

**La Jolla Village  
Merchants Association  
Audited Financial Statements  
June 30, 2023**



Presented by  
**Pinnacle Accounting & Financial Services**  
A Professional Corporation

**La Jolla Village Merchants Association**  
Audited Financial Statements  
June 30, 2023

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of La Jolla Village Merchants Association (a nonprofit organization) which comprises the statement of financial position as of June 30, 2023, and the related statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Jolla Village Merchants Association as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of La Jolla Village Merchants Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about La Jolla Village Merchants Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 La Jolla Village Merchants Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about La Jolla Village Merchants Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited La Jolla Village Merchants Association's June 30, 2021, financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **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 12 and the Statement of Compliance on page 13 are presented for purposes of additional analysis and is not a required part 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 December 15, 2023, on our consideration of La Jolla Village Merchants Association'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 La Jolla Village Merchants Association'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 La Jolla Village Merchants Association's internal control over financial reporting and compliance.

**La Jolla Village  
Merchants Association**

**BASIC FINANCIAL STATEMENTS**

**La Jolla Village Merchants Association**  
**STATEMENT OF FINANCIAL POSITION**  
For the Year Ended June 30, 2023  
(With Comparative Totals for 2022)

	2023			2022
	<u>LJVMA</u>	<u>LJCAP</u>	<u>Total</u>	<u>Total</u>
<b>ASSETS:</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 143,858	\$ 17,827	\$ 161,685	\$ 152,983
Accounts Receivable	11,757	-	11,757	29,120
Prepaid Insurance	3,702	-	3,702	1,350
Security Deposits	1,358	-	1,358	1,358
	<u>160,676</u>	<u>17,827</u>	<u>178,503</u>	<u>184,811</u>
<b>TOTAL CURRENT ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Furniture & Equipment	39,363	-	39,363	39,363
Website	21,050	-	21,050	21,050
Less: Accumulated Depreciation	(60,413)	-	(60,413)	(60,413)
ROU Asset, net of accumulated amortization	5,457	-	5,457	-
	<u>5,457</u>	<u>-</u>	<u>5,457</u>	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>				
	<u>\$ 166,133</u>	<u>\$ 17,827</u>	<u>\$ 183,960</u>	<u>\$ 184,811</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 5,370	\$ -	\$ 5,370	\$ 204
Deferred BID Advances	10,703	-	10,703	27,752
Current Lease Liabilities	6,561	-	6,561	-
	<u>22,634</u>	<u>-</u>	<u>22,634</u>	<u>27,956</u>
<b>TOTAL LIABILITIES</b>				
<b>NET ASSETS:</b>				
Without Donor Restrictions	<u>143,499</u>	<u>17,827</u>	<u>161,326</u>	<u>156,855</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 166,133</u>	<u>\$ 17,827</u>	<u>\$ 183,960</u>	<u>\$ 184,811</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, 2023  
(With Comparative Totals for 2022)

	2023			2022
	<u>LJVMA</u>	<u>LJCAP</u>	<u>Total</u>	<u>Total</u>
<b>Revenue and support:</b>				
City of San Diego - BID Assessments	\$ 160,390	\$ -	\$ 160,390	\$ 143,647
City of San Diego - SBEP Management	29,976	-	29,976	26,728
Associate Memberships	-	-	-	17
Banners	21,518	-	21,518	14,495
Donations	3,536	-	3,536	600.00
Grant Income	30,000	-	30,000	18,000
Other Income	64	-	64	382
<b>Total revenue and support</b>	<u>245,484</u>	<u>-</u>	<u>245,484</u>	<u>203,869</u>
<b>Expenses:</b>				
Program Services	191,865	-	191,865	136,375
Supporting Services	49,147	-	49,147	42,555
<b>Total expenses</b>	<u>241,012</u>	<u>-</u>	<u>241,012</u>	<u>178,930</u>
<b>Change in net assets</b>	4,472	-	4,472	24,939
<b>Net assets, beginning of year</b>	<u>139,027</u>	<u>17,827</u>	<u>156,854</u>	<u>131,916</u>
<b>Net assets, end of year</b>	<u>\$ 143,499</u>	<u>\$ 17,827</u>	<u>\$ 161,326</u>	<u>\$ 156,855</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, 2023  
(With Comparative Totals for 2022)

