



# Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

## La Jolla Village Merchants Association Audited Financial Statements June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**La Jolla Village Merchants Association**

We have audited the accompanying financial statements of La Jolla Village Merchants Association (LJVMA, a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 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 LJVMA as of June 30, 2020, 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 LJVMA's June 30, 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures – Budget vs. Actual – City of San Diego Contracts on page 13 and the Statement of Compliance on page 14 are presented for purposes of additional analysis and not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of LJVMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LJVMA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LJVMA's internal control over financial reporting and compliance.



September 30, 2020

Sonnenberg & Company, CPAs

**La Jolla Village Merchants Association**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2020  
(With Comparative Totals for 2019)

	2020			2019
	<u>LJVMA</u>	<u>LJCAP</u>	<u>Total</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 114,465	\$ 17,827	\$ 132,292	65,695
Accounts Receivable	950		950	1,783
Grants Receivable - City of San Diego	1,195		1,195	19,586
Pledges Receivable			-	10,465
Accounts Receivable - LJCAP			-	6,890
Allowance for Uncollectable Accounts - LJCAP			-	(3,445)
Prepaid Insurance	2,036		2,036	3,238
Security Deposits	1,842		1,842	1,842
Furniture & Equipment	39,363		39,363	39,363
Website	21,050		21,050	21,050
Less: Accumulated Depreciation	<u>(60,413)</u>		<u>(60,413)</u>	<u>(60,413)</u>
<b>TOTAL ASSETS</b>	<u>\$ 120,488</u>	<u>\$ 17,827</u>	<u>\$ 138,315</u>	<u>\$ 106,054</u>
<b>LIABILITIES:</b>				
Line of Credit - Barter	\$	\$	\$ -	\$ 10,465
Deferred BID Advances	<u>16,967</u>		<u>16,967</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>16,967</u>	<u>-</u>	<u>16,967</u>	<u>10,465</u>
<b>NET ASSETS:</b>				
Without Donor Restrictions	<u>103,521</u>	<u>17,827</u>	<u>121,348</u>	<u>95,589</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 120,488</u>	<u>\$ 17,827</u>	<u>\$ 138,315</u>	<u>\$ 106,054</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**La Jolla Village Merchants Association**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

	2020			2019
	<u>LJVMA</u>	<u>LJCAP</u>	<u>Total</u>	<u>Total</u>
<b>Revenue and support:</b>				
City of San Diego - BID Assessments	\$ 162,635	\$	\$ 162,635	\$ 180,378
City of San Diego - SBEP Management	26,628		26,628	21,731
City of San Diego - SBEP TA/BK	5,000		5,000	5,000
City of San Diego - SBEP - City Fees	135		135	800
Associate Memberships	3,265		3,265	144
Banners	29,112		29,112	15,633
Events			-	5,230
Grant Income	1,000		1,000	-
Parking Passes - LJCAP			-	37,695
Sponsorships	5,250		5,250	18,101
Other Income	523		523	2,171
<b>Total revenue and support</b>	<u>233,548</u>	<u>-</u>	<u>233,548</u>	<u>286,883</u>
<b>Expenses:</b>				
Program Services	158,100		158,100	211,882
Supporting Services	46,244	3,445	49,689	59,551
<b>Total expenses</b>	<u>204,344</u>	<u>3,445</u>	<u>207,789</u>	<u>271,433</u>
<b>Change in net assets</b>	\$ 29,204	\$ (3,445)	\$ 25,759	\$ 15,450
<b>Prior Period Adjustment</b>	-	-	-	(11,618)
<b>Interfund Transfer</b>	1,300	(1,300)	-	-
<b>Net assets, beginning of year</b>	<u>73,017</u>	<u>22,572</u>	<u>95,589</u>	<u>91,757</u>
<b>Net assets, end of year</b>	<u>\$ 103,521</u>	<u>\$ 17,827</u>	<u>\$ 121,348</u>	<u>\$ 95,589</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**La Jolla Village Merchants Association**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

