

Post date:	
Initial:	



Hillcrest Business Association
Board of Directors Meeting
Public Meeting ~ August 8, 2017, 4pm
Joyce Beers Community Center
1230 Cleveland Ave., San Diego CA 92103

Agenda

- | | | |
|---|-------------|------------|
| 1. Call to order and introductions | T. Daiber | 2 minutes |
| 2. Public comment (2 minutes per speaker) (information) | | 8 minutes |
| 3. President's report (information) | T. Daiber | 5 minutes |
| 4. Executive Director's report (information) | B. Nicholls | 5 minutes |
| 5. Consent agenda (action) <ul style="list-style-type: none"> • Approval of minutes (June 2017) ¹ • Approval of financials (May, June 2017) ² | M. Roland | |
| 6. Request for use of Hillcrest Pride Flag Pole to fly bisexual pride flag (action) ³ | B. Nicholls | 5 minutes |
| 7. HBA position concerning SANDAG's proposed use of Uptown Community Parking District funds and Hillcrest Maintenance Assesment District Funds for removal of parking spaces (action) | B. Nicholls | 10 minutes |
| 8. Year end financial report and approval of contract for FY17 audit (action) ⁴ | M. Roland | 10 minutes |
| 9. Apporval of HBA annual meeting date and election process (action) ⁵ | P. Smith | 10 minutes |
| 10. Update concerning HBA staffing (information) | B. Nicholls | 5 minutes |
| 11. Update concern EHMAD (information) | M. Roland | 10 minutes |
| 12. Adjourn | | |

Attachments:

- | | |
|---|--------------------------|
| 1. Board minutes June, 2017 | 3. Bisexual Pride Flag |
| 2. Board financial documents May, 2017 & Board financial documents June, 2017 | 4. Audit contract |
| | 5. Election process memo |

Post date:	
Initial:	



2017 Ad hoc committees:

- EMAD ad-hoc committee (M. Roland)
 - Normal Street Greenway (M. Brennan)
 - Security (P. Katz)
 - 1000 University Ave. Block (J. Jackson)
 - Washington Street Action Team (Younan)
 - Budget (M. Roland)
 - Beautification (C. Moreno)
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Attachments:

- | | |
|---|--------------------------|
| 1. Board minutes June, 2017 | 3. Bisexual Pride Flag |
| 2. Board financial documents May, 2017 & Board financial documents June, 2017 | 4. Audit contract |
| | 5. Election process memo |



June 13, 2017

Minutes

Board in attendance:

Tami Daiber, Jessica Baro, Jeff Jackson, Brian Lovering,, Charles Kaufman, Paul Smith, Pete Katz, Delour Younan, Maggie Roland, Larry Malone, Ceceila Moreno, Glenn Younger, Ryan Bedrosian.

Staff in attendance:

Benjamin Nicholls and Michael Cox.

Public in attendance

Brittney Bailey and Linda Saltzman

- The meeting was called to order by P. Smith.
- Brittney Bailey stated that the city had increased its budget in the arts, cultures, and public safety. She said the city is spending an additional 2 million in the police department to help aid recruitment and retention. She said that Councilman Chris Ward will be at the Adams Ave rec center on June 14th for one on one sessions with the public.
- P. Smith announced the second quarterly open house and mixer will be Thursday, June 15th at the Whistling Duck Tavern from 5:30 pm to 7:30 pm. He said that next month in July, the process for the next board elections will begin.
- B.Nicholls announced that the Uptown Parking District had finally hired a new Executive Director. The new ED is Gerrie Trustel, whom has several years of experience working for Business Improvement Districts and non-profits. He said he is confident that she will do a great job.
- B.Nicholls announced that Pride Block Party is next month and that we are currently revamping the website.
- B.Nicholls stated that he has been working with the California Restaurant association to help minimize parking loses in the area.
- M. Roland motioned to approve the minutes from May and the financials from April. It was seconded by B. Lovering and voted unanimously.
- B.Nicholls had announced that Charles Kaufman had nominated his Retail Manager, Linda Saltzman to represent Hillcrest on the board of the Uptown Parking District. M. Roland had motioned and G. Younger had seconded. It was voted unanimously.
- B.Nicholls had announced that a several BIDs had been let out of the case in SDOG v. City of San Diego El al. He said that the HBA attorneys had motioned to get them all back into the case and it was approved. The case is set to go to trail February 18, 2018.
- B.Nicholls gave special recognition to those who came out to the four budgetary meetings. He said this new budget will reduce marketing spending \$10,500. He said the



security spending has been reduced from \$73,000 to \$58,000. The pressure washing budget has been cut in half. He stated also that he hopes the EMAD passes so that there can be two foot patrols for the entire Hillcrest BID.

- M. Roland motioned to approve the FY18 Annual Budget and D. Younan seconded. It had been voted unanimously.

Meeting adjourned.

Hillcrest Business Improvement Association, Inc.

A/R Aging Summary

As of May 31, 2017

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Busalacchhi's A Modo Mio	0.00	0.00	0.00	0.00	1,000.00	1,000.00
Campari America	0.00	0.00	0.00	0.00	3,500.00	3,500.00
Cody's Home+Gift	0.00	0.00	0.00	0.00	200.00	200.00
Comerica Bank	0.00	0.00	0.00	0.00	1,500.00	1,500.00
Heineken USA	0.00	0.00	0.00	0.00	3,000.00	3,000.00
Jagermeister	0.00	0.00	0.00	0.00	1,000.00	1,000.00
Phildadelphia Insurance	0.00	0.00	7,864.65	0.00	425.00	8,289.65
Richs Nightclub	0.00	0.00	0.00	0.00	600.00	600.00
San Diego Pride	0.00	0.00	0.00	0.00	0.00	0.00
Scripps Health	0.00	0.00	0.00	0.00	3,000.00	3,000.00
UCSD	0.00	0.00	0.00	0.00	2,000.00	2,000.00
Wonderful and Wild	0.00	0.00	0.00	0.00	200.00	200.00
TOTAL	0.00	0.00	7,864.65	0.00	16,425.00	24,289.65

Hillcrest Business Improvement Association, Inc.

