

Post date:	
Initial:	



Hillcrest Business Association
Board of Directors Meeting
 Public Meeting ~ November 12, 2019, 5pm
 Joyce Beers Community Center
 1230 Cleveland Ave., San Diego, CA 92103

Agenda

- | | | |
|--|-------------|------------|
| 1. Call to order and introductions | P. Smith | 2 minutes |
| 2. Public comment (2 minutes per speaker) (information) | | 2 minutes |
| 3. President’s report (information) | P. Smith | 5 minutes |
| 4. Executive Director’s report (information) | B. Nicholls | 5 minutes |
| 5. Consent agenda (action) | C. Moreno | 5 minutes |
| a. Approval of financials from August 2019 ¹ | | |
| b. Approval of minutes from September & October 2019 ² | | |
| 6. Executive Committee items | P. Smith | 15 minutes |
| a. Adjourn to closed session: Conference with legal council:
Anticipated litigation. Significant exposure to litigation
pursuant to paragraph (2) or (3) of subdivision (d) of
Section 54956.9: Number of claims: one. (action) | | |
| b. Adjourn to open session: Report on closed session
(information) | | |
| c. Acceptance of City required annual audit for FY19
(action) ⁴ | | |
| 7. Special Event Committee items | B. Nicholls | 10 minutes |
| a. Review of Pride Block Party Financials (information) | | |
| b. Review of holiday promotion campaign (information) | | |
| 8. Beautification Committee items | B. Nicholls | 5 minutes |
| c. Approval of information kiosk use policy (action) ⁵ | | |

Adjourn

Attachments:

- | | |
|--|--|
| 1. Financials from August 2019 | 4. SOP 15: Neighborhood kiosk use policy |
| 2. Minutes from September & October 2019 | |
| 3. Draft audit FY19 | |

Post date:	
Initial:	



2019 Standing Committees:

- Beautification (T. St. Louis)
- Executive (P. Smith)
- East MAD (M. Roland)
- Special Events (R. Bedrosian)
- Marketing (open)



Hillcrest Business Association
Board of Directors Meeting
Public Meeting ~ September 10, 2019, 5pm
Joyce Beers Community Center
1230 Cleveland Ave., San Diego, CA 92103

Minutes

Board Members in attendance:

Tami Daiber-Hirst, Glenn Younger, Tina Shirley, Jeff Jackson, Colleen Cavaliere, Ryan Bedrosian, Paul Smith, Charles Kauffman, and Jessica Baro

Board Members absent:

Staff in attendance:

Benjamin Nicholls, Mary Joseph

Public in attendance: Jason Weis, Tyler Birch, Gerrie Trussle

- T. Daiber-Hirst called the meeting to order and introductions occurred.
- T. Daiber-Hirst thanked everyone for participating in the HBA this year. She stated that this is her last regular board meeting for the year and she appreciated everyone's participation on the committees and at the board. She invited folks to the annual meeting next month at the future home of the Normal Street Promenade on 10/8.
- She reported on a plan for a District 3 candidate's debate with other business associations including the Downtown Partnership, Gaslamp Quarter, and the East Village Assoc. The event will be on 10/24 at the Quartyard in the East Village.
- She reported that staff had received a report concerning the farmers market financials from the auditor
- B. Nicholls reported on the final selection of a muralist for the ATT building wall at Sixth and University.
- He reported that planning for Nightmare on Normal Street is underway. Tickets went on sale on 9/10. The event this year is on 10/26.
 - Motion to approve the Consent Agenda as presented. (Smith/ Bedrosian). Motion carries unanimously.
- T. Daiber-Hirst thanked members who are running again for the board.