	2023					2022
	LJVMA Program Services	LJVMA Support Services	LJCAP Program Services	LJCAP Support Services	Total	Total
<b>Expenses:</b>						
Payroll						
Salaries and Wages	\$ 91,920	\$ -	\$ -	\$ -	\$ 91,920	\$ 84,540
Payroll Taxes	7,186	-	-	-	7,186	6,697
Employee Benefits	12,043	6,758	-	-	18,801	15,613
Total Payroll	111,149	6,758	-	-	117,907	106,850
Accounting/Bookkeeping	12,000	-	-	-	12,000	12,000
Audit	5,200	-	-	-	5,200	4,500
Bad Debt	-	-	-	-	-	388
Contingency	-	-	-	-	-	379
Design/Beautification						
Decorative (Roof Line) Lighting	1,315	-	-	-	1,315	7,647
Banner / Benches / Other	3,966	12,817	-	-	16,782	800
Dues and Subscriptions	469	20	-	-	489	1,656
Election Costs	332	-	-	-	332	-
Event Expenses	12,051	3,285	-	-	15,336	6,154
Insurance - General Liability	3,282	-	-	-	3,282	4,561
Internet - IT Maintenance	3,727	-	-	-	3,727	2,989
Lease costs	16,464	-	-	-	16,464	-
Office Expense	76	-	-	-	76	2,078
Outreach/Promotion						
Co-op Advertising	9,938	1,000	-	-	10,938	2,649
Jigsaw puzzle	-	3,239	-	-	3,239	1,253
Promotion	3,818	21,969	-	-	25,787	2,551
Website Maintenance	1,856	-	-	-	1,856	1,312
Marketing/ Graphic Design	1,200	58	-	-	1,258	357
Office Equipment	15	-	-	-	15	859
Professional Fees	150	-	-	-	150	150
Rent	777	-	-	-	777	15,677
Telephone	2,786	-	-	-	2,786	2,875
Utilities	1,294	-	-	-	1,294	1,255
<b>Total Expenses</b>	<b>\$ 191,865</b>	<b>\$ 49,147</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 241,012</b>	<b>\$ 168,000</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, 2023  
(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,472	\$ 24,938
Changes in operating assets and liabilities:		
(Increase) Decrease in Accounts Receivable	17,361	(23,332)
(Increase) Decrease in Prepaid Insurance	(2,352)	(1,350)
Increase (Decrease) in Accounts Payable	5,166	204
Increase (Decrease) in Lease Liabilities	6,561	-
Increase (Decrease) in Deferred BID Advances	(17,049)	15,971
<b>Net cash provided (used) by operating activities</b>	<u>14,159</u>	<u>16,431</u>
<b>Cash flows from investing activities:</b>		
Net cash on lease assets	<u>(5,457)</u>	<u>-</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(5,457)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	8,702	16,431
<b>Cash and cash equivalents, beginning of year</b>	<u>152,983</u>	<u>136,552</u>
<b>Cash and cash equivalents, end of year</b>	\$ <u>161,685</u>	\$ <u>152,983</u>

The Accompanying Notes are an Integral Part of the Financial Statements

## **La Jolla Village Merchants Association**

### **Notes to Financial Statements For the Year Ended June 30, 2022**

#### **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 the 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 ambiance in the District, and promoting 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. LJCAP still holds cash balances in one bank which has been reported in the financial statements herein.

#### **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 those resources be maintained in perpetuity.

LJVMA did not have any net assets with donor restrictions as of June 30, 2023.

*Cash and Cash Equivalents* - For purposes of the statement of cash flows, LJVMA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. LJVMA had no cash equivalents at June 30, 2023.

## La Jolla Village Merchants Association

### Notes to Financial Statements For the Year Ended June 30, 2022

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

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with LJVMA's financial statements for the year ended June 30, 2022, 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, 2023. The 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.

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.

## La Jolla Village Merchants Association

### Notes to Financial Statements For the Year Ended June 30, 2022

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

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, 2023.

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, 2023, 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, 2023, as all 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.

Leases - La Jolla Village Merchant Associates determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Jolla Village Merchant Associates does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Recently Adopted Accounting Guidance - In 2023, Jolla Village Merchant Associates adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. Jolla Village Merchant Associates elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, Jolla Village Merchant Associates recognized right-of-use assets of \$21,534 and lease liabilities totaling \$21,534 in its balance sheet as of June 30, 2023.

## La Jolla Village Merchants Association

### Notes to Financial Statements

For the Year Ended June 30, 2022

#### **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 the 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 from the City of San Diego. Total grant funds received were \$29,976. The grant was to be used for payroll, payroll taxes, fringe benefits, and office bookkeeping.