Balance Sheet

As of May 31, 2017

May 31, 17

ASSETS

Current Assets

Checking/Savings

10035 · Comerica - Checking 53,714.41

10045 · PayPal 656.20

Total Checking/Savings 54,370.61

Accounts Receivable

12000 · Accounts Receivable 24,289.65

Total Accounts Receivable 24,289.65

Other Current Assets

10110 · Block Party Prepaid/Rcvbl. 9,794.80

10125 · MAD Receivable 21,253.50

10145 · Farmers Market Receivable 19,366.91

10150 · TOT City & County Receivable 5,000.00

10155 · Prepaid Expense 6,963.16

10160 · Prepaid CityFest 99.49

10175 · Commission for Arts Grant Rcvbl 22,833.00

10190 · Tech. Assistance/Acctg. Rcvbl. 2,300.00

Total Other Current Assets 87,610.86

Total Current Assets 166,271.12

Fixed Assets

10200 · Office Furniture & Equipment 21,364.81

10220 · Accumulated Depreciation -16,258.40

Total Fixed Assets 5,106.41

TOTAL ASSETS 171,377.53

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

20230 · Sales Tax Payable 112.00

20235 · City Fest Deferred Revenue 6,788.00

20255 · Pride Block Party Deferred 230.00

21000 · Payroll Liabilities

Vacation Payable 5,036.62

Hillcrest Business Improvement Association, Inc.

Balance Sheet

As of May 31, 2017

	May 31, 17
	<u>5,036.62</u>
Total 21000 · Payroll Liabilities	<u>5,036.62</u>
Total Other Current Liabilities	<u>12,166.62</u>
Total Current Liabilities	<u>12,166.62</u>
Total Liabilities	<u>12,166.62</u>
Equity	
31100 · Unrestricted Net Assets	167,008.33
Net Income	<u>-7,797.42</u>
Total Equity	<u>159,210.91</u>
TOTAL LIABILITIES & EQUITY	<u><u>171,377.53</u></u>

Hillcrest Business Improvement Association, Inc.

Profit & Loss by Class

July 2016 through May 2017

	110 GENERAL	220 SPECIAL EVENTS	410 BID CONTRACT	510 MAD	610 SBEP	TOTAL
Income						
40015 · CityFest	0.00	147,666.25	0.00	0.00	0.00	147,666.25
40020 · Farmers Market	192,787.32	0.00	0.00	0.00	0.00	192,787.32
40030 · SBEP	0.00	0.00	0.00	0.00	22,212.00	22,212.00
40040 · MAD	0.00	0.00	0.00	82,465.40	0.00	82,465.40
40050 · BID	0.00	0.00	90,081.76	0.00	0.00	90,081.76
40085 · Technical Assistance/Acctg.	0.00	0.00	0.00	0.00	5,000.00	5,000.00
40090 · Mardi Gras	0.00	32,122.36	0.00	0.00	0.00	32,122.36
40100 · Nightmare on Normal Street	0.00	49,741.97	0.00	0.00	0.00	49,741.97
40110 · Taste	0.00	33,312.30	0.00	0.00	0.00	33,312.30
40115 · Taste 'N Tinis	0.00	18,208.05	0.00	0.00	0.00	18,208.05
40140 · Banner Space	500.00	12,000.00	0.00	0.00	0.00	12,500.00
40145 · Pride Flag	1,261.40	0.00	0.00	0.00	0.00	1,261.40
40155 · Pride of Hillcrest/Block Party	0.00	88,639.65	0.00	0.00	0.00	88,639.65
40180 · Other Income	19,897.65	0.00	0.00	0.00	0.00	19,897.65
Total Income	214,446.37	381,690.58	90,081.76	82,465.40	27,212.00	795,896.11
Expense						
50000 · Personnel						
50005 · Salaries	90,441.63	40,054.11	13,365.00	0.00	20,270.41	164,131.15
50025 · Employer Taxes - Federal	7,489.29	3,090.78	1,062.86	0.00	1,585.10	13,228.03
50030 · Employer Taxes - State	675.49	275.48	417.62	0.00	356.49	1,725.08
50035 · Health Insurance	15,044.86	0.00	0.00	0.00	0.00	15,044.86
50040 · Workers Comp Insurance	3,128.80	0.00	0.00	0.00	0.00	3,128.80
Total 50000 · Personnel	116,780.07	43,420.37	14,845.48	0.00	22,212.00	197,257.92
50045 · Operating						
50050 · Rent Office Space	10,893.60	0.00	0.00	0.00	0.00	10,893.60
50060 · Accounting	8,358.25	6,915.00	0.00	0.00	5,000.00	20,273.25
50065 · Audit	6,750.00	0.00	0.00	0.00	0.00	6,750.00
50070 · Equipment Purchase	4,750.82	0.00	0.00	0.00	0.00	4,750.82
50080 · Bank & Credit Card Charges	693.58	0.00	0.00	0.00	0.00	693.58
50085 · Repair/Maintenance/Cleaning	3,575.16	0.00	0.00	0.00	0.00	3,575.16
50090 · Office Supplies	3,789.89	0.00	0.00	0.00	0.00	3,789.89
50095 · Postage and Delivery	362.26	0.00	0.00	0.00	0.00	362.26
50100 · Printing/Photocopy	1,612.51	0.00	0.00	0.00	0.00	1,612.51
50110 · Dues/Subscriptions	591.00	0.00	0.00	0.00	0.00	591.00
50115 · Staff Development	342.06	0.00	0.00	0.00	0.00	342.06
50120 · Meetings	4,158.05	0.00	0.00	0.00	0.00	4,158.05
50125 · Legal	22,405.02	0.00	0.00	0.00	0.00	22,405.02

Hillcrest Business Improvement Association, Inc.