- Motion to approve the slate of candidates as presented. (Smith/ Daiber-Hirst). Motion carries unanimously.
- B. Nicholls introduced a letter of support for UCSD medical center project.
 - Motion to approve the letter as presented. (Bedrosian / Daiber-Hirst). Motion carries unanimously.
- T. Daiber-Hirst presented the discussion concerning the Executive Director Annual Review
- The group considered the review.
 - Motion to approve a \$5,000 raise and \$5,000 bonus for B. Nicholls. (Smith/ Daiber-Hirst). Motion carries unanimously.
- B. Nicholls stated that the EMAD committee has developed a new survey area and new survey for the expansion of the MAD. The plan is to survey the entire commercial district
- Details of an agreement a company to refine the survey, create a GIS database, and receive the responses to the surveys was included in the package
 - Motion to approve phase one of the agreement with a value of \$9,000. (Smith/ Daiber-Hirst). Motion carries unanimously.
- T. Daiber-Hirst stated that at the last meeting of the Beautification Committee, a new chair was approved. Trent St. Louis is the new chair.
- B. Nicholls reports that the HBA has been approached by District Three to assist them in the painting of the rainbow crosswalks on Normal Street at University Ave.
- They are proposing HBA receive a grant from the City install the crosswalk
 - Motion to receive the grant. (Smith/ Daiber-Hirst). Motion carries unanimously. Motion carries unanimously.
- G. Trussle from UPCD presented on a plan for HBA's support to install information kiosks at University and Fifth and Normal at Harvey Milk.
- HBA would manage the changeable neighborhood bulletin board elements of the Kiosk. The Beautification Committee would develop a use policy for the kiosk.
 - Motion to support the project, allow use of HBA logo on the project, and manage the changeable elements of the kiosk. (Smith/ Daiber-Hirst). Motion carries unanimously.
- The meeting adjourned.



Hillcrest Business Association
Annual Meeting
Public Meeting ~ October 10, 2019, 5pm
Normal Street Promenade
Cnr. of University Ave. and Normal Street, San Diego CA 92103

Minutes

Board members in attendance: Tami Daiber-Hirst, Ryan Bedrosian, Matt Ramon, Tina Shirley, Paul Smith, Jeff Jackson, and Glenn Younger.

Staff in attendance: Benjamin Nicholls, Jonathan Lopez, Mary Joseph

- The meeting began and a number of speakers addressed the group.
- Voting occurred and the tallied results were that Tami Daiber, John Huesler, Kristen Rindall, Jerry Strayve, David Daniels, Ryan Bedrosian, Matt Ramone, and Cecelia Moreno were elected. Ben Nicholls, Natalie Villegas, and Chris Shaw were elected to represent Hillcrest businesses at the UCPD.
 - Motion to approve the results of the election. (Daiber-Hirst/ Bedrosian). The motion passed unanimously.
- The meeting adjourned.

Hillcrest Business Association
Board of Directors Meeting
Public Meeting ~ October 10, 2019, 7pm
Normal Street Promenade
Cnr. of University Ave. and Normal Street, San Diego CA 92103

Minutes

Board members in attendance: Tami Daiber-Hirst, Ryan Bedrosian, David Daniels, Matt Ramone, Tina Shiley, Paul Smith, Jeff Jackson, and Glenn Younger.

Staff in attendance: Benjamin Nicholls, Jonathan Lopez, Mary Joseph

- The group discussed who should be board president.
 - Motion: Hold a vote for who should be board president between Paul Smith and Tami Daiber-Hirst. (Younger/ Bedrosian). The motion passed unanimously.
- The vote occurred with P. Smith winning.



- Motion: Approve the following slate for the other officers: Glenn Younger for VP, Ryan Bedrosian for Secretary, Cecelia Moreno for Treasurer, and Tami Daiber-Hirst for Trustee. (Younger/ Bedrosian). The motion passed unanimously.

- The meeting adjourned.

Hillcrest Business Improvement Association, Inc.

A/R Aging Summary

As of August 31, 2019

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Dr. Bronners	0.00	0.00	0.00	750.00	0.00	750.00
TOTAL	0.00	0.00	0.00	750.00	0.00	750.00

Hillcrest Business Improvement Association, Inc.