#### **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**

La Jolla Village Merchant Associates evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent La Jolla Village Merchant associate's right to use underlying assets for the lease term, and the lease liabilities represent La Jolla Village Merchant associates' obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. La Jolla Village Merchant Associates has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023, was 2.88% for the La Jolla Village Merchant Associate's office lease.

As a lessee, La Jolla Village Merchant Associates leases office space for administrative needs. The lease is an operating lease expiring 10/31/2023.

Cash paid for operating leases for the year ended June 30, 2023, was \$16,464. There were no noncash investing and financing transactions related to leasing.

Future minimum lease payments under this operating lease as of June 30, 2023, are detailed below.

June 30,		
2024	\$	6,561
Total	\$	<u>6,561</u>

## La Jolla Village Merchants Association

### Notes to Financial Statements

For the Year Ended June 30, 2022

#### **Note 7. Concentration of Revenues**

LJVMA received 78% of its revenue from the City of San Diego Contracts during the year ended June 30, 2023. Discontinuance of these grants could impact LJVMA negatively.

#### **Note 8. Liquidity and Availability**

The following reflects LJVMA's financial assets as of June 30, 2023, reduced by the amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

##### **Liquidity**

Financial assets at year end:

Cash and cash equivalents	\$	161,685
Accounts Receivable		<u>11,757</u>
Total financial assets		<u>173,442</u>

Financial assets available to meet general expenditures in one year	\$	<u>173,442</u>
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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 **December 15, 2023**, which is the date the financial statements were available to be issued.

Management is not aware of any 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**

**REQUIRED SUPPLEMENTARY INFORMATION**

City of San Diego Contracts - SBEP and BID  
July 2022 through June 2023

	BID Funds			SBEP		
	Actual	Budget	Over (Under) Budget	Actual	Budget	Over (Under) Budget
Funds Available						
BID Assessments	\$ 161,590	\$ 200,000	\$ (38,410)	\$ -	\$ -	\$ -
SBEP - MGMT	-	-	-	29,976	26,240	(3,736)
Total Funds Available	161,590	200,000	(38,410)	29,976	26,240	(3,736)
Personnel						
Salaries and Wages	71,901	80,000	(8,099)	20,019	18,150	(1,869)
Payroll Taxes	5,486	7,800	(2,314)	1,700	1,950	250
Payroll Fees	1,753	3,000	(1,247)	-	-	-
Benefits	10,290	12,480	(2,190)	-	-	-
Total Personnel	89,430	103,280	(13,850)	21,719	20,100	(1,619)
Office Administration						
Accounting/Bookkeeping	8,311	12,000	(3,689)	3,689	3,000	(689)
Audit	5,200	9,700	(4,500)	-	-	-
Dues/Subscriptions/Fees	469	2,560	(2,091)	-	-	-
Election Costs	332	1,000	(668)	-	-	-
Equipment & Furniture	15	1,000	(985)	-	-	-
Insurance	5,634	5,000	634	-	-	-
Internet	486	700	(214)	-	-	-
Office Supplies	76	900	(824)	-	-	-
Professional Fees	150	1,000	(850)	-	-	-
Rent/Utilities	17,431	16,800	631	-	-	-
Office and Cell Phones	2,889	2,400	489	-	-	-
Total Office Administration	40,993	53,060	(12,067)	3,689	3,000	(689)
Design						
Decorative (Roof Line) Lighting	3,966	20,000	(16,034)	-	-	-
Banner	1,315	2,000	(685)	-	-	-
Total Design	5,281	22,000	(16,719)	-	-	-
Special Events	12,051	-	12,051	-	-	-
Outreach and Promotion						
Advertising & Publicity	7,938	15,900	(7,962)	250	1,700	1,450
Email marketing	1,200	560	640	100	140	40
IT Maintenance	2,986	2,000	986	255	500	245
Promotional Materials	561	2,400	(1,839)	3,257	600	(2,657)
Website Maintenance	1,150	800	350	706	200	(506)
Total Outreach and Promotion	13,835	21,660	(7,825)	4,568	3,140	(1,428)
Total Expenditures	161,590	200,000	(38,410)	29,976	26,240	(3,736)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -





December 15, 2023

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,

Jodi Rudick, Executive Director

See Independent Auditor's Report

**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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of La Jolla Village Merchants Association as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise La Jolla Village Merchants Association’s basic financial statements, and have issued our report thereon dated December 15, 2023.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered La Jolla Village Merchants Association’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of La Jolla Village Merchants Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of La Jolla Village Merchants Association’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 or significant deficiencies may exist that were not identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether La Jolla Village Merchants Association'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.

Pinnacle Accounting & Financial Services  
Los Angeles, CA  
December 15, 2023