Profit & Loss by Class

July 2016 through May 2017

	110 GENERAL	220 SPECIAL EVENTS	410 BID CONTRACT	510 MAD	610 SBEP	TOTAL
50130 · Telephone & Internet	10,662.33	0.00	0.00	0.00	0.00	10,662.33
50135 · Parking/Mileage	2,445.00	0.00	0.00	0.00	0.00	2,445.00
50330 · D & O / Liability Insurance	5,764.15	1,332.45	0.00	0.00	0.00	7,096.60
Total 50045 · Operating	87,153.68	8,247.45	0.00	0.00	5,000.00	100,401.13
51000 · Neighborhood/Outreach Promotion						
51515 · CityFest	0.00	96,705.68	0.00	0.00	0.00	96,705.68
51525 · Promotion/Marketing/Campaigns	9,237.36	425.59	3,308.83	0.00	0.00	12,971.78
51526 · Taste	509.93	5,837.13	0.00	0.00	0.00	6,347.06
51527 · Taste 'N Tinis	0.00	9,474.05	0.00	0.00	0.00	9,474.05
51530 · Banners	1,060.00	0.00	2,825.10	0.00	0.00	3,885.10
51535 · Web Site Communications	1,019.23	0.00	0.00	0.00	0.00	1,019.23
51540 · Business Mixers/Open House	0.00	668.96	1,335.29	0.00	0.00	2,004.25
51545 · Newsletter	844.96	0.00	1,598.90	0.00	0.00	2,443.86
51555 · Farmer's Market	1,668.63	0.00	0.00	0.00	0.00	1,668.63
51556 · Farmer's Market Trolley	0.00	6,402.50	0.00	0.00	0.00	6,402.50
51575 · Pride Flag Project	4,723.56	0.00	0.00	0.00	0.00	4,723.56
51800 · Pride of Hillcrest/Block Party	0.00	84,444.90	0.00	0.00	0.00	84,444.90
51870 · Mardi Gras	0.00	42,950.65	0.00	0.00	0.00	42,950.65
51880 · Nightmare on Normal	0.00	42,263.67	0.00	0.00	0.00	42,263.67
Total 51000 · Neighborhood/Outreach Promotion	19,063.67	289,173.13	9,068.12	0.00	0.00	317,304.92
53000 · Physical Improvements						
53125 · Hillcrest Sign Utilities/Maint.	0.00	0.00	875.62	1,462.26	0.00	2,337.88
53130 · Security	11,276.92	0.00	0.00	51,033.03	0.00	62,309.95
53135 · Street Cleaning	6,149.13	0.00	31,068.40	5,770.47	0.00	42,988.00
53137 · Pressure Washing	430.00	0.00	13,025.72	12,013.78	0.00	25,469.50
53150 · Dumpsters	0.00	0.00	1,779.37	1,525.50	0.00	3,304.87
53155 · Tree & Flower Maintenance	2,034.97	0.00	15,129.67	8,285.36	0.00	25,450.00
53156 · Tree Trimming Large Trees	0.00	0.00	1,125.00	2,375.00	0.00	3,500.00
53159 · EMAD Expansion	17,430.74	0.00	0.00	0.00	0.00	17,430.74
53161 · Special Projects	2,450.63	0.00	3,164.38	0.00	0.00	5,615.01
53165 · Contingency	323.61	0.00	0.00	0.00	0.00	323.61
Total 53000 · Physical Improvements	40,096.00	0.00	66,168.16	82,465.40	0.00	188,729.56
Total Expense	263,093.42	340,840.95	90,081.76	82,465.40	27,212.00	803,693.53
	-48,647.05	40,849.63	0.00	0.00	0.00	-7,797.42

Hillcrest Business Improvement Association, Inc.

