

**La Jolla Village
Merchants Association
Audited Financial Statements
June 30, 2021**



Presented by
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A Professional Corporation

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La Jolla Village Merchants Association
Audited Financial Statements
June 30, 2021

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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 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 La Jolla Village Merchants Association as of June 30, 2021, 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

Sonnenberg & Company, CPAs has previously audited La Jolla Village Merchants Association's June 30, 2020, financial statements, and they expressed an unmodified opinion on those financial statements in their report dated September 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived, except as it relates to the correction of the prior period statement of cash flows which has been corrected in the current period, refer to Note 2.

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 12 and the Statement of Compliance on page 13 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 January 21, 2022, 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.

Hayley Geier, CPA
January 21, 2022

**La Jolla Village
Merchants Association**

BASIC FINANCIAL STATEMENTS

La Jolla Village Merchants Association

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(With Comparative Totals for 2020)

	2021			2020
	LJVMA	LJCAP	Total	Total
ASSETS:				
Cash and Cash Equivalents	\$ 118,724	\$ 17,827	\$ 136,551	132,292
Accounts Receivable	5,788	-	5,788	950
Grants Receivable - City of San Diego	-	-	-	1,195
Prepaid Insurance	-	-	-	2,036
Security Deposits	1,358	-	1,358	1,842
Furniture & Equipment	39,363	-	39,363	39,363
Website	21,050	-	21,050	21,050
Less: Accumulated Depreciation	(60,413)	-	(60,413)	(60,413)
TOTAL ASSETS	\$ 125,870	\$ 17,827	\$ 143,697	\$ 138,315
 LIABILITIES:				
Deferred BID Advances	\$ 11,781	\$ -	\$ 11,781	\$ 16,967
TOTAL LIABILITIES	11,781	-	11,781	16,967
 NET ASSETS:				
Without Donor Restrictions	114,089	17,827	131,916	121,348
TOTAL LIABILITIES & NET ASSETS	\$ 125,870	\$ 17,827	\$ 143,697	\$ 138,315

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, 2021
(With Comparative Totals for 2020)

	2021			2020
	LJVMA	LJCAP	Total	Total
Revenue and support:				
City of San Diego - BID Assessments	\$ 166,090	\$ -	\$ 166,090	\$ 162,635
City of San Diego - SBEP Management	21,628	-	21,628	26,628
City of San Diego - SBEP TA/BK	-	-	-	5,000
City of San Diego - SBEP - City Fees	-	-	-	135
Associate Memberships	(800)	-	(800)	3,265
Banners	13,690	-	13,690	29,112
Grant Income	150	-	150	1,000
Sponsorships	-	-	-	5,250
Other Income	2,166	-	2,166	523
Total revenue and support	202,924	-	202,924	233,548
Expenses:				
Program Services	149,551	-	149,551	158,100
Supporting Services	42,806	-	42,806	49,689
Total expenses	192,357	-	192,357	207,789
Change in net assets	\$ 10,568	\$ -	\$ 10,568	\$ 25,759
Net assets, beginning of year	103,521	17,827	121,348	95,589
Net assets, end of year	\$ 114,089	\$ 17,827	\$ 131,916	\$ 121,348

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, 2021
(With Comparative Totals for 2020)

