

**OLD TOWN SAN DIEGO
CHAMBER OF COMMERCE**

Financial Statements
For The Fiscal Year Ended June 30, 2015 & 2014
And
Accountants' Report

**OLD TOWN SAN DIEGO
CHAMBER OF COMMERCE**
June 30, 2015 & 2014

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**Guerrero, Jimenez, Diaz
& Co. LLP**

A Certified Public Accounting Firm

INDEPENDENT AUDITORS' REPORT

To Board of Directors
Old Town San Diego Chamber of Commerce
San Diego, California

We have audited the accompanying financial statements of Old Town San Diego Chamber of Commerce (a Non-Profit Organization), which comprise of the statements of financial position as of June 30, 2015 and 2014, 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 Old Town San Diego Chamber of Commerce as of June 30, 2015 and 2014, 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 9 is presented for purposes of additional analysis and is not a required part of the financial statements, the prior year summarized information was derived from Old Town San Diego Chamber of Commerce's financial statements and, in our report dated February 10, 2015, we expressed an unqualified opinion on those 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, Jimenez, Diaz & Co., LLP

Guerrero, Jimenez, Diaz & Co., LLP
Certified Public Accountants
December 14, 2015

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
 Statements of Financial Position
 June 30, 2015 & 2014

ASSETS

	2015	2014
Current Assets		
Cash in Banks	\$ 58,250	\$ 56,751
Prepaid Expenses	1,000	-
Accounts Receivable	40,575	44,244
Total Current Assets	99,825	100,995
Office Furniture	409	409
Office Equipment	3,410	3,410
Accumulated Depreciation & Amortization	(3,819)	(3,819)
Total Fixed Assets	-	-
Donated Property	-	12,500
Security Deposit	2,783	1,083
Total Other Assets	2,783	13,583
 Total Assets	 \$ 102,608	 \$ 114,578

LIABILITIES & NET ASSETS

Liabilities:		
Accounts Payable	\$ -	\$ 525
Deferred Revenue	-	1,950
Income Tax Liability	9,176	9,176
Due to H.O.T.C.F	500	5,134
BID Assessments	-	-
Total Liabilities	9,676	16,785
 Net Assets		
Temporarily Restricted Net Assets	-	12,500
Unrestricted Net Assets	92,932	85,293
Total Net Assets	92,932	97,793
 Total Liabilities & Net Assets	 \$ 102,608	 \$ 114,578

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

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
Statements of Activity
For the Year Ended June 30, 2015 & 2014

	Unrestricted	Temporarily Restricted	Total	2014
Revenue:				
B.I.D. Reimbursement	\$ 31,496		\$ 31,496	\$ 32,958
SBEP	19,823		19,823	19,829
Fundraising	22,888		22,888	13,758
Special Events Income	159,345		159,345	110,476
City of San Diego EDTS Funding for Special Events	34,645		34,645	25,906
Net assets released from program restriction	12,500	(12,500)	-	-
Grants	28,825		28,825	-
Other Revenue	2,260		2,260	1,750
Total Revenues	<u>311,782</u>	<u>(12,500)</u>	<u>299,282</u>	<u>204,677</u>
 Expenses:				
Program Services	254,767	-	254,767	169,770
General & Management	47,032	-	47,032	38,426
Total Expenses	<u>301,799</u>	<u>-</u>	<u>301,799</u>	<u>208,196</u>
Increase/(Decrease) in Unrestricted Net Assets	9,983	(12,500)	(2,517)	(3,519)
 Prior Period Adjustment	 (2,344)		 (2,344)	 (9,176)
 Net Assets, Beginning of Year	 <u>85,293</u>	 <u>12,500</u>	 <u>97,793</u>	 <u>110,488</u>
Net Assets, End of Year	<u>\$ 92,932</u>	<u>-</u>	<u>\$ 92,932</u>	<u>\$ 97,793</u>

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

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
 Statements of Cash Flows
 For the Year Ended June 30, 2015 & 2014

	2015	2014
Cash Flows from Operating Activities:		
Increase/(Decrease) in Unrestricted Net Assets	\$ (2,517)	\$ (3,519)
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Decrease/(Increase) in Accounts Receivable	3,669	8,437
Decrease/(Increase) in Prepaid Expenses	(1,000)	-
Decrease/(Increase) in Other Assets	10,800	-
Increase/(Decrease) in Accounts Payable	(525)	64
Increase/(Decrease) in Other Liabilities	(6,584)	(1,170)
Increase/(Decrease) in Tax Liability	-	9,176
Increase/(Decrease) in Grant Advances	0	(432)
Total Adjustments	6,360	16,075
Net Cash Provided by Operating Activities	3,843	12,556
Cash Flows from Investing Activities	-	-
Cash Flows from Financing Activities		
Prior Period Adjustment - Income tax liability		(9,176)
Prior Period Adjustment -	(2,344)	
	-	-
Net Increase/(Decrease) in Cash	1,499	3,380
Cash at Beginning of Period	56,751	53,371
Cash at End of Period	\$ 58,250	\$ 56,751

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE

Notes to Financial Statements

June 30, 2015 & 2014

NOTE 1- Summary of Significant Accounting Policies

Nature of Business

Old Town San Diego Chamber of Commerce is a non-profit consortium of local businesses organized in 1945 for the purpose of promoting, improving and fostering business conditions in the City of San Diego in the area commonly known as Old Town pursuant to City Ordinance 286021, which established and defined a parking and business improvement area as the Old Town San Diego Chamber of Commerce under the provisions of the Parking and Business Improvement Area of Law of 1979 of the State of California and enabling ordinances of the City of San Diego.