Profit & Loss Budget vs. Actual

July 2016 through May 2017

	TOTAL					
	May 17	Budget	Variance	Jul '16 - May 17	Budget	Variance
Income						
40015 · CityFest	0.00	0.00	0.00	147,666.25	160,000.00	-12,333.75
40020 · Farmers Market	20,606.10	17,500.00	3,106.10	192,787.32	192,500.00	287.32
40030 · SBEP	3,215.85	2,153.00	1,062.85	22,212.00	19,847.00	2,365.00
40040 · MAD	5,110.83	6,539.00	-1,428.17	82,465.40	81,823.00	642.40
40050 · BID	7,702.00	7,697.00	5.00	90,081.76	95,457.00	-5,375.24
40075 · Beer Crawl	0.00	0.00	0.00	0.00	5,000.00	-5,000.00
40080 · Newsletter/Advertising	0.00	0.00	0.00	0.00	1,000.00	-1,000.00
40085 · Technical Assistance/Acctg.	1,132.00	300.00	832.00	5,000.00	2,700.00	2,300.00
40090 · Mardi Gras	0.00	0.00	0.00	32,122.36	50,000.00	-17,877.64
40100 · Nightmare on Normal Street	0.00	0.00	0.00	49,741.97	50,000.00	-258.03
40110 · Taste	-30.00	0.00	-30.00	33,312.30	41,000.00	-7,687.70
40115 · Taste 'N Tinis	0.00	0.00	0.00	18,208.05	18,000.00	208.05
40140 · Banner Space	0.00	208.00	-208.00	12,500.00	2,288.00	10,212.00
40145 · Pride Flag	0.00			1,261.40		
40155 · Pride of Hillcrest/Block Party	0.00	0.00	0.00	88,639.65	110,000.00	-21,360.35
40160 · Hillcrest Map.	0.00	250.00	-250.00	0.00	2,750.00	-2,750.00
40180 · Other Income	52.00	133.00	-81.00	19,897.65	1,463.00	18,434.65
Total Income	37,788.78	34,780.00	3,008.78	795,896.11	833,828.00	-37,931.89
Expense						
50000 · Personnel						
50005 · Salaries	14,651.36	14,523.00	128.36	164,131.15	155,753.00	8,378.15
50025 · Employer Taxes - Federal	1,120.82	1,786.00	-665.18	13,228.03	19,340.00	-6,111.97
50030 · Employer Taxes - State	0.00	0.00	0.00	1,725.08	4,399.00	-2,673.92
50035 · Health Insurance	2,648.06	841.00	1,807.06	15,044.86	9,251.00	5,793.86
50040 · Workers Comp Insurance	0.00	144.00	-144.00	3,128.80	1,584.00	1,544.80
Total 50000 · Personnel	18,420.24	17,294.00	1,126.24	197,257.92	190,327.00	6,930.92
50045 · Operating						
50050 · Rent Office Space	1,000.80	803.00	197.80	10,893.60	8,833.00	2,060.60
50060 · Accounting	1,843.50	1,891.00	-47.50	20,273.25	20,201.00	72.25
50065 · Audit	0.00	0.00	0.00	6,750.00	12,000.00	-5,250.00
50070 · Equipment Purchase	0.00	175.00	-175.00	4,750.82	1,925.00	2,825.82
50075 · Intern/Consultant	0.00	832.00	-832.00	0.00	9,152.00	-9,152.00

Hillcrest Business Improvement Association, Inc.

Profit & Loss Budget vs. Actual

July 2016 through May 2017

	TOTAL					
	May 17	Budget	Variance	Jul '16 - May 17	Budget	Variance
50080 · Bank & Credit Card Charges	0.00	50.00	-50.00	693.58	550.00	143.58
50085 · Repair/Maintenance/Cleaning	240.00	233.00	7.00	3,575.16	2,563.00	1,012.16
50090 · Office Supplies	126.57	266.00	-139.43	3,789.89	2,926.00	863.89
50095 · Postage and Delivery	0.00	29.00	-29.00	362.26	319.00	43.26
50100 · Printing/Photocopy	911.06	107.00	804.06	1,612.51	1,177.00	435.51
50110 · Dues/Subscriptions	-39.00	50.00	-89.00	591.00	950.00	-359.00
50115 · Staff Development	125.86	100.00	25.86	342.06	1,100.00	-757.94
50120 · Meetings	62.06	291.00	-228.94	4,158.05	3,201.00	957.05
50125 · Legal	0.00	625.00	-625.00	22,405.02	6,875.00	15,530.02
50130 · Telephone & Internet	767.12	625.00	142.12	10,662.33	6,875.00	3,787.33
50135 · Parking/Mileage	224.50	199.00	25.50	2,445.00	2,189.00	256.00
50330 · D & O / Liability Insurance	0.00	791.00	-791.00	7,096.60	8,701.00	-1,604.40
Total 50045 · Operating	5,262.47	7,067.00	-1,804.53	100,401.13	89,537.00	10,864.13
51000 · Neighborhood/Outreach Promotion						
51515 · CityFest	0.00	0.00	0.00	96,705.68	100,000.00	-3,294.32
51525 · Promotion/Marketing/Campaigns	1,016.30	2,083.00	-1,066.70	12,971.78	22,913.00	-9,941.22
51526 · Taste	513.35	0.00	513.35	6,347.06	12,000.00	-5,652.94
51527 · Taste 'N Tinis	0.00	0.00	0.00	9,474.05	12,000.00	-2,525.95
51530 · Banners	660.00	375.00	285.00	3,885.10	4,125.00	-239.90
51535 · Web Site Communications	90.85	126.00	-35.15	1,019.23	1,386.00	-366.77
51540 · Business Mixers/Open House	0.00	0.00	0.00	2,004.25	2,220.00	-215.75
51545 · Newsletter	0.00	0.00	0.00	2,443.86	3,000.00	-556.14
51555 · Farmer's Market	623.63	0.00	623.63	1,668.63	0.00	1,668.63
51556 · Farmer's Market Trolley	0.00	1,292.00	-1,292.00	6,402.50	14,212.00	-7,809.50
51565 · Hillcrest Map	0.00	416.00	-416.00	0.00	4,576.00	-4,576.00
51575 · Pride Flag Project	0.00			4,723.56		
51800 · Pride of Hillcrest/Block Party	0.00	0.00	0.00	84,444.90	75,000.00	9,444.90
51870 · Mardi Gras	0.00	0.00	0.00	42,950.65	35,000.00	7,950.65
51880 · Nightmare on Normal	0.00	0.00	0.00	42,263.67	35,000.00	7,263.67
Total 51000 · Neighborhood/Outreach Promotion	2,904.13	4,292.00	-1,387.87	317,304.92	321,432.00	-4,127.08
53000 · Physical Improvements						
53125 · Hillcrest Sign Utilities/Maint.	1,800.96	66.00	1,734.96	2,337.88	726.00	1,611.88
53130 · Security	0.00	6,140.00	-6,140.00	62,309.95	67,540.00	-5,230.05

Hillcrest Business Improvement Association, Inc.

