

**GASLAMP QUARTER ASSOCIATION**  
Financial Statements  
For the Year Ended June 30, 2014  
And  
Independent Auditors' Report

***DRAFT COPY***  
**PRELIMINARY & TENTATIVE**  
**for DISCUSSION PURPOSES ONLY**

**GASLAMP QUARTER ASSOCIATION**  
Financial Statements  
June 30, 2014

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Gaslamp Quarter Association

We have audited the accompanying statement of financial position of Gaslamp Quarter Association (a Non-Profit Organization) as of June 30, 2014, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These 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 Gaslamp Quarter Association as of June 30, 2013, the results of its operations and the changes in its net assets, and cash flows for the year 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  
September 23, 2014

**GASLAMP QUARTER ASSOCIATION**

Statement of Financial Position

June 30, 2014

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**ASSETS**

**Current Assets:**

Cash & Cash Equivalents	\$	499,488
Accounts Receivable (net of allowance for doubtful account of \$6,700)		31,095
Income Tax Estimated Payments		10,000
Total Current Assets		<u>540,583</u>

**Fixed Assets**

Office Furniture		21,398
Accumulated Depreciation		<u>(21,398)</u>
Net Fixed Assets		<u>-</u>

<b>Total Assets</b>	<b>\$</b>	<b><u>540,583</u></b>
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**LIABILITIES AND NET ASSETS**

**Liabilities**

Refundable Deposits Received	\$	4,000
Income Tax Payable		19,000
Total Liabilities		<u>23,000</u>

**Net Assets**

Unrestricted		<u>517,583</u>
Total Unrestricted Net Assets		<u>517,583</u>

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>540,583</u></b>
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The accompanying notes are an integral part of these financial statements.

**GASLAMP QUARTER ASSOCIATION**  
Statement of Activities  
For the Year Ended June 30, 2014

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**CHANGES IN UNRESTRICTED NET ASSETS:**

**Revenue:**

Governmental Funding:		
B.I.D.	\$	78,932
S.B.E.P. Management Grant		19,704
S.B.E.P. City Fees Offset Program		5,137
Total Government Funding		103,773
Special Events:		
Ticket Revenue		67,361
Product Sales/Auction		7,240
Vendor/Sponsor		117,430
Shamrock Event		16,960
Licensing Fees		-
Total Special Events		208,991
Other Revenue:		
Holiday Lighting / Banner (net)		36,700
Kiosk Advertising		42,900
Web Advertising		61,386
Public Pay Phone		2,237
Associated Membership		32,503
Other Income		6,466
Total Other Revenue		182,192
Total Revenue		494,956

**Expenses:**

Special Events & Programs:		
Special Events		93,114
Total Special Event Expenses		93,114
General & Administrative:		
Salaries & Wages		191,691
Employee Benefits		17,559
Payroll Taxes & Fees		17,355
Rent & Utilities		23,670
Dues/Memberships		1,796
Commissions		16,499
Accounting		12,450
Insurance - includes Workers Compensation		17,760
Postage		300
Equipment Rent/Repairs/Minor Equipment		9,210
Telephone		2,614
Meetings & Workshops		1,154
Office Supplies/Expense		1,163
Marketing		65,399
Bank Fees		9,100
Miscellaneous		487
Bad Debt		-
Licenses & Fees		208
Income Tax		22,203
Total General & Administrative Expenses		410,618
Total Expenses		503,732

**Decrease in Net Assets** (8,776)

**Net Assets, Beginning of Year** 526,359

**Net Assets, End of Year** \$ 517,583

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

**GASLAMP QUARTER ASSOCIATION**  
Statement of Cash Flows  
For the Year Ended June 30, 2014

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<b>Cash Flows From Operating Activities:</b>	
Increase in Net Assets	\$ (8,776)
Adjustments to Reconcile the Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	(8,659)
Increase in Credit Cards Payable	-
Decrease in Income Tax Estimated Payments	100
Increase in Income Tax Payable	9,100
Increase in Refundable Deposits Received	4,000
Total Adjustments	<u>4,541</u>
<b>Net Cash Used by Operating Activities</b>	<u>(4,235)</u>
<b>Cash Flows From Investing Activities</b>	-
<b>Cash Flows From Financing Activities</b>	-
<b>Net Decrease in Cash</b>	<u>(4,235)</u>
<b>Cash at Beginning of Period</b>	<u>503,723</u>
<b>Cash at End of Period</b>	<u>\$ 499,488</u>

Agree to cash balance to balance sheet	-
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The accompanying notes are an integral part of these financial statements.

**GASLAMP QUARTER ASSOCIATION**  
Notes to Financial Statements  
June 30, 2014

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**NOTE 1 - Summary of Significant Accounting Policies**

**Nature of Business**

Gaslamp Quarter Association "the Association" is a nonprofit consortium of local businesses organized pursuant to City Ordinance 15647 which established and defined a parking and business improvement area known as the Gaslamp Quarter Association under the provisions of the Parking and Business Improvement Area Law of the State of California and enabling ordinances of the City of San Diego for the purpose of promoting and fostering business conditions in the City of San Diego area commonly known as the Gaslamp Quarter located in San Diego's 16 1/2 block National Historic District.

**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.

**Cash and Cash Equivalents**

Time deposits with maturity date of three or less months are considered to be cash equivalents.

**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 5 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 under section 501(c)(6) of the Internal Revenue Code and similar California law, and is not subject to income taxes on related business income, however, it is subject to income taxes and unrelated business income.

**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 – Cash & Cash Equivalents**

Cash in Bank consists of the following:

Checking	\$298,050
Money Market	85,979
Certificate of Deposit	<u>115,459</u>
Total Cash & Cash Equivalents in Bank	<u>\$499,488</u>

**NOTE 3 - Revenues**

The Association is funded in part by the City of San Diego. The City of San Diego receives the funds as a special assessment collected together with business licensing fees from businesses located within the District. ~~The Association also received TOT and Community Enhancement Program funds that were used in the Mardi Gras event.~~ In addition, the Association holds special fund raising events to promote the business environment in the area, and also generates income from advertising and public pay phones.

**NOTE 4 - Accounts Receivable**

The total balance in accounts receivable is comprised of:

Customers and members	\$37,795
Allowance for doubtful account	<u>(6,700)</u>
Total	<u>\$31,095</u>

**NOTE 5 – Simple IRA Retirement Plan**

The Association's Simple IRA Retirement Plan (the Plan) is open to all full-time employees who have completed a one year employment period. The employee can choose any government recognized Simple IRA program and the Association will, after the appropriate documentation, match up to 3% of the employee's annual pay in contribution to the Plan. The Association's match for the year ended June 30, 2014 was \$2,936.

**NOTE 6 – Lease Agreement**

The facility at 614 Fifth Avenue, Suite F, San Diego, California 92101 is under a three year lease that was renewed on November 1, 2012 and it expires on October 31, 2015.

The monthly base rents during the extension term are as follows:

November 1, 2012 – October 31, 2013	\$1,750
November 1, 2013 – October 31, 2014	\$1,750
November 1, 2014 – October 31, 2015	\$1,825