

**OLD TOWN SAN DIEGO
CHAMBER OF COMMERCE**

Financial Statements
For The Fiscal Year Ended June 30, 2023 & 2022
Independent Auditors' Report

OLD TOWN SAN DIEGO
CHAMBER OF COMMERCE
June 30, 2023 & 2022

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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

Opinion

We have audited the accompanying financial statements of Old Town San Diego Chamber of Commerce (a Non-Profit Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Old Town San Diego Chamber of Commerce and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Old Town San Diego Chamber of Commerce's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a

whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Old Town San Diego Chamber of Commerce's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Old Town San Diego Chamber of Commerce's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Old Town San Diego Chamber of Commerce financial statements as of June 30, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Guerrero, Jimenez, Diaz & Co LLP

Guerrero, Jimenez, Diaz & Co., LLP

Certified Public Accountants

Victor M. Diaz, CPA

California License #86352

San Diego, California

February 22, 2024

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
Statements of Financial Position
June 30, 2023 & 2022

ASSETS

	2023	2022
Current Assets		
Cash in Banks	\$ 367,289	\$ 380,686
Accounts Receivable	21,449	41,502
Total Current Assets	388,738	422,188
Office Furniture	409	409
Office Equipment	3,410	3,410
Accumulated Depreciation & Amortization	(3,819)	(3,819)
Total Fixed Assets	-	-
Security Deposit	282	282
Total Other Assets	282	282
Total Assets	\$ 389,020	\$ 422,470

LIABILITIES & NET ASSETS

Liabilities:		
Accounts Payable	\$ 10,564	\$ 25,533
Total Liabilities	10,564	25,533
Net Assets		
With donor restrictions:		
Designated	315,061	315,061
Without donor restrictions	63,395	81,876
Total Net Assets	378,456	396,937
Total Liabilities & Net Assets	\$ 389,020	\$ 422,470

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

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
Statements of Activities
For the Year Ended June 30, 2023 & 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	2022
Operating activities				
Support and Revenue:				
B.I.D. Reimbursement	\$ 32,424	-	\$ 32,424	\$ 32,412
SBEP	14,950	21,816	36,766	31,779
Fundraising	13,201	-	13,201	2,505
Special Events Income	129,375	-	129,375	117,470
Payroll Protection Loan Loan Forgiven	-	-	-	13,682
Grants	-	26,850	26,850	26,178
Net Assets Released from Restrictions	48,666	(48,666)	-	-
Community Parking District	28,164	-	28,164	-
Other Revenue	2,265	-	2,265	-
Total Revenues	269,045	-	269,045	224,026
 Operating Expenses:				
Program Services	236,617	-	236,617	120,928
General & Management	50,909	-	50,909	25,401
Total Expenses	287,526	-	287,526	146,329
Increase/(Decrease) in Undesignated Net Assets	(18,481)	-	(18,481)	77,697
Prior Period Adjustment				9,176
Net Assets, Beginning of Year	81,876	315,061	396,937	310,064
Net Assets, End of Year	\$ 63,395	\$ 315,061	\$ 378,456	\$ 396,937

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

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
Schedule of Functional Expenses
For the Year Ended June 30, 2023 & 2022

	<u>Program Services</u>	<u>General & Management</u>	<u>Total 2023</u>	<u>2022</u>
Expenses:				
Accounting	\$ 12,295	6,056	\$ 18,350	\$ 15,550
Advertising	13,385	-	13,385	421
Awards	723	356	1,079	-
Bank Fees	34	17	50	235
Community Parking District	4,260	-	4,260	-
Computer Hardware/Software	670	330	1,000	416
Contributions	-	-	-	1,250
Designs	3,841	-	3,841	-
Dues & Subscriptions	854	421	1,275	640
Election Expenses	-	-	-	1,985
Insurance	3,830	1,887	5,717	8,816
Meetings	685	338	1,023	181
Miscellaneous	1	1	2	1,346
Postage	185	91	276	13
Printing	338	167	505	-
Professional fees	5,339	2,629	7,968	2,967
Rent	16,325	8,041	24,366	4,755
Repairs & Maintenance	3,779	1,861	5,640	821
Salaries & Payroll Taxes	48,421	23,849	72,270	26,179
Special Events	111,771	-	111,771	75,580
Special Projects	1,589	783	2,372	250
Supplies	3,787	1,865	5,652	437
Telephone/ Utilities	4,161	2,049	6,210	4,487
Website	344	170	514	-
Total Expenses	\$ 236,617	50,909	\$ 287,526	\$ 146,329

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

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
Statements of Cash Flow
For the Year Ended June 30, 2023 & 2022

	2023	2022
Cash Flows from Operating Activities:		
Increase/(Decrease) in Unrestricted Net Assets	\$ (18,481)	\$ 77,697
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Gain on forgiveness of Payroll Protection Program	-	(13,682)
Decrease/(Increase) in Accounts Receivable	20,053	(40,949)
Increase/(Decrease) in Accounts Payable	(14,969)	22,913
Total Adjustments	5,084	(31,718)
Net Cash Provided by Operating Activities	(13,397)	45,979
Cash Flows from Investing Activities	-	-
Cash Flows from Financing Activities	-	-
Net Increase/(Decrease) in Cash	(13,397)	45,979
Cash at Beginning of Period	380,686	334,707
Cash at End of Period	\$ 367,289	\$ 380,686

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

OLD TOWN SAN DIEGO CHAMBER OF COMMERCE
Notes to Financial Statements
June 30, 2023 & 2022

NOTE 1- Nature and Summary of Significant Accounting Policies

Nature of Business

Old Town San Diego Chamber of Commerce (the "Chamber") 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 Chamber's equipment and furniture is fully depreciated.