Profit & Loss Budget vs. Actual

July 2016 through May 2017

	TOTAL					
	May 17	Budget	Variance	Jul '16 - May 17	Budget	Variance
53135 · Street Cleaning	3,908.00	3,666.00	242.00	42,988.00	40,326.00	2,662.00
53137 · Pressure Washing	2,594.50	2,000.00	594.50	25,469.50	22,000.00	3,469.50
53150 · Dumpsters	285.37	375.00	-89.63	3,304.87	4,125.00	-820.13
53155 · Tree & Flower Maintenance	2,182.00	1,834.00	348.00	25,450.00	20,174.00	5,276.00
53156 · Tree Trimming Large Trees	0.00	0.00	0.00	3,500.00	5,000.00	-1,500.00
53159 · EMAD Expansion	0.00	0.00	0.00	17,430.74	16,500.00	930.74
53161 · Special Projects	782.00	364.00	418.00	5,615.01	4,462.00	1,153.01
53165 · Contingency	0.00	1,099.00	-1,099.00	323.61	20,754.00	-20,430.39
Total 53000 · Physical Improvements	11,552.83	15,544.00	-3,991.17	188,729.56	201,607.00	-12,877.44
Total Expense	38,139.67	44,197.00	-6,057.33	803,693.53	802,903.00	790.53
	-350.89	-9,417.00	9,066.11	-7,797.42	30,925.00	-38,722.42

Hillcrest Business Improvement Association, Inc.

A/R Aging Summary

	As of June 30, 2017					
	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Cody's Home+Gift	0.00	0.00	0.00	0.00	200.00	200.00
Comerica Bank	0.00	0.00	0.00	0.00	1,500.00	1,500.00
Phildaelphia Insurance	0.00	0.00	0.00	7,864.65	425.00	8,289.65
Richs Nightclub	0.00	0.00	0.00	0.00	600.00	600.00
Scripps Health	0.00	0.00	0.00	0.00	3,000.00	3,000.00
Wonderful and Wild	0.00	0.00	0.00	0.00	200.00	200.00
TOTAL	0.00	0.00	0.00	7,864.65	5,925.00	13,789.65

Hillcrest Business Improvement Association, Inc.

Balance Sheet

As of June 30, 2017

Jun 30, 17

ASSETS

Current Assets

Checking/Savings

10035 · Comerica - Checking 90,583.17

10045 · PayPal 656.20

Total Checking/Savings 91,239.37

Accounts Receivable

12000 · Accounts Receivable 13,789.65

Total Accounts Receivable 13,789.65

Other Current Assets

10110 · Block Party Prepaid/Rcvbl. 11,684.66

10125 · MAD Receivable 7,718.45

10145 · Farmers Market Receivable 12,876.03

10150 · TOT City & County Receivable 5,000.00

10155 · Prepaid Expense 8,053.96

10160 · Prepaid CityFest 99.49

10175 · Commission for Arts Grant Rcvbl 22,833.00

Total Other Current Assets 68,265.59

Total Current Assets 173,294.61

Fixed Assets

10200 · Office Furniture & Equipment 21,364.81

10220 · Accumulated Depreciation -16,258.40

Total Fixed Assets 5,106.41

TOTAL ASSETS 178,401.02

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

20000 · Accounts Payable 5,340.32

Total Accounts Payable 5,340.32

Other Current Liabilities

20210 · Accrued Expenses 804.82

20230 · Sales Tax Payable 122.00

20235 · City Fest Deferred Revenue 15,079.67

Hillcrest Business Improvement Association, Inc.

Balance Sheet

As of June 30, 2017

	<u>Jun 30, 17</u>
20255 · Pride Block Party Deferred	16,315.63
21000 · Payroll Liabilities	
Vacation Payable	2,648.73
Total 21000 · Payroll Liabilities	<u>2,648.73</u>
Total Other Current Liabilities	<u>34,970.85</u>
Total Current Liabilities	<u>40,311.17</u>
Total Liabilities	<u>40,311.17</u>
Equity	
31100 · Unrestricted Net Assets	167,008.33
Net Income	-28,918.48
Total Equity	<u>138,089.85</u>
TOTAL LIABILITIES & EQUITY	<u><u>178,401.02</u></u>

Hillcrest Business Improvement Association, Inc.