Balance Sheet

As of August 31, 2019

Aug 31, 19

ASSETS

Current Assets

Checking/Savings

10035 · Comerica - Checking 158,452.13

10045 · PayPal 656.20

Total Checking/Savings 159,108.33

Accounts Receivable

12000 · Accounts Receivable 750.00

Total Accounts Receivable 750.00

Other Current Assets

10115 · SBEP City Fees & Services 5,460.75

10120 · BID Receivable 16,866.41

10125 · MAD Receivable 22,575.60

10135 · City Fest Prepaid/Receivable 2,009.00

10145 · Farmers Market Receivable 4,000.00

10155 · Prepaid Expense 5,302.31

10175 · Commission for Arts Grant Rcvbl 21,793.00

10190 · Tech. Assistance/Acctg. Rcvbl. 980.00

Total Other Current Assets 78,987.07

Total Current Assets 238,845.40

Fixed Assets

10200 · Office Furniture & Equipment 21,364.81

10220 · Accumulated Depreciation -21,364.81

Total Fixed Assets 0.00

TOTAL ASSETS 238,845.40

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

20000 · Accounts Payable 13,885.45

Total Accounts Payable 13,885.45

Other Current Liabilities

20210 · Accrued Expenses 18,901.11

20230 · Sales Tax Payable 610.00

Hillcrest Business Improvement Association, Inc.

Balance Sheet

As of August 31, 2019

	<u>Aug 31, 19</u>
20240 · Deferred Revenue	8,000.00
21000 · Payroll Liabilities	
Vacation Payable	5,628.22
Total 21000 · Payroll Liabilities	<u>5,628.22</u>
Total Other Current Liabilities	<u>33,139.33</u>
Total Current Liabilities	<u>47,024.78</u>
Total Liabilities	47,024.78
Equity	
31100 · Unrestricted Net Assets	165,543.39
Net Income	26,277.23
Total Equity	<u>191,820.62</u>
TOTAL LIABILITIES & EQUITY	<u><u>238,845.40</u></u>

Hillcrest Business Improvement Association, Inc.
Profit & Loss Budget vs. Actual
 July through August 2019

	TOTAL					
	Aug 19	Budget	\$ Over Budget	Jul - Aug 19	Budget	\$ Over Budget
Income						
40015 · CityFest	79,317.53	117,000.00	-37,682.47	111,847.56	147,000.00	-35,152.44
40020 · Farmers Market	21,521.98	16,917.00	4,604.98	42,345.30	33,834.00	8,511.30
40030 · SBEP	0.00	2,084.00	-2,084.00	0.00	4,168.00	-4,168.00
40040 · MAD	13,190.20	7,515.00	5,675.20	22,575.60	15,030.00	7,545.60
40050 · BID	10,196.27	8,753.00	1,443.27	16,866.41	17,506.00	-639.59
40060 · PROW	0.00	104.00	-104.00	0.00	208.00	-208.00
40140 · Banner Space	0.00	208.00	-208.00	0.00	416.00	-416.00
40155 · Pride of Hillcrest/Block Party	2,405.00	25,000.00	-22,595.00	58,908.77	75,000.00	-16,091.23
40160 · Hillcrest Map.	0.00	250.00	-250.00	0.00	500.00	-500.00
40190 · Hillcrest Security Subscription	1,239.74	900.00	339.74	1,314.74	1,800.00	-485.26
40195 · Hillcrest Steam Cleaning	1,021.27	1,500.00	-478.73	1,117.77	3,000.00	-1,882.23
Total Income	128,891.99	180,231.00	-51,339.01	254,976.15	298,462.00	-43,485.85
Expense						
50000 · Personnel						
50005 · Salaries	11,878.64	13,850.00	-1,971.36	23,450.79	27,700.00	-4,249.21
50025 · Employer Taxes - Federal	908.74	1,125.00	-216.26	1,794.00	2,250.00	-456.00
50030 · Employer Taxes - State	0.00	207.00	-207.00	0.00	414.00	-414.00
50035 · Health Insurance	1,532.81	827.00	705.81	2,955.52	1,654.00	1,301.52
50040 · Workers Comp Insurance	0.00	144.00	-144.00	0.00	288.00	-288.00
Total 50000 · Personnel	14,320.19	16,153.00	-1,832.81	28,200.31	32,306.00	-4,105.69
50045 · Operating						
50050 · Rent Office Space	840.00	803.00	37.00	2,520.00	1,606.00	914.00
50055 · Storage	435.00			1,305.00		
50060 · Accounting	2,095.00	2,088.00	7.00	4,190.00	4,176.00	14.00
50065 · Audit	0.00	625.00	-625.00	0.00	1,250.00	-1,250.00
50070 · Equipment Purchase	0.00	175.00	-175.00	452.45	350.00	102.45
50075 · Intern/Consultant	3,061.00	1,000.00	2,061.00	8,191.00	2,000.00	6,191.00
50080 · Bank & Credit Card Charges	80.36	50.00	30.36	201.13	100.00	101.13
50085 · Repair/Maintenance/Cleaning	240.00	233.00	7.00	480.00	466.00	14.00
50090 · Office Supplies	164.64	267.00	-102.36	663.20	534.00	129.20
50095 · Postage and Delivery	2.99	29.00	-26.01	7.98	58.00	-50.02
50100 · Printing/Photocopy	242.05	109.00	133.05	509.10	218.00	291.10
50110 · Dues/Subscriptions	500.00	83.00	417.00	500.00	166.00	334.00
50115 · Staff Development	0.00	100.00	-100.00	0.00	200.00	-200.00
50120 · Meetings	511.94	292.00	219.94	613.08	584.00	29.08
50125 · Legal	0.00	625.00	-625.00	25.00	1,250.00	-1,225.00