	2020					2019
	LJVMA Program Services	LJVMA Support Services	LJCAP Program Services	LJCAP Support Services	Total	Total
<b>Expenses:</b>						
Payroll						
Salaries and Wages	\$ 61,928	\$ 20,643	\$	\$	\$ 82,570	\$ 71,883
Payroll Taxes	5,012	1,671			6,683	6,739
Insurance - Workers Comp	1,035	345			1,380	4,821
Employee Benefits	10,502	3,501			14,002	6,495
Total Payroll	78,476	26,159	-	-	104,635	89,938
Accounting/Bookkeeping	6,480	7,920			14,400	14,400
Admin - LJCAP					-	10,800
Audit	3,900	1,300			5,200	4,600
Bad Debt - LJCAP				3,445	3,445	3,445
Design/Beautification						
Decorative (Roof Line) Light	8,816				8,816	15,444
Landscaping	1,800				1,800	-
Dues and Subscriptions	1,440	480			1,920	2,299
Election Costs					-	896
Event Expenses	6,729				6,729	31,497
Insurance - General Liability	5,321	1,774			7,094	6,105
Internet - IT Maintenance	3,333	1,111			4,444	4,800
Office Expense	1,514	505			2,018	4,263
Office Expense - LJCAP					-	240
Outreach/Promotion						
Co-op Advertising	10,358				10,358	11,359
Promotion	7,005				7,005	5,689
Website Maintenance	1,940				1,940	3,951
Office Equipment					-	483
Parking - Staff	836	279			1,115	1,437
Parking Passes - LJCAP					-	33,420
Professional Fees	188	63			250	-
Rent	16,394	5,465			21,859	20,949
Rent - LJCAP					-	2,750
Telephone	2,728	909			3,637	1,474
Utilities	843	281			1,124	1,194
<b>Total Expenses</b>	<b>\$ 158,100</b>	<b>\$ 46,244</b>	<b>\$ -</b>	<b>\$ 3,445</b>	<b>\$ 207,789</b>	<b>\$ 271,433</b>

The Accompanying Notes are an Integral part of the Financial Statements

**La Jolla Village Merchants Association****STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 25,759	\$ 15,450
Changes in operating assets and liabilities:		
(Increase) Decrease in Accounts Receivable	833	(1,116)
(Increase) Decrease in Grants Receivable - City of San Diego	18,391	(783)
(Increase) Decrease in Pledges Receivable	10,465	(10,465)
(Increase) Decrease in Accounts Receivable - LJCAP	6,890	(1,840)
(Increase) Decrease in Allowance for Uncollectable Accounts - LJCAP	(3,445)	3,445
(Increase) Decrease in Prepaid Insurance	1,202	364
Increase (Decrease) in Accounts Payable	-	(114)
Increase (Decrease) in Barter Liability	10,465	(1,153)
Increase (Decrease) in Deferred BID Advances	(16,967)	-
Increase (Decrease) in Deferred Income	<u>-</u>	<u>(1,000)</u>
Net cash provided (used) by operating activities	<u>53,593</u>	<u>2,788</u>
Net increase (decrease) in cash and cash equivalents	53,593	2,788
Cash and cash equivalents, beginning of year	<u>65,695</u>	<u>62,907</u>
Cash and cash equivalents, end of year	<u>\$ 119,288</u>	<u>\$ 65,695</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

**La Jolla Village Merchants Association**  
Notes to Financial Statements  
For the Year Ended June 30, 2020

**Note 1. Organization and Nature of Activities**

The La Jolla Village Merchants Association (LJVMA) was formed in May 2011 as a non-profit mutual benefit corporation. Its purpose is to enhance the growth and improvement of the La Jolla downtown area through partnerships created with the community's business and property owners. These partnerships provide the means to promote economic growth while preventing deterioration of the community.

Currently, LJVMA manages the La Jolla Business Improvement District (BID), in partnership with the City of San Diego. This District includes businesses and property owners located within a 30-block area within the La Jolla Village area. LJVMA's Board of Directors includes owners of businesses or property located within the Business Improvement District as well as Associate members who own businesses outside of the District. LJVMA's activities include organizing through governance and community liaisons, stimulating economic growth, design and ambience in the District, and promotion of the District through events, marketing, and publicity.