Profit & Loss Budget vs. Actual

July 2016 through June 2017

	TOTAL					
	Jun 17	Budget	Variance	Jul '16 - Jun 17	Budget	Variance
Income						
40015 · CityFest	0.00	0.00	0.00	147,666.25	160,000.00	-12,333.75
40020 · Farmers Market	17,609.00	17,500.00	109.00	210,396.32	210,000.00	396.32
40030 · SBEP	0.00	2,153.00	-2,153.00	22,212.00	22,000.00	212.00
40040 · MAD	7,717.60	8,360.00	-642.40	90,183.00	90,183.00	0.00
40050 · BID	8,109.00	9,543.00	-1,434.00	98,190.76	105,000.00	-6,809.24
40075 · Beer Crawl	0.00	0.00	0.00	0.00	5,000.00	-5,000.00
40080 · Newsletter/Advertising	0.00	0.00	0.00	0.00	1,000.00	-1,000.00
40085 · Technical Assistance/Acctg.	0.00	300.00	-300.00	5,000.00	3,000.00	2,000.00
40090 · Mardi Gras	-1,000.00	0.00	-1,000.00	31,122.36	50,000.00	-18,877.64
40100 · Nightmare on Normal Street	-6,500.00	0.00	-6,500.00	43,241.97	50,000.00	-6,758.03
40110 · Taste	0.00	0.00	0.00	33,312.30	41,000.00	-7,687.70
40115 · Taste 'N Tinis	0.00	0.00	0.00	18,208.05	18,000.00	208.05
40130 · Bike Advocacy	-1,000.00			-1,000.00		
40140 · Banner Space	0.00	212.00	-212.00	12,500.00	2,500.00	10,000.00
40145 · Pride Flag	0.00			1,261.40		
40155 · Pride of Hillcrest/Block Party	0.00	0.00	0.00	88,639.65	110,000.00	-21,360.35
40160 · Hillcrest Map.	0.00	250.00	-250.00	0.00	3,000.00	-3,000.00
40175 · Homeless Outreach	-2,000.00			-2,000.00		
40180 · Other Income	500.00	137.00	363.00	20,397.65	1,600.00	18,797.65
Total Income	23,435.60	38,455.00	-15,019.40	819,331.71	872,283.00	-52,951.29
Expense						
50000 · Personnel						
50005 · Salaries	12,482.85	14,527.00	-2,044.15	176,614.00	170,280.00	6,334.00
50025 · Employer Taxes - Federal	968.98	1,786.00	-817.02	14,197.01	21,126.00	-6,928.99
50030 · Employer Taxes - State	0.00	0.00	0.00	1,725.08	4,399.00	-2,673.92
50035 · Health Insurance	1,479.70	849.00	630.70	16,524.56	10,100.00	6,424.56
50040 · Workers Comp Insurance	0.00	146.00	-146.00	3,128.80	1,730.00	1,398.80
Total 50000 · Personnel	14,931.53	17,308.00	-2,376.47	212,189.45	207,635.00	4,554.45
50045 · Operating						
50050 · Rent Office Space	60.00	806.00	-746.00	10,953.60	9,639.00	1,314.60
50060 · Accounting	1,841.75	1,899.00	-57.25	22,115.00	22,100.00	15.00
50065 · Audit	0.00	0.00	0.00	6,750.00	12,000.00	-5,250.00

Hillcrest Business Improvement Association, Inc.

Profit & Loss Budget vs. Actual

July 2016 through June 2017

	TOTAL					
	Jun 17	Budget	Variance	Jul '16 - Jun 17	Budget	Variance
50070 · Equipment Purchase	0.00	175.00	-175.00	4,750.82	2,100.00	2,650.82
50075 · Intern/Consultant	1,500.00	848.00	652.00	1,500.00	10,000.00	-8,500.00
50080 · Bank & Credit Card Charges	0.00	50.00	-50.00	693.58	600.00	93.58
50085 · Repair/Maintenance/Cleaning	240.00	237.00	3.00	3,815.16	2,800.00	1,015.16
50090 · Office Supplies	17.71	274.00	-256.29	3,807.60	3,200.00	607.60
50095 · Postage and Delivery	0.00	31.00	-31.00	362.26	350.00	12.26
50100 · Printing/Photocopy	730.73	123.00	607.73	2,343.24	1,300.00	1,043.24
50110 · Dues/Subscriptions	0.00	50.00	-50.00	591.00	1,000.00	-409.00
50115 · Staff Development	0.00	100.00	-100.00	342.06	1,200.00	-857.94
50120 · Meetings	61.32	299.00	-237.68	4,219.37	3,500.00	719.37
50125 · Legal	90.00	625.00	-535.00	22,495.02	7,500.00	14,995.02
50130 · Telephone & Internet	1,719.32	625.00	1,094.32	12,381.65	7,500.00	4,881.65
50135 · Parking/Mileage	207.50	211.00	-3.50	2,652.50	2,400.00	252.50
50140 · Depreciation	0.00	300.00	-300.00	0.00	300.00	-300.00
50330 · D & O / Liability Insurance	1,988.40	799.00	1,189.40	9,085.00	9,500.00	-415.00
Total 50045 · Operating	8,456.73	7,452.00	1,004.73	108,857.86	96,989.00	11,868.86
51000 · Neighborhood/Outreach Promotion						
51515 · CityFest	0.00	0.00	0.00	96,705.68	100,000.00	-3,294.32
51525 · Promotion/Marketing/Campaigns	2,300.00	2,087.00	213.00	15,271.78	25,000.00	-9,728.22
51526 · Taste	412.14	0.00	412.14	6,759.20	12,000.00	-5,240.80
51527 · Taste 'N Tinis	0.00	0.00	0.00	9,474.05	12,000.00	-2,525.95
51530 · Banners	1,002.44	375.00	627.44	4,887.54	4,500.00	387.54
51535 · Web Site Communications	0.00	114.00	-114.00	1,019.23	1,500.00	-480.77
51540 · Business Mixers/Open House	0.00	280.00	-280.00	2,004.25	2,500.00	-495.75
51545 · Newsletter	0.00	0.00	0.00	2,443.86	3,000.00	-556.14
51555 · Farmer's Market	2,438.91	0.00	2,438.91	4,107.54	0.00	4,107.54
51556 · Farmer's Market Trolley	0.00	1,288.00	-1,288.00	6,402.50	15,500.00	-9,097.50
51565 · Hillcrest Map	0.00	424.00	-424.00	0.00	5,000.00	-5,000.00
51575 · Pride Flag Project	0.00			4,723.56		
51800 · Pride of Hillcrest/Block Party	-1,800.00	0.00	-1,800.00	82,644.90	75,000.00	7,644.90
51870 · Mardi Gras	0.00	0.00	0.00	42,950.65	35,000.00	7,950.65
51880 · Nightmare on Normal	-1,356.00	0.00	-1,356.00	40,907.67	35,000.00	5,907.67
Total 51000 · Neighborhood/Outreach Promotion	2,997.49	4,568.00	-1,570.51	320,302.41	326,000.00	-5,697.59

Hillcrest Business Improvement Association, Inc.

