

MISSION HILLS BUSINESS IMPROVEMENT DISTRICT

Financial Statements
For The Fiscal Year Ended June 30, 2013
And
Accountants' Report

MISSION HILLS BUSINESS IMPROVEMENT DISTRICT
June 30, 2013

Table of Contents

<u>Page</u>	<u>Description</u>
1	Accountants' Report
2	Statement of Financial Position
3	Statement of Activities
4	Statement of Cash Flows
5-6	Notes to Financial Statements
7	Schedule of Functional Expenses



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, 2013 & 2012, 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, 2013 & 2012 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 statement 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
October 30, 2013

MISSION HILLS BUSINESS IMPROVEMENT DISTRICT
 Statements of Financial Position
 June 30, 2013 & 2012

ASSETS

	2013	2012
Current Assets		
Cash in Banks	\$ 19,291	\$ 10,641
Accounts Receivable	3,940	9,161
Total Current Assets	23,231	19,802
Total Assets	\$ 23,231	\$ 19,802

LIABILITIES & NET ASSETS

Liabilities:		
Deferred Income	\$ 435	\$ -
Total Liabilities	435	-
Net Assets		
Temporarily Restricted Net Assets	-	-
Unrestricted Net Assets	22,796	19,802
Total Net Assets	22,796	19,802
Total Liabilities & Net Assets	\$ 23,231	\$ 19,802

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, 2013 & 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013</u>	<u>2012</u>
Revenue:				
B.I.D. Reimbursement	\$ 47,122		\$ 47,122	\$ 27,528
SBEP	17,294		17,294	19,922
County Grant	-		-	25,000
Special Events	6,844		6,844.00	12,135
Other Revenue	175		175.00	152
Total Revenues	<u>71,435</u>	<u>-</u>	<u>71,435</u>	<u>84,737</u>
 Expenses:				
Program Services	57,983		57,983	66,160
General & Management	10,459		10,459	11,047
Total Expenses	<u>68,441</u>	<u>-</u>	<u>68,441</u>	<u>77,207</u>
Increase/(Decrease) in Unrestricted Net Assets	2,994	-	2,994	7,530
 Net Assets, Beginning of Year	 <u>19,802</u>	 <u>-</u>	 <u>19,802</u>	 <u>12,272</u>
Net Assets, End of Year	<u>\$ 22,796</u>	<u>-</u>	<u>\$ 22,796</u>	<u>\$ 19,802</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, 2013 & 2012

	2013	2012
Cash Flows from Operating Activities:		
Increase/(Decrease) in Unrestricted Net Assets	\$ 2,994	\$ 7,530
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Decrease/(Increase) in Accounts Receivable	5,221	2,008
Increase/(Decrease) in Accounts Payable	-	(1,003)
Increase/(Decrease) in Payroll Liabilities	-	-
Increase/(Decrease) in Deferred Income	435	(25,000)
Increase/(Decrease) in Grant Advances	-	(2,793)
Total Adjustments	5,656	(26,788)
Net Cash Generated/(Used) for Operating Activities	8,650	(19,258)
Cash Flows from Investing Activities		
Cash Flows from Financing Activities		
Net Increase/(Decrease) in Cash	8,650	(19,258)
Cash at Beginning of Period	10,641	29,899
Cash at End of Period	\$ 19,291	\$ 10,641

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

MISSION HILLS BUSINESS IMPROVEMENT DISTRICT
Notes to Financial Statements
June 30, 2013

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.

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.

The Organization considers that all funds received are generally exchange transactions and unrestricted contributions, including contributions with restrictions which are met in the same period.

NOTE 2 – Accounts Receivable

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

City of San Diego (BID Receivable)	\$3,940
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MISSION HILLS BUSINESS IMPROVEMENT DISTRICT
Schedule of Functional Expenses
For the Year Ended June 30, 2013 & 2012

Expenses:	Program Services	General & Mmgt.	Total	2012
Accounting	\$ 1,807	\$ 1,807	\$ 3,613	\$ 2,590
Contract Expenses	430	-	430	-
Contributions	195	-	195	-
Designs	4,825	-	4,825	27,078
Dues & Subscriptions	256	64	320	300
Farmer's Market	1,041	-	1,041	4,615
Printing	33	8	41	179.00
Insurance	1,434	358	1,792	1,862
Meetings	287	72	359	276
Postage	133	-	133	427
Payroll Services	408	102	510	565
Promotions	14,944	-	14,944	8,592
Rent	960	240	1,200	514
Salaries & Payroll Taxes	30,200	7,550	37,750	28,452
Supplies	606	152	758	903
Telephone	-	-	-	319
Workmen's Comp.	424	106	530	535
Total Expenses	\$ 57,983	\$ 10,459	\$68,441	\$ 77,207

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