Income tax status

The Chamber has been granted exemption from federal income tax under Section 501(c)6 of the Internal Revenue Code and the corresponding provision of section 23701(e) of the California Revenue and Taxation Code. The Chamber is not subject to income tax except for taxes on the receipt of income, if any, which is unrelated to the Chamber's tax-exempt purpose.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codifications No. 740-10, Accounting for Uncertainties in Income Tax, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Chamber has reviewed its positions for all open tax years and has determined that it has no uncertain tax positions requiring accrual or disclosures.

Basis of Accounting

The financial statements of the Chamber 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.

Basis of Presentation

The financial statements of the Chamber have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Chamber to report information regarding its financial position and activities according for the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Chamber. These net assets may be used at the discretion of the Chamber's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Chamber or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activity.

Measure of Operations

The statement of activity reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Chamber's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

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

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 Chamber 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.

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. This ASU amends the current nonprofit reporting model and enhances nonprofit Chambers required disclosures. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Chamber has adjusted the presentation of these statements accordingly.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Chamber recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. The Chamber's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued.

The Chamber has evaluated subsequent events through February 22, 2024, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

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, 2023 and 2022, listed as follows:

	<u>2023</u>	<u>2022</u>
Special Events	\$13,956	\$26,039
City of San Diego	<u>7,493</u>	<u>15,463</u>
Total	<u>\$21,449</u>	<u>\$ 41,502</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>2023</u>	<u>2022</u>
Dia De los Muertos	\$ 5,949	\$ 3,763
Fiesta Cinco de Mayo	8,164	6,444
Hamey Street Market	114,762	106,637
Other	<u>500</u>	<u>626</u>
Total	<u>\$129,375</u>	<u>\$117,470</u>

NOTE 4 – Special Events Expense

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

	<u>2023</u>	<u>2022</u>
Dia de los Muertos	\$35,425	\$13,145
Fiesta Cinco de Mayo	13,704	21,614
Summer Movies in the Park	3,000	-
Hamey Street Market	56,449	38,208
Las Posadas	700	2,086
Others	<u>2,493</u>	<u>527</u>
Total	<u>\$111,771</u>	<u>\$ 75,580</u>

NOTE 5 – Prior Period Adjustment

The Chamber has a prior period adjustment for fiscal year ending June 30, 2022 in the amount of \$9,176 which represents the forgiveness of Federal tax penalties and interests for tax years 2003, 2005, and 2008. Per the Chamber's Executive Director discussion with IRS to confirm that the issue was resolved and the penalties and interests were abated.

NOTE 6 – Liquidity and Availability of Resources

The Chamber’s financial assets available for general expenditure, that is without donor restrictions limiting their use within one year of the statement of position date, are as follows:

Cash and cash equivalents	\$367,289
Accounts Receivable	<u>21,449</u>
Total financial assets available within one year	388,738
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	315,061
Amounts unavailable to management without Board of Directors approval:	-
Total financial assets available to management for General expenditure within one year	<u>\$ 73,677</u>

The Chamber maintains policies of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 – Net Assets without Donor Restrictions

The Chamber has undesignated Net Assets without donor restrictions of \$63,395 at June 30, 2023.

NOTE 8 – Net Assets with Donor Restrictions

On January 14, 2019, the County of San Diego gave the Chamber a grant of \$412,216 for the purpose of installing public signs in the Old Town area. As of June 30, 2023, the balance of this grant is \$315,061 and recorded as Net assets with donor restrictions.

NOTE 9 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. During the fiscal year ended June 30, 2023, the net assets were released for the following purposes:

SBEP Management	\$16,816
SBEP Tech. Assistant	2,000
SBEP Bookkeeping	3,000
City of San Diego Grants	<u>26,850</u>
Total	<u>\$48,666</u>

NOTE 10 – Lease Agreement

On May 1, 2022, the Chamber entered into an office lease agreement, for three years until April 30, 2025, with Old Town Trolley Tours of San Diego, Inc. (the landlord) at 4010 Twiggs Street, San Diego, CA 92110. At June 30, 2023, the monthly rent is \$1,943. Future minimum base lease payments required under the lease agreement for the years ended June 30 is as follows:

Years Ending June 30,	
2024	\$23,510
2025	<u>20,400</u>
Total lease payments	<u>\$43,910</u>