LJVMA became the Fiduciary Agent for the La Jolla Coastal Access and Parking (LJCAP) Agency on January 1, 2013. LJCAP managed an employee discounted parking program in La Jolla, California until February 28, 2019. LJCAP suspended operations during the year ended June 30, 2020 and resumed operations August 2020. The break has given the current Board of Directors a chance to evaluate new projects to promote public access to the coast.

**Note 2. Summary of Significant Accounting Policies**

*Basis of Accounting* - LJVMA's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, resulting in related receivables and payables. The BID Agreement also requires an audit be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Accordingly, the financial statements reflect all significant receivables, payables and other liabilities.

*Basis of Presentation* - LJVMA reports information regarding its financial position and activities according to recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, Financial Statements of Not-for-Profit Entities, and Accounting Standards Update (ASU) No. 2016-14 Presentation of Financial Statements for Not-for-Profit Entities. Under ASC 958 and ASU 2016-14, LJVMA reports net assets, revenues, gains, and losses based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

LJVMA did not have any net assets with donor restrictions as of June 30, 2020.



**La Jolla Village Merchants Association**  
Notes to Financial Statements  
For the Year Ended June 30, 2020

**Note 2. Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents - For purposes of the statement of cash flows, LJVMA considers all highly liquid investments with the initial maturity of three months or less to be cash equivalents. LJVMA had no cash equivalents at June 30, 2020.

Change in accounting principle - During the fiscal year ended June 30, 2020, LJVMA adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 605) and ASU No. 2014-09 Revenue from Contracts with Customers (Topic 606). Analysis of various provisions of these updates resulted in no significant changes in the way LJVMA recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such 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 LJVMA's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Concentrations of Credit Risk - LJVMA and LJCAP maintain cash balances in two accounts at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and LJVMA and LJCAP have not exceeded this limit as of June 30, 2020. Concentration of credit risks with respect to trade receivables are limited, as the majority of LJVMA's receivables consist of earned fees from reimbursement-contracts granted by the City of San Diego.

Deferred Revenue - BID advances collected prior to the fiscal year to which they apply are deferred and recognized over the periods to which the BID assessments relate.

Donated Materials, Services and Free Use of Facilities - Donated goods and services are recognized as contributions in the period received if the goods or services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by LJVMA.

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Value Measurements - LJVMA follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

Level 1 input consists of unadjusted quoted prices in active markets for identical instruments and has the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

**La Jolla Village Merchants Association**  
Notes to Financial Statements  
For the Year Ended June 30, 2020

**Note 2. Summary of Significant Accounting Policies (continued)**

Functionalized Expenses - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office administration and all costs associated with the use of the office, professional services, information technology, insurance, and other expenses that are listed on the Statement of Activities, which are allocated on the basis of estimates of time and effort of each employee in the respective program and/or supporting function.

Promises to Give (Pledges) - Unconditional promises to give are recognized as contributions in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefit received. Promises to give are recorded at net realizable value if they are expected to be collected within one year and at net present value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are met. LJVMA did not have any promises to give at June 30, 2020.

Property and Equipment - Property and equipment are recorded at purchased cost or at fair value at the date of donation if donated. Maintenance and repairs costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year. During the year ended June 30, 2020, LJVMA did not purchase any capital assets.

While the City has retained title to these assets and in the event of contract non-compliance or termination, the City may recover the capital equipment and transfer it to another entity. LJVMA's policy is to capitalize such assets in accordance with GAAP. Accordingly, this equipment has been capitalized on the statement of financial position. There was no depreciation expense for the year ended June 30, 2020 as the property and equipment is fully depreciated. Previous depreciation was provided over the 3-5 year estimated useful lives of the respective assets on a straight-line basis.

Revenue and Revenue Recognition - Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Program service fees and payments under cost-reimbursable contracts with the City of San Diego received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Conditional promises to give, that is, those with measurable performance or other barrier and right to return are not recognized until the conditions on which they depend have been met.