Profit & Loss Budget vs. Actual

July 2016 through June 2017

	TOTAL					
	Jun 17	Budget	Variance	Jul '16 - Jun 17	Budget	Variance
53000 · Physical Improvements						
53125 · Hillcrest Sign Utilities/Maint.	52.04	74.00	-21.96	2,389.92	800.00	1,589.92
53130 · Security	8,668.00	6,140.00	2,528.00	70,977.95	73,680.00	-2,702.05
53135 · Street Cleaning	6,523.50	3,674.00	2,849.50	49,511.50	44,000.00	5,511.50
53137 · Pressure Washing	0.00	2,000.00	-2,000.00	25,469.50	24,000.00	1,469.50
53150 · Dumpsters	285.37	375.00	-89.63	3,590.24	4,500.00	-909.76
53155 · Tree & Flower Maintenance	2,182.00	1,826.00	356.00	27,632.00	22,000.00	5,632.00
53156 · Tree Trimming Large Trees	0.00	0.00	0.00	3,500.00	5,000.00	-1,500.00
53159 · EMAD Expansion	0.00	0.00	0.00	17,430.74	16,500.00	930.74
53161 · Special Projects	460.00	364.00	96.00	6,075.01	4,826.00	1,249.01
53165 · Contingency	0.00	4,501.00	-4,501.00	323.61	25,255.00	-24,931.39
Total 53000 · Physical Improvements	18,170.91	18,954.00	-783.09	206,900.47	220,561.00	-13,660.53
Total Expense	44,556.66	48,282.00	-3,725.34	848,250.19	851,185.00	-2,934.81
	-21,121.06	-9,827.00	-11,294.06	-28,918.48	21,098.00	-50,016.48

Hillcrest Business Improvement Association, Inc.

Profit & Loss by Class

July 2016 through June 2017

	110 GENERAL	220 SPECIAL EVENTS	410 BID CONTRACT	510 MAD	610 SBEP	TOTAL
Income						
40015 · CityFest	0.00	147,666.25	0.00	0.00	0.00	147,666.25
40020 · Farmers Market	210,396.32	0.00	0.00	0.00	0.00	210,396.32
40030 · SBEP	0.00	0.00	0.00	0.00	22,212.00	22,212.00
40040 · MAD	0.00	0.00	0.00	90,183.00	0.00	90,183.00
40050 · BID	0.00	0.00	98,190.76	0.00	0.00	98,190.76
40085 · Technical Assistance/Acctg.	0.00	0.00	0.00	0.00	5,000.00	5,000.00
40090 · Mardi Gras	0.00	31,122.36	0.00	0.00	0.00	31,122.36
40100 · Nightmare on Normal Street	0.00	43,241.97	0.00	0.00	0.00	43,241.97
40110 · Taste	0.00	33,312.30	0.00	0.00	0.00	33,312.30
40115 · Taste 'N Tinis	0.00	18,208.05	0.00	0.00	0.00	18,208.05
40130 · Bike Advocacy	-1,000.00	0.00	0.00	0.00	0.00	-1,000.00
40140 · Banner Space	500.00	12,000.00	0.00	0.00	0.00	12,500.00
40145 · Pride Flag	1,261.40	0.00	0.00	0.00	0.00	1,261.40
40155 · Pride of Hillcrest/Block Party	0.00	88,639.65	0.00	0.00	0.00	88,639.65
40175 · Homeless Outreach	-2,000.00	0.00	0.00	0.00	0.00	-2,000.00
40180 · Other Income	20,397.65	0.00	0.00	0.00	0.00	20,397.65
Total Income	229,555.37	374,190.58	98,190.76	90,183.00	27,212.00	819,331.71
Expense						
50000 · Personnel						
50005 · Salaries	101,520.69	40,515.63	14,307.27	0.00	20,270.41	176,614.00
50025 · Employer Taxes - Federal	8,350.88	3,126.09	1,134.94	0.00	1,585.10	14,197.01
50030 · Employer Taxes - State	675.49	275.48	417.62	0.00	356.49	1,725.08
50035 · Health Insurance	16,524.56	0.00	0.00	0.00	0.00	16,524.56
50040 · Workers Comp Insurance	3,128.80	0.00	0.00	0.00	0.00	3,128.80
Total 50000 · Personnel	130,200.42	43,917.20	15,859.83	0.00	22,212.00	212,189.45
50045 · Operating						
50050 · Rent Office Space	10,953.60	0.00	0.00	0.00	0.00	10,953.60
50060 · Accounting	9,635.00	7,480.00	0.00	0.00	5,000.00	22,115.00
50065 · Audit	6,750.00	0.00	0.00	0.00	0.00	6,750.00
50070 · Equipment Purchase	4,750.82	0.00	0.00	0.00	0.00	4,750.82
50075 · Intern/Consultant	1,500.00	0.00	0.00	0.00	0.00	1,500.00
50080 · Bank & Credit Card Charges	693.58	0.00	0.00	0.00	0.00	693.58
50085 · Repair/Maintenance/Cleaning	3,815.16	0.00	0.00	0.00	0.00	3,815.16
50090 · Office Supplies	3,807.60	0.00	0.00	0.00	0.00	3,807.60
50095 · Postage and Delivery	362.26	0.00	0.00	0.00	0.00	362.26
50100 · Printing/Photocopy	2,343.24	0.00	0.00	0.00	0.00	2,343.24
50110 · Dues/Subscriptions	591.00	0.00	0.00	0.00	0.00	591.00
50115 · Staff Development	342.06	0.00	0.00	0.00	0.00	342.06
50120 · Meetings	4,219.37	0.00	0.00	0.00	0.00	4,219.37

Hillcrest Business Improvement Association, Inc.