Depreciation

The Organization's equipment and furniture is fully depreciated.

Income tax status

The organization has been granted exemption from federal income tax under Section 501(c)6 of the Internal Revenue Code and similar California law under Sections 9910-9927 of the Corporation codes and is not subject to income taxes on related business income. Management of the organization has evaluated its tax position and related income tax contingencies. Management does not believe that any material uncertain tax position exists with the exception of prior years penalties and interests described in Note 6. The association generally is no longer subject to income tax examinations by federal authorities for the years ending June 30, 2011 and before and by state authorities for years ending June 30, 2010 and before.

Basis of Accounting

The financial statements of the organization are prepared on the accrual basis of accounting.

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.

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 represents the portion of expendable funds that are available for support of the operations of the organization
- * Temporarily Restricted Net Assets consists 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 consists of contributions subject to donor-imposed stipulations that they be maintained permanently by the organization.

NOTE 2 – Accounts Receivable

The accounts receivable represents unpaid claims submitted to the City of San Diego and various customers for expenditures incurred through the fiscal year ended June 30, 2015 and 2014, listed as follows:

	<u>2015</u>	<u>2014</u>
City of San Diego - EDTS	29,531	25,906
County of San Diego	3,000	-
Event Booth Fees	-	10,491
Event Sponsor	6,120	-
Saturday Market	1,452	-
Other Customers	472	7,847
Total Claims Due	<u>\$40,575</u>	<u>\$44,244</u>

NOTE 3 – Special Events Income

The Special Events Income and City of San Diego EDTS Funding for Special Events account comprised of the following:

	<u>2015</u>	<u>2014</u>
Art Festival	56,468	51,634
Tequila Trail	-	19,459
Car Show	23,674	19,043
Saturday Market	45,096	36,663
Taste of Old Town	56,170	-
Other	12,582	9,583
Total Special Events Income	<u>\$193,990</u>	<u>\$136,382</u>

NOTE 4 – Special Events Expense

The Special Events expense account represents expenses incurred for the following events:

	<u>2015</u>	<u>2014</u>
Art Festival	54,812	40,949
Saturday Market	6,181	2,325
Car Show	23,547	19,836
Taste of Old Town	11,846	-
Tequila Trail	1,548	3,369
Others	7,244	5,270
Total Special Events Expense	<u>\$105,178</u>	<u>\$71,749</u>

NOTE 5 – Pending Lawsuit

Old Town San Diego Chamber of Commerce is one of the nonprofit organization named as defendants in a lawsuit filed by San Diegans for Open Government (Plaintiff/Petitioner) on June 15, 2015. This lawsuit challenges Municipal Defendants' authorization of a variety of tax levies and collections labeled as "assessments" by Municipal Defendants in order to avoid public scrutiny without first obtaining the requisite approval of the voters of the City of San Diego, and the approval of the illegal tax and related contracts in violation of conflict-of-interest laws. The Association negotiated with the plaintiff and the plaintiff withdrew the lawsuit as of the date of this report.

NOTE 6 – Income Tax Liability

The Income Tax Liability amount of \$9,176 represents penalties plus interest due to the Internal Revenue Service for tax years 2003, 2005, and 2008 due to late filing of tax returns.

NOTE 7 – Subsequent Events

Subsequent events have been evaluated through December 14, 2015, which is the date the financial statements were available to be issued.

NOTE 8 – Prior Period Adjustment

The last year Prior Period Adjustment amount of \$9,176 represents penalties plus interest due to the Internal Revenue Service for tax years 2003, 2005, and 2008 due to late filing of tax returns. Current year Prior Period Adjustment amount of \$895 represents uncollectable receivables from 2013 written off as bad debt and writeoff of uncleared deposits of \$3,239 for a net amount of \$2,344.

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE

Schedule of Functional Expenses

For the Year Ended June 30, 2015 & 2014

	<u>Program Services</u>	<u>General & Management</u>	<u>2015 Total</u>	<u>2014 Total</u>
Expenses:				
Accounting	\$ 2,948	1,452	\$ 4,400	\$ 5,300
Advertising	16,669	-	16,669	24,699
Bank Fees	294	145	439	202
Auto Expense	130	56	186	508
Designs	42,655	-	42,655	12,062
Dues & Subscriptions	1,032	508	1,540	788
Election Expenses	1,007	496	1,503	1,753
Insurance	2,057	1,013	3,070	2,897
Meetings	431	213	644	820
Miscellaneous	1,427	703	2,130	681
Parking	15,500	-	15,500	-
Postage	373	183	556	333
Professional fees	-	-	-	1,244
Promotions	-	-	-	1,108
Rent	22,698	11,180	33,878	16,421
Salaries & Payroll Taxes	39,013	29,431	68,444	59,103
Supplies	1,173	578	1,750	3,376
Special Events	105,178	-	105,178	71,749
Telephone	1,638	807	2,445	3,091
Repairs & Maintenance	544	268	812	2,061
Total Expenses	\$ 254,767	47,032	\$ 301,799	\$ 208,196

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