Hillcrest Business Improvement Association, Inc.
Profit & Loss Budget vs. Actual
 July through August 2019

	TOTAL					
	Aug 19	Budget	\$ Over Budget	Jul - Aug 19	Budget	\$ Over Budget
50130 · Telephone & Internet	1,331.98	625.00	706.98	3,012.93	1,250.00	1,762.93
50135 · Parking/Mileage	60.05	200.00	-139.95	127.76	400.00	-272.24
50140 · Depreciation	0.00	25.00	-25.00	0.00	50.00	-50.00
50330 · D & O / Liability Insurance	2,561.25	1,583.00	978.25	7,258.90	2,375.00	4,883.90
Total 50045 · Operating	12,126.26	8,912.00	3,214.26	30,057.53	17,033.00	13,024.53
51000 · Neighborhood/Outreach Promotion						
51515 · CityFest	58,212.29	86,000.00	-27,787.71	61,535.60	96,000.00	-34,464.40
51525 · Promotion/Marketing/Campaigns	2,721.55	1,292.00	1,429.55	3,063.62	2,584.00	479.62
51530 · Banners	5,988.52	375.00	5,613.52	7,158.52	750.00	6,408.52
51535 · Web Site Communications	0.00	125.00	-125.00	0.00	250.00	-250.00
51540 · Business Mixers/Open House	1,198.41	117.00	1,081.41	1,927.73	234.00	1,693.73
51545 · Newsletter	0.00	250.00	-250.00	0.00	500.00	-500.00
51555 · Farmer's Market	6,149.23	1,250.00	4,899.23	7,155.62	2,500.00	4,655.62
51560 · Business Forum/Open House	0.00	92.00	-92.00	0.00	184.00	-184.00
51565 · Hillcrest Map	0.00	250.00	-250.00	0.00	500.00	-500.00
51575 · Pride Flag Project	0.00			3,234.49		
51800 · Pride of Hillcrest/Block Party	2,059.00	15,000.00	-12,941.00	52,101.90	65,000.00	-12,898.10
Total 51000 · Neighborhood/Outreach Promotion	76,329.00	104,751.00	-28,422.00	136,177.48	168,502.00	-32,324.52
53000 · Physical Improvements						
53125 · Hillcrest Sign Utilities/Maint.	58.57	67.00	-8.43	2,459.14	134.00	2,325.14
53130 · Security	4,287.50	3,278.00	1,009.50	7,927.00	6,556.00	1,371.00
53131 · Security Subscription	1,300.00	0.00	1,300.00	2,950.00	0.00	2,950.00
53134 · Steam Cleaning Subscription	1,800.00	3,496.00	-1,696.00	1,800.00	6,992.00	-5,192.00
53135 · Street Cleaning	5,045.02	0.00	5,045.02	5,045.02	0.00	5,045.02
53139 · Sidewalk Improvements	3,908.00	4,742.00	-834.00	7,816.00	9,484.00	-1,668.00
53150 · Dumpsters	1,885.53	380.00	1,505.53	2,602.44	760.00	1,842.44
53155 · Tree & Flower Maintenance	1,498.00	3,705.00	-2,207.00	3,664.00	7,410.00	-3,746.00
53157 · Tree Light Repair	0.00	1,042.00	-1,042.00	0.00	2,084.00	-2,084.00
53165 · Contingency	0.00	1,815.00	-1,815.00	0.00	3,630.00	-3,630.00
Total 53000 · Physical Improvements	19,782.62	18,525.00	1,257.62	34,263.60	37,050.00	-2,786.40
Total Expense	122,558.07	148,341.00	-25,782.93	228,698.92	254,891.00	-26,192.08
Net Income	6,333.92	31,890.00	-25,556.08	26,277.23	43,571.00	-17,293.77

Hillcrest Business Improvement Association, Inc.