All contributions are considered to be available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these net assets are reclassified to contributions without donor restrictions and reported on the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without restrictions.

Reclassifications - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**La Jolla Village Merchants Association**  
Notes to Financial Statements  
For the Year Ended June 30, 2020

**Note 3. Service Contracts – City of San Diego**

LJVMA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, LJVMA has no provisions for the possible disallowance of program costs on its financial statements.

LJVMA received a Small Business Enhancement Program (SBEP) Management Grant with the City of San Diego. Total grant funds received were \$21,628. The grant was to be used for payroll, payroll taxes, fringe benefits, and office bookkeeping. LJVMA also received a La Jolla Business Improvement District (BID) Technical Assistance and Bookkeeping Grant with the City of San Diego totaling \$5,000 for the year ended June 30, 2020. LJVMA received a La Jolla Business Improvement District (BID) City Fees and Services Grant with the City of San Diego totaling \$4,500 for the year ended June 30, 2020. During the year ended June 30, 2020, the Association gave LJVMA the option to discontinue their City Fees and Services Grant due to Coronavirus (COVID-19) and offered LJVMA an additional \$5,000 Management Grant.

**Note 4. Income Tax Status**

LJVMA is a California nonprofit corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(6). The exemption is effective as of December 29, 1989. LJVMA is also exempt from state income taxes under California State Tax Code 23701(e). LJVMA currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

LJVMA's federal and state Exempt Organization Tax Returns are subject to examination, generally for three years after they were filed.

**Note 5. Lease Agreement**

LJVMA signed an office lease which commenced December 1, 2017 and ends November 30, 2020 over a three year period. Rent for the office space was \$1,793 per month from July 2019 through December 2019 and increased, per the lease, to \$1,842 from January 2020 through June 2020. LJVMA is also responsible for utilities used in the office space and parking. LJVMA put up a security deposit of \$1,842.

**Note 6. Interfund Transactions**

LJCAP transferred \$1,300 to LJVMA during the year ended June 30, 2020. The payment was for administrative fees incurred by LJVMA on LJCAP's behalf.

**Note 7. Concentration of Revenues**

LJVMA received 83% of its revenue from the City of San Diego Contracts during the year ending June 30, 2020. Discontinuance of these grants and the parking program could impact LJVMA negatively.

**La Jolla Village Merchants Association**  
Notes to Financial Statements  
For the Year Ended June 30, 2020

**Note 8. Liquidity and Availability**

The following reflects LJVMA's financial assets as of June 30, 2020, reduced by the amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at year end:		
Cash and cash equivalents	\$	132,292
Accounts Receivable		950
Grants Receivable - City of San Diego		<u>1,195</u>
Total financial assets		<u>134,437</u>
 Financial assets available to meet general expenditures in one year	 \$	 <u>134,437</u>

As part of LJVMA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 9. Subsequent Events and Date of Management Review**

LJVMA management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through September 30, 2020, which is the date the financial statements were available to be issued.

The spread of a novel strain of Coronavirus (COVID-19) in the first months of 2020 has caused a substantial impact on the U.S. economy. There is significant uncertainty around the effects and duration of business interruption related to COVID-19. The extent of the impact on LJVMA's operations, management, and interns will depend on certain developments, which cannot be determined at this time.

Management is not aware of any other subsequent events or transactions that would have a material impact on, or require disclosure, in the current year financial statements.

**La Jolla Village Merchants Association**  
**SCHEDULE OF EXPENDITURES**  
 Budget vs Actual  
 City of San Diego Contracts - SBEP and BID  
 July 2019 through June 2020