	2021				2020	
	LJVMA Program Services	LJVMA Support Services	LJCAP Program Services	LJCAP Support Services	Total	Total
Expenses:						
Payroll						
Salaries and Wages	\$ 60,750	\$ 20,250	\$ -	\$ -	\$ 81,000	\$ 82,570
Payroll Taxes	4,836	1,612	-	-	6,448	6,683
Employee Benefits	9,892	3,297	-	-	13,190	28,004
Total Payroll	<u>75,479</u>	<u>25,160</u>	<u>-</u>	<u>-</u>	<u>100,638</u>	<u>118,637</u>
Accounting/Bookkeeping	5,400	6,600	-	-	12,000	14,400
Audit	4,530	1,510	-	-	6,040	5,200
Design/Beautification						
Decorative (Roof Line) Lightin	7,090	-	-	-	7,090	8,816
Landscaping	-	-	-	-	-	1,800
Banner / Benches / Other	4,400	-	-	-	4,400	-
Dues and Subscriptions	510	170	-	-	680	1,920
Event Expenses	-	-	-	-	-	6,729
Insurance - General Liability	4,693	1,564	-	-	6,257	7,094
Internet - IT Maintenance	2,575	858	-	-	3,433	4,444
Office Expense	1,835	612	-	-	2,447	2,019
Outreach/Promotion						
Co-op Advertising	14,287	-	-	-	14,287	10,358
Promotion	2,708	-	-	-	2,708	7,005
Website Maintenance	1,273	-	-	-	1,273	1,940
Marketing/ Graphic Design	5,776	-	-	-	5,776	-
Parking - Staff	338	113	-	-	451	1,115
Professional Fees	-	-	-	-	-	250
Rent	14,714	4,905	-	-	19,619	21,859
Telephone	2,742	914	-	-	3,656	3,637
Utilities	1,203	401	-	-	1,604	1,124
Total Expenses	<u>\$ 149,551</u>	<u>\$ 42,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,358</u>	<u>\$ 221,792</u>

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, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 10,568	\$ 25,759
Changes in operating assets and liabilities:		
(Increase) Decrease in Accounts Receivable	(4,838)	833
(Increase) Decrease in Grants Receivable - City of San Diego	1,195	18,391
(Increase) Decrease in Pledges Receivable	-	10,465
(Increase) Decrease in Accounts Receivable - LJCAP	-	6,890
(Increase) Decrease in Allowance for Uncollectable Accounts - LJCAP	-	(3,445)
(Increase) Decrease in Prepaid Insurance	-	1,202
Increase (Decrease) in Barter Liability	-	(10,465)
Increase (Decrease) in Deferred BID Advances	<u>(5,186)</u>	<u>16,967</u>
Net cash provided (used) by operating activities	<u>1,739</u>	<u>66,597</u>
Cash flows from investing activities:		
Security Deposits	<u>484</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>484</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,223	66,597
Cash and cash equivalents, beginning of year	<u>132,292</u>	<u>65,695</u>
Cash and cash equivalents, end of year	\$ <u>134,515</u>	\$ <u>132,292</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, 2021

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. 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 that resources be maintained in perpetuity.

LJVMA did not have any net assets with donor restrictions as of June 30, 2021.

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, 2021.

La Jolla Village Merchants Association

Notes to Financial Statements
For the Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

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 change in the way LJVMA recognized revenue.

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, 2020, 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, 2021. 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, 2021

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, 2021.

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, 2021, 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, 2021, 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.

Revisions for Correction of Immaterial Errors - The District corrected for errors that were immaterial to previously-reported consolidated financial statements. These errors were identified in connection with the preparation of the financial statements for the year ended June 30, 2021, and related to the presentation of the statement of cash flows. The District evaluated the materiality of these errors both qualitatively and quantitatively and determined the effect of these corrections was not material to the previously issued financial statements. However, correcting the cumulative error during the year ended June 30, 2021, would have been material to the current period. Therefore, the amounts in the previous periods have been revised to reflect the correction of these errors.

La Jolla Village Merchants Association

Notes to Financial Statements
For the Year Ended June 30, 2021

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 from 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.

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 for its office space in La Jolla, California under a three-year lease commencing November 1, 2020. In accordance with the agreement, the base rent is \$1,280, plus utilities totaling \$103, per month for the first year with an increase of three percent annually. LJVMA put up a security deposit of \$1,358. The future minimum payments under the lease agreement at June 30, 2021 are as follows:

June 30,	
2022 \$	16,923
2023	17,431
2024	<u>5,867</u>
Total \$	<u><u>34,354</u></u>

Note 7. Concentration of Revenues

LJVMA received 93% of its revenue from the City of San Diego Contracts during the year ended June 30, 2021. Discontinuance of these grants could impact LJVMA negatively. During the year ended June 30, 2021, the District offered COVID discounts and to its association members resulting in a large decrease and negative balance in association membership dues.