Profit & Loss by Class

July 2016 through June 2017

	110 GENERAL	220 SPECIAL EVENTS	410 BID CONTRACT	510 MAD	610 SBEP	TOTAL
50125 · Legal	22,495.02	0.00	0.00	0.00	0.00	22,495.02
50130 · Telephone & Internet	12,381.65	0.00	0.00	0.00	0.00	12,381.65
50135 · Parking/Mileage	2,652.50	0.00	0.00	0.00	0.00	2,652.50
50330 · D & O / Liability Insurance	7,752.55	1,332.45	0.00	0.00	0.00	9,085.00
Total 50045 · Operating	95,045.41	8,812.45	0.00	0.00	5,000.00	108,857.86
51000 · Neighborhood/Outreach Promotion						
51515 · CityFest	0.00	96,705.68	0.00	0.00	0.00	96,705.68
51525 · Promotion/Marketing/Campaigns	10,853.08	425.59	3,993.11	0.00	0.00	15,271.78
51526 · Taste	509.93	6,249.27	0.00	0.00	0.00	6,759.20
51527 · Taste 'N Tinis	0.00	9,474.05	0.00	0.00	0.00	9,474.05
51530 · Banners	1,462.44	0.00	3,425.10	0.00	0.00	4,887.54
51535 · Web Site Communications	1,019.23	0.00	0.00	0.00	0.00	1,019.23
51540 · Business Mixers/Open House	0.00	668.96	1,335.29	0.00	0.00	2,004.25
51545 · Newsletter	844.96	0.00	1,598.90	0.00	0.00	2,443.86
51555 · Farmer's Market	4,107.54	0.00	0.00	0.00	0.00	4,107.54
51556 · Farmer's Market Trolley	0.00	6,402.50	0.00	0.00	0.00	6,402.50
51575 · Pride Flag Project	4,723.56	0.00	0.00	0.00	0.00	4,723.56
51800 · Pride of Hillcrest/Block Party	0.00	82,644.90	0.00	0.00	0.00	82,644.90
51870 · Mardi Gras	0.00	42,950.65	0.00	0.00	0.00	42,950.65
51880 · Nightmare on Normal	0.00	40,907.67	0.00	0.00	0.00	40,907.67
Total 51000 · Neighborhood/Outreach Promotion	23,520.74	286,429.27	10,352.40	0.00	0.00	320,302.41
53000 · Physical Improvements						
53125 · Hillcrest Sign Utilities/Maint.	0.00	0.00	875.62	1,514.30	0.00	2,389.92
53130 · Security	12,410.36	0.00	0.00	58,567.59	0.00	70,977.95
53135 · Street Cleaning	8,743.63	0.00	34,976.40	5,791.47	0.00	49,511.50
53137 · Pressure Washing	430.00	0.00	13,025.72	12,013.78	0.00	25,469.50
53150 · Dumpsters	0.00	0.00	1,954.74	1,635.50	0.00	3,590.24
53155 · Tree & Flower Maintenance	2,949.97	0.00	16,396.67	8,285.36	0.00	27,632.00
53156 · Tree Trimming Large Trees	0.00	0.00	1,125.00	2,375.00	0.00	3,500.00
53159 · EMAD Expansion	17,430.74	0.00	0.00	0.00	0.00	17,430.74
53161 · Special Projects	2,450.63	0.00	3,624.38	0.00	0.00	6,075.01
53165 · Contingency	323.61	0.00	0.00	0.00	0.00	323.61
Total 53000 · Physical Improvements	44,738.94	0.00	71,978.53	90,183.00	0.00	206,900.47
Total Expense	293,505.51	339,158.92	98,190.76	90,183.00	27,212.00	848,250.19
	-63,950.14	35,031.66	0.00	0.00	0.00	-28,918.48

July 3, 2017

Board of Directors
Hillcrest Business Improvement Association
3737 Fifth Avenue, Suite 202
San Diego, CA 92103

Attention: Mr. Benjamin Nicholls

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for Hillcrest Business Improvement Association (the Association) for the year ended June 30, 2017.

We will audit the financial statements of Hillcrest Business Improvement Association, which comprise the statement of financial position as of June 30, 2017, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (the financial statements). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our 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, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Income/Expense Statement, City of San Diego TOT Funds

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Association's financial statements. Our report will be addressed to the Board of Directors of Hillcrest Business Improvement Association. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Association's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Association and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you to these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentially agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party providers.

Other Services

We will prepare the Association's federal and state information returns for the year ended June 30, 2017 based on the information provided by you. We will also assist in preparing the financial statements of the Association in conformity with U.S. generally accepted accounting principles based on information provided by you.

We will perform the services in accordance with applicable professional standards, including Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

Management Responsibilities

You are responsible for designing, implementing, and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Association from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Association complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmation we request and will locate any documents selected by us for testing.

Cheryl Rhode, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate that our fees for these services will be \$5,000 for the audit and \$1,750 for the information returns. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as describe in this letter, please sign the enclosed copy and return it to us.

Very truly yours,
WEST RHODE & ROBERTS



Cheryl Rhode, CPA

RESPONSE:

This letter correctly sets forth the understanding of Hillcrest Business Improvement Association.

Management Signature: _____
Title: _____
Date: _____

Governance Signature: _____
Title: _____
Date: _____