Profit & Loss by Class

July through August 2019

	110 GENERAL	220 SPECIAL EVENTS	410 BID CONTRACT	510 MAD	TOTAL
Income					
40015 · CityFest	0.00	111,847.56	0.00	0.00	111,847.56
40020 · Farmers Market	0.00	42,345.30	0.00	0.00	42,345.30
40040 · MAD	0.00	0.00	0.00	22,575.60	22,575.60
40050 · BID	0.00	0.00	16,866.41	0.00	16,866.41
40155 · Pride of Hillcrest/Block Party	0.00	58,908.77	0.00	0.00	58,908.77
40190 · Hillcrest Security Subscription	1,314.74	0.00	0.00	0.00	1,314.74
40195 · Hillcrest Steam Cleaning	1,117.77	0.00	0.00	0.00	1,117.77
Total Income	2,432.51	213,101.63	16,866.41	22,575.60	254,976.15
Expense					
50000 · Personnel					
50005 · Salaries	13,613.39	4,541.08	5,296.32	0.00	23,450.79
50025 · Employer Taxes - Federal	1,041.42	347.41	405.17	0.00	1,794.00
50035 · Health Insurance	2,955.52	0.00	0.00	0.00	2,955.52
Total 50000 · Personnel	17,610.33	4,888.49	5,701.49	0.00	28,200.31
50045 · Operating					
50050 · Rent Office Space	2,520.00	0.00	0.00	0.00	2,520.00
50055 · Storage	1,305.00	0.00	0.00	0.00	1,305.00
50060 · Accounting	728.00	1,600.00	0.00	1,862.00	4,190.00
50070 · Equipment Purchase	452.45	0.00	0.00	0.00	452.45
50075 · Intern/Consultant	2,120.00	6,071.00	0.00	0.00	8,191.00
50080 · Bank & Credit Card Charges	201.13	0.00	0.00	0.00	201.13
50085 · Repair/Maintenance/Cleaning	480.00	0.00	0.00	0.00	480.00
50090 · Office Supplies	663.20	0.00	0.00	0.00	663.20
50095 · Postage and Delivery	7.98	0.00	0.00	0.00	7.98
50100 · Printing/Photocopy	267.05	242.05	0.00	0.00	509.10
50110 · Dues/Subscriptions	500.00	0.00	0.00	0.00	500.00
50120 · Meetings	613.08	0.00	0.00	0.00	613.08
50125 · Legal	25.00	0.00	0.00	0.00	25.00
50130 · Telephone & Internet	3,012.93	0.00	0.00	0.00	3,012.93
50135 · Parking/Mileage	127.76	0.00	0.00	0.00	127.76
50330 · D & O / Liability Insurance	7,258.90	0.00	0.00	0.00	7,258.90
Total 50045 · Operating	20,282.48	7,913.05	0.00	1,862.00	30,057.53
51000 · Neighborhood/Outreach Promotion					

Hillcrest Business Improvement Association, Inc.