La Jolla Village Merchants Association

Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8. Liquidity and Availability

The following reflects LJVMA's financial assets as of June 30, 2021, 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	\$	136,551
Accounts Receivable		<u>5,788</u>
Total financial assets		<u>142,339</u>
Financial assets available to meet general expenditures in one year	\$	<u>142,339</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 January 21, 2021, which is the date the financial statements were available to be issued.

The spread of a novel strain of Coronavirus (COVID-19) during 2020 and 2021 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**

REQUIRED SUPPLEMENTARY INFORMATION

La Jolla Village Merchants Association

SCHEDULE OF EXPENDITURES

Budget vs Actual

City of San Diego Contracts - SBEP and BID

July 2020 through June 2021

	BID Funds			SBEP		
	Actual	Budget	Over (Under) Budget	Actual	Budget	Over (Under) Budget
Funds Available						
BID Assessments	\$ 166,090	\$ 200,000	\$ (33,910)	\$ -	\$ -	\$ -
SBEP - MGMT	-	-	-	21,628	21,628	-
Total Funds Available	166,090	200,000	(33,910)	21,628	21,628	-
Personnel						
Salaries and Wages	60,625	64,100	(3,475)	20,375	15,728	(4,647)
Payroll Taxes	5,257	5,550	(293)	1,192	1,500	308
Payroll Fees	1,499	1,500	(1)	-	-	-
Benefits	10,428	7,250	3,178	61	4,400	4,339
Total Personnel	77,809	78,400	(591)	21,628	21,628	-
Office Administration						
Accounting/Bookkeeping	12,000	11,400	600	-	3,000	3,000
Audit	6,040	4,600	1,440	-	-	-
Bank/Merchant Account Fees	-	500	(500)	-	-	-
Dues/Subscriptions/Fees	680	1,000	(321)	-	-	-
Election Costs	-	1,000	(1,000)	-	-	-
Equipment & Furniture	-	1,000	(1,000)	-	-	-
Insurance	4,221	5,000	(779)	-	-	-
Internet	836	700	136	-	-	-
Office Maintenance Expense	300	100	200	-	-	-
Office Supplies	299	1,000	(701)	-	-	-
Parking	450	1,500	(1,050)	-	-	-
Printing & Postage	349	1,500	(1,151)	-	-	-
Professional Fees	-	1,000	(1,000)	-	-	-
Rent/Utilities	22,721	22,200	521	-	-	-
Office and Cell Phones	3,656	1,200	2,456	-	-	-
Total Office Administration	51,552	53,700	(2,148)	-	3,000	3,000
Design						
Decorative (Roof Line) Lighting	7,090	10,000	(2,910)	-	-	-
Banner	4,400	5,000	(600)	-	-	-
Total Design	11,490	15,000	(3,510)	-	-	-
Special Events	-	15,000	(15,000)	-	4,500	4,500
Outreach and Promotion						
Advertising & Publicity	14,287	11,500	2,787	-	-	-
Email marketing	890	2,000	(1,110)	-	-	-
IT Maintenance	2,597	2,000	597	-	-	-
Marketing/Graphic Design	5,776	-	-	-	-	-
Printing	1,809	-	-	-	-	-
Promotional Materials	9	-	-	-	-	-
Website Maintenance	1,273	2,400	(1,127)	-	-	-
Total Outreach and Promotion	26,641	17,900	8,741	-	-	-
Contingency	-	20,000	(20,000)	-	-	-
Total Expenditures	167,492	200,000	(32,508)	21,628	29,128	7,500
	\$ (1,402)	\$ -	\$ (1,402)	\$ -	\$ (7,500)	\$ (7,500)

See Independent Auditor's Report



January 21, 2022

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 La Jolla Village Merchants Association, which comprise the statement of financial position as of June 30, 2021, 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 January 21, 2021.

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 opinion 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 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.

Hayley Geier, CPA
January 21, 2022