

**MISSION HILLS BUSINESS IMPROVEMENT DISTRICT**

Financial Statements  
For The Fiscal Year Ended June 30, 2012  
And  
Accountants' Report

**MISSION HILLS BUSINESS IMPROVEMENT DISTRICT**  
June 30, 2012

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**Guerrero, Jimenez, Diaz  
& Co. LLP**  
A Certified Public Accounting Firm

## **INDEPENDENT AUDITORS' REPORT**

To Board of Directors  
Mission Hills Business Improvement District  
San Diego, California

We have audited the accompanying statements of financial position of Mission Hills Business Improvement District (a Non-Profit Organization) as of June 30, 2012 & 2011, and the related statements of activity, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audits 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 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 audits provide 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 Mission Hills Business Improvement District as of June 30, 2012 & 2011 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Guerrero, Jimenez, Diaz & Co., LLP  
Certified Public Accountants  
March 4, 2013

**MISSION HILLS BUSINESS IMPROVEMENT DISTRICT**  
 Statements of Financial Position  
 June 30, 2012 & 2011

**ASSETS**

	2012	2011
<b>Current Assets</b>		
Cash in Banks	\$ 10,641	\$ 29,899
Accounts Receivable	9,161	11,169
Total Current Assets	19,802	41,068
<b>Total Assets</b>	\$ 19,802	\$ 41,068

**LIABILITIES & NET ASSETS**

<b>Liabilities:</b>		
Accounts Payable	\$ -	\$ 1,003
Deferred Income	-	25,000
SBEP Grant Advance	-	2,793
<b>Total Liabilities</b>	-	28,796
<b>Net Assets</b>		
Temporarily Restricted Net Assets	-	-
Unrestricted Net Assets	19,802	12,272
<b>Total Net Assets</b>	19,802	12,272
<b>Total Liabilities &amp; Net Assets</b>	\$ 19,802	\$ 41,068

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

**MISSION HILLS BUSINESS IMPROVEMENT DISTRICT**

Statements of Activity

For the Year Ended June 30, 2012 & 2011

	<u>2012</u>	<u>2011</u>
<b>Revenue:</b>		
B.I.D. Reimbursement	27,528	24,023
SBEP	19,922	15,411
County Grant	25,000	-
Special Events	12,135	17,865
Other Revenue	152	2,582
Total Revenues	<u>84,737</u>	<u>59,881</u>
<b>Expenses:</b>		
Program Services	66,160	46,132
General & Management	11,047	10,421
Total Expenses	<u>77,207</u>	<u>56,553</u>
Increase/(Decrease) in Unrestricted Net Assets	7,530	3,328
Net Assets, Beginning of Year	<u>12,272</u>	<u>8,944</u>
Net Assets, End of Year	<u><u>19,802</u></u>	<u><u>12,272</u></u>

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

**MISSION HILLS BUSINESS IMPROVEMENT DISTRICT**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2012 & 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating Activities:</b>		
Increase/(Decrease) in Unrestricted Net Assets	\$ 7,530	\$ 3,328
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Decrease/(Increase) in Accounts Receivable	2,008	7,806
Increase/(Decrease) in Accounts Payable	(1,003)	(4,148)
Increase/(Decrease) in Payroll Liabilities		(4,609)
Increase/(Decrease) in Deferred Income	(25,000)	25,000
Increase/(Decrease) in Grant Advances	<u>(2,793)</u>	<u>2,793</u>
Total Adjustments	<u>(26,788)</u>	<u>26,842</u>
Net Cash Generated/(Used) for Operating Activities	<u>(19,259)</u>	<u>30,170</u>
<b>Cash Flows from Investing Activities</b>	<u>          </u>	<u>          </u>
<b>Cash Flows from Financing Activities</b>	<u>          </u>	<u>          </u>
<b>Net Increase/(Decrease) in Cash</b>	(19,259)	30,170
<b>Cash at Beginning of Period</b>	<u>29,899</u>	<u>(271)</u>
<b>Cash at End of Period</b>	<u>\$ 10,641</u>	<u>\$ 29,899</u>

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

## MISSION HILLS BUSINESS IMPROVEMENT DISTRICT

Notes to Financial Statements

June 30, 2012

### NOTE 1- Summary of Significant Accounting Policies

#### Nature of Business

Mission Hills Business Improvement District is a non-profit consortium of local businesses organized in 2004 for the purpose of promoting, improving and fostering business conditions in the City of San Diego in the area commonly known as Mission Hills, which established and defined a parking and business improvement area as the Mission Hills Business Improvement District 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 are depreciated using the straight-line method over estimated useful lives of five to seven years.

#### 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.

#### 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

The Organization has adopted the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-for-Profit Organizations" (Statement No. 117). Statement No. 117 requires that net assets and revenue, gains, expenses and losses be classified as unrestricted, temporarily restricted and permanently restricted, as follows:

- 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.

**NOTE 2 – Accounts Receivable**

The balance in accounts receivable represents the following unpaid claims submitted to various agencies of the City of San Diego and other private grants for expenditures incurred through the end of the fiscal year.

City of San Diego (BID Receivable)	\$9,161
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MISSION HILLS BUSINESS IMPROVEMENT DISTRICT  
Schedule of Functional Expenses  
For the Year Ended June 30, 2012 & 2011

	Program Services	General & Mmgt.	Total	2011
Expenses:				
Accounting	1,295	1,295	2,590	2,480
Bank Fees	-	-	-	66
Designs	27,078	-	27,078	4,428
Dues & Subscriptions	300	-	300	300
Farmer's Market	4,615	-	4,615	9,418
Printing	134	45	179	-
Insurance	931	931	1,862	1,773
Meetings	276	-	276	303
Postage	427	-	427	56
Payroll Services	-	565	565	485
Promotions	8,592	-	8,592	6,592
Rent	257	257	514	1,200
Salaries & Payroll Taxes	21,339	7,113	28,452	28,743
Supplies	677	226	903	598
Telephone	239	80	319	404
Workmen's Comp.	-	535	535	(293)
Total Expenses	<u>66,160</u>	<u>11,047</u>	<u>77,207</u>	<u>56,553</u>

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