Profit & Loss by Class

July through August 2019

	110 GENERAL	220 SPECIAL EVENTS	410 BID CONTRACT	510 MAD	TOTAL
51515 · CityFest	61.99	61,473.61	0.00	0.00	61,535.60
51525 · Promotion/Marketing/Campaigns	621.55	0.00	2,442.07	0.00	3,063.62
51530 · Banners	7,158.52	0.00	0.00	0.00	7,158.52
51540 · Business Mixers/Open House	250.00	316.88	1,360.85	0.00	1,927.73
51555 · Farmer's Market	0.00	7,155.62	0.00	0.00	7,155.62
51575 · Pride Flag Project	3,234.49	0.00	0.00	0.00	3,234.49
51800 · Pride of Hillcrest/Block Party	50.59	52,051.31	0.00	0.00	52,101.90
Total 51000 · Neighborhood/Outreach Promotion	11,377.14	120,997.42	3,802.92	0.00	136,177.48
53000 · Physical Improvements					
53125 · Hillcrest Sign Utilities/Maint.	0.00	0.00	0.00	2,459.14	2,459.14
53130 · Security	0.00	0.00	0.00	7,927.00	7,927.00
53131 · Security Subscription	2,950.00	0.00	0.00	0.00	2,950.00
53134 · Steam Cleaning Subscription	1,800.00	0.00	0.00	0.00	1,800.00
53135 · Street Cleaning	0.00	0.00	0.00	5,045.02	5,045.02
53139 · Sidewalk Improvements	0.00	0.00	3,698.00	4,118.00	7,816.00
53150 · Dumpsters	1,438.00	0.00	0.00	1,164.44	2,602.44
53155 · Tree & Flower Maintenance	0.00	0.00	3,664.00	0.00	3,664.00
Total 53000 · Physical Improvements	6,188.00	0.00	7,362.00	20,713.60	34,263.60
Total Expense	55,457.95	133,798.96	16,866.41	22,575.60	228,698.92
	-53,025.44	79,302.67	0.00	0.00	26,277.23

Financial Report



Business Improvement Association, Inc.

June 30, 2019

Contents

	<u>Page</u>
Independent Auditor's Report on the Financial Statements.....	1
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Directors
Hillcrest Business Improvement Association, Inc.
San Diego, California

We have audited the accompanying financial statements of Hillcrest Business Improvement Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Hillcrest Business Improvement Association, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Hillcrest Business Improvement Association, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WEST RHODE & ROBERTS

San Diego, California
September XX, 2019

DRAFT- FOR DISCUSSION PURPOSES ONLY

HILLCREST BUSINESS IMPROVEMENT ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(With Summarized Financial Information for June 30, 2018)

	2019	2018 (Note 9)
ASSETS		
Cash and cash equivalents	\$ 140,222	\$ 162,417
Accounts receivable	72,020	42,923
Prepaid expenses	5,941	6,745
Total assets	<u>\$ 218,183</u>	<u>\$ 212,085</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 38,412	\$ 4,445
Deferred revenue	14,506	12,383
Total liabilities	<u>52,918</u>	<u>16,828</u>
Commitments (Note 7)		
Net assets:		
Without donor restrictions	<u>165,265</u>	<u>195,257</u>
Total net assets	<u>165,265</u>	<u>195,257</u>
Total liabilities and net assets	<u>\$ 218,183</u>	<u>\$ 212,085</u>

DRAFT- FOR DISCUSSION PURPOSES ONLY

HILLCREST BUSINESS IMPROVEMENT ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	2019	2018 (Note 9)
<u>Operating Activities</u>		
SUPPORT AND REVENUE		
Farmers Market income	\$ 236,714	\$ 244,913
City Fest income	126,195	105,568
BID reimbursement income	100,790	95,073
Hillcrest Maintenance Assessment District	86,834	90,052
Pride of Hillcrest/Block Party	69,129	73,442
Other income	74,988	44,409
Nightmare on Normal Street	40,997	43,165
Taste of Hillcrest	31,769	38,635
Taste 'N Tinis	21,876	18,454
Mardi Gras	5,387	14,072
Total operating support and revenue	<u>794,679</u>	<u>767,783</u>
OPERATING EXPENSES		
Program services:		
Neighborhood outreach and community events	351,282	179,440
Hillcrest Maintenance Assessment District	86,834	90,052
Total program services	<u>438,116</u>	<u>269,492</u>
Supporting services:		
Management and general	179,024	185,609
Cost of direct benefits to donors	207,531	242,852
Total operating expenses	<u>824,671</u>	<u>697,953</u>
Change in net assets without donor restrictions	(29,992)	69,830
NET ASSETS AT BEGINNING OF YEAR	<u>195,257</u>	<u>125,427</u>
NET ASSETS AT END OF YEAR	<u>\$ 165,265</u>	<u>\$ 195,257</u>

HILLCREST BUSINESS IMPROVEMENT ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended June 30, 2019
 (With Summarized Financial Information for the Year Ended June 30, 2018)