	BID Funds			SBEP		
	Actual	Budget	Over (Under) Budget	Actual	Budget	Over (Under) Budget
<b>Funds Available</b>						
BID Assessments	\$ 162,635	\$ 200,000	\$ (37,365)	\$	\$	\$
SBEP - MGMT				26,628	21,628	(5,000)
SBEP - City Fees				135	4,500	4,365
SBEP - TA/BK				5,000	5,000	-
Total Funds Available	<u>162,635</u>	<u>200,000</u>	<u>(37,365)</u>	<u>31,763</u>	<u>31,128</u>	<u>(635)</u>
<b>Personnel</b>						
Salaries and Wages	53,570	64,100	(10,530)	25,466	15,728	(9,738)
Payroll Taxes	5,521	5,550	(29)	1,162	1,500	338
Payroll Fees	1,490	1,500	(10)			-
Workers Compensation	1,380	3,000	(1,620)			-
Health Benefits	13,461	4,250	9,211		4,400	4,400
Total Personnel	<u>75,422</u>	<u>78,400</u>	<u>(2,978)</u>	<u>26,628</u>	<u>21,628</u>	<u>(5,000)</u>
<b>Office Administration</b>						
Accounting/Bookkeeping	11,340	11,400	(60)	3,060	3,000	(60)
Audit	3,900	4,600	(700)			-
Bank/Merchant Account Fees		500	(500)			-
Dues/Subscriptions/Fees	1,370	1,000	370			-
Election Costs		1,000	(1,000)			-
Equipment & Furniture		1,000	(1,000)			-
Insurance	5,029	5,000	29			-
Internet	4,444	700	3,744			-
Office Maintenance Expense		100	(100)			-
Office Supplies	178	1,000	(822)			-
Parking	1,098	1,500	(402)			-
Printing & Postage	554	1,500	(946)			-
Professional Fees	250	1,000	(750)			-
Rent/Utilities	22,983	22,200	783			-
Office and Cell Phones	3,637	1,200	2,437			-
Total Office Administration	<u>54,783</u>	<u>53,700</u>	<u>1,083</u>	<u>3,060</u>	<u>3,000</u>	<u>(60)</u>
<b>Design</b>						
Decorative (Roof Line) Lighting	8,816	10,000	(1,184)			-
Landscaping	1,800	5,000	(3,200)			-
Total Design	<u>10,616</u>	<u>15,000</u>	<u>(4,384)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Events</b>	6,154	15,000	(8,846)	135	4,500	4,365
<b>Outreach and Promotion</b>						
Co-op Advertising	10,179	11,500	(1,321)			-
Marketing/Newsletter	1,782	2,000	(218)			-
Promotional Materials	4,901	2,000	2,901			-
Website Maintenance		2,400	(2,400)	1,940	2,000	60
Total Outreach and Promotion	<u>16,862</u>	<u>17,900</u>	<u>(1,038)</u>	<u>1,940</u>	<u>2,000</u>	<u>60</u>
<b>Contingency</b>		20,000	(20,000)			-
<b>Total Expenditures</b>	<u>163,837</u>	<u>200,000</u>	<u>(36,163)</u>	<u>31,763</u>	<u>31,128</u>	<u>(635)</u>
	<u>\$ (1,202)</u>	<u>\$ -</u>	<u>\$ (1,202)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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September 30, 2020

**La Jolla Village Merchants Association**

**STATEMENT OF COMPLIANCE**

To: City of San Diego

The La Jolla Village Merchants Association is in compliance with all City of San Diego requirements, such as general requirements, compensation and reimbursement, record keeping, and insurance as set forth in the agreements between the City of San Diego and the La Jolla Village Merchants Association.

All required reports and disclosures have been submitted.

Thank you for your time and dedication to La Jolla.

Sincerely,

A handwritten signature in black ink, appearing to read "Jodi Rudick".

Jodi Rudick, Executive Director

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[jodi@lajollabythesea.com](mailto:jodi@lajollabythesea.com) | 7590 Fay Avenue, Suite 404 | La Jolla, CA 92037 | 858-230-2725

See Independent Auditor's Report



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Leonard C. Sonnenberg, CPA

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
**La Jolla Village Merchants Association**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of La Jolla Village Merchants Association (LJVMA), which comprise the statement of financial position as of June 30, 2020, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered LJVMA'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 LJVMA's internal control. Accordingly, we do not express an opinion on the effectiveness of LJVMA's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Example Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Reed Coleman".

September 30, 2020

Sonnenberg & Company, CPAs