	(15,000)
PBID Advance	-	(46,421)
Payroll Liabilities	-	(614)
Credit Cards	(256)	3,399
Net Cash (Used) by Operating Activities	(4,462)	(96,890)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment Purchased	-	(7,300)
Net Cash (Used) by Investing Activities	-	(7,300)
 Net (Decrease) in Cash & Cash Equivalents	(4,462)	(104,190)
 Cash & Cash Equivalents, Beginning of Year	225,558	329,748
 Cash & Cash Equivalents, End of Year	\$ 221,096	\$ 225,558

See accompanying notes and independent accountant's review report

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 (with comparative totals for 2023)

Note 1. Nature of Organization

North Park Organization of Businesses, Inc. dba North Park Main Street (the Organization) is a non-profit consortium of local businesses organized for the purpose of promoting, improving, and fostering business conditions in the City of San Diego in the 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.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation: The financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Net assets with donor restrictions: net assets with donor-imposed restrictions are the net assets that are contributions subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by the passage of time or can be fulfilled and removed by action of the Organization pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that 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.

The Organization reports unconditional contributions restricted by donors as increases in net assets with donor restrictions in the reporting period in which the revenue is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports conditional contributions with restrictions by donors as increases in net assets without donor restrictions in the reporting period in which the condition has been satisfied and revenue has been recognized, and when the time restriction ends, or purpose restriction is accomplished.

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 (with comparative totals for 2023)

Note 2. Summary of Significant Accounting Policies, continued

Measure of Operations: The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs. Non-operating activities are limited to resources that generate returns from long-term investments and other activities considered to be of a more unusual or non-recurring nature.

Revenue Recognition: The Organization is funded principally through the administration of contracts and grants with the City and County of San Diego (special assessment districts SED, BID, EDTS, etc.). Additional funds are generated from special projects and special events.

Cash and Cash Equivalents: The Organization has defined cash and cash equivalents as cash in banks and certificates of deposits with an initial maturity of three months or less.

Accounts Receivable: Accounts receivable represents 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. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of June 30, 2024 and 2023.

Property and Equipment: Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. 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 Organization 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 Organization is required to deliver such assets to the City of San Diego.

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$2,459 and \$2,001, respectively.

Donated Materials and Services: Donated materials and services are recognized as contributions if the materials or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses: The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of programs or supporting service.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 (with comparative totals for 2023)

Note 3. Income Tax Status

The Organization is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6) and California State Tax Code 23701(e), respectively.

U.S. generally accepted accounting principles require Organization management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management has analyzed tax positions taken by the Organization and has concluded that as of June 30, 2024, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

Note 4. Commitments and Contingencies

Contracts: The Organization’s contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its financial statements. Management has submitted all reports required by funding agencies and is not aware of the existence of any potential disallowances.

Obligations Under Operating Leases: The Organization moved to an office located at 2948 University Avenue, San Diego CA 92104 effective February 1, 2023. The lease was for 12 months, ending January 31, 2024 with a monthly base rent of \$1,750. As of the date of this report, monthly rent is \$2,050 and the lease is currently month-to-month.

Total lease payments under this lease were \$24,600 and \$30,545, respectively, for the years ending June 30, 2024 and 2023.

Note 5. Other Income

Other income consists of the following:

	<u>06/30/2024</u>	<u>06/30/2023</u>
Sponsorships	\$ 91,000	\$ 63,800
Public Contributions	400	15,200
Total	<u>\$ 91,400</u>	<u>\$ 79,000</u>

NORTH PARK ORGANIZATION OF BUSINESSES, INC.
dba NORTH PARK MAIN STREET
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 (with comparative totals for 2023)

Note 6. Liquidity and Availability of Financial Assets

The Organization’s working capital and cash flows are relatively consistent throughout the year due to monthly assessments from SED, BID and SBEP programs. For months in which special events occur the Organization receives grants and sponsorships for the events corresponding to the timing of the event. To manage liquidity the Organization maintains adequate cash balances.

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>06/30/2024</u>	<u>06/30/2023</u>
Cash and Cash Equivalents	\$ 221,096	\$ 225,558
Accounts Receivable	<u>53,405</u>	<u>202,133</u>
Financial assets at year-end	274,501	427,691
Less those unavailable for general expenditures within one year:		
None	_____ -	_____ -
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 274,501</u>	<u>\$ 427,691</u>

Note 7. Subsequent Events

The management of the Organization have reviewed the results of operations and evaluated subsequent events for the period of time from its year end June 30, 2024 through December 6, 2024, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.