	Program Services			Supporting Services		2018 (Note 9)
	Neighborhood Outreach and Community Events	Hillcrest Maintenance Assessment District	Total Program Services	Management and General	Total	
EXPENSES						
Salaries	\$ 87,472	\$ -	\$ 87,472	\$ 70,121	\$ 157,593	\$ 136,746
Payroll taxes & employee benefits	15,430	-	15,430	16,970	32,400	26,659
	102,902	-	102,902	87,091	189,993	163,405
Community physical improvements	108,331	83,069	191,400	-	191,400	170,686
Neighborhood outreach & promotion	74,831	-	74,831	-	74,831	30,143
Professional services	14,978	3,765	18,743	54,980	73,723	36,911
Office equipment & maintenance	12,566	-	12,566	8,377	20,943	6,299
Insurance	11,776	-	11,776	7,851	19,627	11,229
Office expense	8,887	-	8,887	9,385	18,272	15,233
Occupancy	9,222	-	9,222	6,147	15,369	13,198
Miscellaneous	5,333	-	5,333	3,555	8,888	4,556
Mailing & printing	2,456	-	2,456	1,638	4,094	2,744
Depreciation	-	-	-	-	-	697
Total expenses	\$ 351,282	\$ 86,834	\$ 438,116	\$ 179,024	\$ 617,140	\$ 455,101

HILLCREST BUSINESS IMPROVEMENT ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	2019	2018 (Note 9)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (29,992)	\$ 69,830
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	-	697
Change in operating assets and liabilities:		
Accounts receivable	(29,097)	12,841
Prepaid expenses	804	11,293
Accounts payable and accrued expenses	33,967	(4,471)
Deferred revenue	2,123	(19,012)
Net cash (used in) provided by operating activities	<u>(22,195)</u>	<u>71,178</u>
Change in cash and cash equivalents	(22,195)	71,178
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>162,417</u>	<u>91,239</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 140,222</u>	<u>\$ 162,417</u>

Note 1. Organization and Significant Accounting Policies

Organization and Activities

Hillcrest Business Improvement Association, Inc. (the Organization) was incorporated in the State of California on March 29, 1984, for the purpose of promoting, improving and fostering business conditions in the City of San Diego in the area commonly known as Hillcrest pursuant to City Ordinance 16481. The Organization established and defined a parking and business improvement area as the Hillcrest 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.

Significant Accounting Policies

Method of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to 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 organization. These net assets may be used at the discretion of the Organization'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 Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization did not have any net assets with donor restrictions as of June 30, 2019.

Measure of Operations – The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition – Contributions are recognized as revenue when they are unconditionally pledged or when all conditions have been met.

The Organization reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as endowment funds. The income earned from such assets is generally restricted to the purpose designated by the donor.

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets are transferred.

Cash and Cash Equivalents – The Organization considers all highly liquid debt instruments purchased, with a maturity of three months or less, to be cash equivalents.

Accounts Receivable – Accounts receivable consists mainly of amounts due from city contracts. All accounts receivables are reviewed for collectability and reserves for uncollectible amounts are recorded based on previous experience and history with the contract. Accounts are written off against the allowance for doubtful accounts when deemed uncollectible. Management has determined that no allowance is needed for the year ended June 30, 2019.

Property and Equipment – Property and equipment is recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets if cost is greater than \$2,000. The Organization expenses all property and equipment purchases under \$2,000. Property and equipment is depreciated on a straight-line basis as follows:

Furniture and equipment	5 years
Computers and printers	3 years

As of June 30, 2019 the Organization's property and equipment was fully depreciated and there was no depreciation for the year ended June 30, 2019.

Deferred Revenue – Deferred revenue consists of Block Party and City Fest income received in this fiscal year that was not earned until the events occurred in July and August of 2019, after the fiscal year end.

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 Organization 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 a programs or supporting service.

Income Tax Status – The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainties in Income Tax*, 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 Organization has reviewed its position for all open tax years and has determined that it has no uncertain tax positions requiring accrual or disclosure.

Some of the operations of the Organization are subject to unrelated business income tax (UBIT).

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 Organization 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 Organization'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 Organization has evaluated subsequent events through September XX, 2019, 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.

New Accounting Pronouncements – 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

organizations 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 Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 2. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 140,222
Accounts receivable	<u>72,020</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 212,242</u>

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

Note 3. Fair Value Measurements

Due to the short-term nature of cash equivalents, accounts receivable, prepaid expenses, accounts payable and deferred revenue, fair value approximates carrying value. In accordance with Financial Accounting Standards Board Codification No. 820 (FASB ASC 820), fair value is defined as the price that the Organization would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset.

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The standard describes three-tier hierarchy of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Organization's statement of financial position includes cash and cash equivalents which have been considered Level 1 assets and are reported at fair value based on quoted prices. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices.

The management of the Organization is responsible for making the fair value measurements and disclosures in the financial statements. As part of fulfilling this responsibility, the management of the Organization has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with U.S. GAAP.

Note 4. Accounts Receivable

Accounts receivable consists of the following at June 30, 2019:

Maintenance Assessments	\$ 25,493
Commission for Arts and Culture	23,193
Farmers Market	14,433
Other	8,901
	<u>\$ 72,020</u>

Note 5. Property and Equipment

Property and equipment consists of the following:

Office furniture and equipment	\$ 21,365
Less accumulated depreciation	(21,365)
	<u>\$ -</u>

Note 6. Revenues

The Organization is funded in part by the City of San Diego. The City of San Diego receives funds as a special assessment collected together with business licensing fees from businesses located within the district. In addition, the Organization holds the City Fest annual event and other special events to promote the business and living environment in the area.

Note 7. Commitments

The Organization leases office space under an operating lease. For the year ended June 30, 2019, rent expense totaled \$10,502. At June 30, 2019, the Organization was renting the space on a month to month basis.

Note 8. Concentration of Credit Risk

The Organization, at times, maintains cash balances at a bank in excess of the Federal Deposit Insurance Corporation limit. At June 30, 2019, there were no cash balances in excess of the insured amount.

Note 9. June 30, 2018 Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such prior year information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Certain reclassifications have been made to the summarized 2018 financial information to conform to the classifications adopted for the 2019 financial statements. This reclassification had no effect on the change in net assets.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors
Hillcrest Business Improvement Association, Inc.
San Diego, California

In planning and performing our audit of the financial statements of the Hillcrest Business Improvement Association, Inc. (the Organization) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the Organization's internal control to be a material weakness.

Segregation of Duties – The Organization does not have an adequate segregation of duties for effective internal accounting control. The basic premise is that no one employee should have access to both physical assets and related accounting records, or to all phases of a transaction. Currently, the bookkeeper has access to all aspects of accounting functions within the accounting software and the farmer's market manager is the sole individual responsible for tracking and collecting the market income.

We recognize that the Organization is not large enough to make the employment of additional persons practicable for the purpose of segregating duties from a financial viewpoint, but we are required, under our professional responsibilities, to call this situation to your attention.

The lack of segregation of duties increases the possibility that intentional or unintentional errors could be made and not detected.

This communication is intended solely for the information and use of management of Hillcrest Business Improvement Association, Inc. and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Diego, California
September XX, 2019

WEST RHODE & ROBERTS

Statement of Operating Procedures:

15. Use of the Hillcrest Neighborhood Kiosks

The Hillcrest Business Association is the steward of the Hillcrest Neighborhood Kiosks on behalf of the community. They are located at the corner of University Ave. and Fifth Ave. and Normal Street and Harvey Milk Street in San Diego. This policy establishes how third parties post their information in the community “bulletin board” portion of the kiosk.

The HBA will observe the following policy:

- Neighborhood groups or businesses interested in promoting a meeting or event shall submit a 300 dpi graphic file no smaller than 4.25” and 5.5” wide high and no larger than 8.5” wide and 11” high to the HBA a two weeks prior to the start of the month that the posting is intended for.
- HBA staff will review the content of the submissions to ensure that it is not offensive to any protected class.
- Submissions will be prioritized in the order they are received until the available space is exhausted.
- HBA staff will add the posting to the monthly display, which will be installed on the first of the month.
- HBA staff will notify the requesting group as to the status of their posting.
- HBA staff will regularly post on social media concerning the opportunities for neighborhood groups and businesses to use the kiosk.
- HBA staff will ensure that each month a neighborhood calendar of regularly scheduled general neighborhood meetings is posted for the Hillcrest Town Council, Uptown Planners, Uptown Community Parking District, and Hillcrest Business Association.

History:

Draft: 10/10/19

Presented at Beautification: 11/6/19