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**EL CAJON BOULEVARD  
BUSINESSES IMPROVEMENT ASSOCIATION**

**AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
**El Cajon Boulevard Businesses Improvement Association**

### ***Opinion***

We have audited the accompanying financial statements of El Cajon Boulevard Business Improvement Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of 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 El Cajon Boulevard Business Improvement Association as of June 30, 2023, 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.

### ***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 El Cajon Boulevard Business Improvement Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 El Cajon Boulevard Business Improvement 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 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.

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*Auditor's Responsibilities for the Audit of the Financial Statements, continued*

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 El Cajon Boulevard Business Improvement 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 El Cajon Boulevard Business Improvement 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.

*Bonk, Cushman, Eagle & Garcia*

March 14, 2024

**EL CAJON BOULEVARD  
BUSINESS IMPROVEMENT ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023**

ASSETS:

Cash and Cash Equivalents	\$	102,174
Accounts Receivable		50,291
Total Current Assets		152,465
Equipment		11,772
Less: (Accumulated Depreciation)		(11,772)
Total Property & Equipment		-
Prepaid Insurance		-
Security Deposit		1,950
Total Other Assets		1,950
Total Assets	\$	154,415

LIABILITIES:

Payroll Liability	\$	1,410
Total Current Liabilities		1,410
Total Liabilities	\$	1,410

NET ASSETS:

Without Donor Restrictions	\$	153,005
Total Net Assets		153,005
Total Liabilities & Net Assets	\$	154,415

The Accompanying Notes are an Integral Part of the Financial Statements

**EL CAJON BOULEVARD**  
**BUSINESS IMPROVEMENT ASSOCIATION**  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
REVENUE:			
Governmental Funding:			
BID Reimbursements	\$ 66,249	\$ -	\$ 66,249
Grant Income	27,802	-	27,802
Parking Meter District	56,355	-	56,355
Total Governmental Funding	<u>150,406</u>	<u>-</u>	<u>150,406</u>
Other Revenue:			
Special Events	1,002	-	1,002
Sponsorships	6,067	-	6,067
Other Income	6,473	-	6,473
Total Other Revenue	<u>13,542</u>	<u>-</u>	<u>13,542</u>
Total Revenue	163,948	-	163,948
EXPENSES:			
Program Services	173,737	-	173,737
General & Administrative	17,963	-	17,963
Total Expenses	<u>191,700</u>	<u>-</u>	<u>191,700</u>
Change in Net Assets	(27,752)	-	(27,752)
Net Assets, Beginning of Year	<u>180,757</u>	<u>-</u>	<u>180,757</u>
Net Assets, End of Year	<u>\$ 153,005</u>	<u>\$ -</u>	<u>\$ 153,005</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**EL CAJON BOULEVARD**  
**BUSINESS IMPROVEMENT ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Salaries & Wages	\$ 48,715	\$ 5,413	\$ 54,128
Payroll Taxes	3,866	430	4,296
Employee Benefits	6,761	751	7,512
Total Payroll & Related Expenses	<u>59,342</u>	<u>6,594</u>	<u>65,936</u>
Accounting & Audit	14,956	1,662	16,618
Advertising		1,000	1,000
Bank Fees	-	106	106
Board Expenses		480	480
Communications / Website	336	37	373
Consultants	30,059	-	30,059
Contingency	4,226	470	4,696
Design	9,945	-	9,945
Dues & Subscriptions	2,521	280	2,801
Insurance	10,517	1,169	11,686
Professional Fees	1,209	134	1,343
Meals	-	1,515	1,515
Miscellaneous	1,275	142	1,417
Office Expense	590	66	656
Phone & Internet	770	86	856
Postage	108	12	120
Printing & Duplicating	1,214	135	1,349
Promotions - Special Projects & Events	7,889	877	8,766
Rent	22,474	2,497	24,971
Repairs & Maintenance	1,540	171	1,711
Supplies	1,634	182	1,816
Utilities	3,132	348	3,480
Total Expenses	<u>\$ 173,737</u>	<u>\$ 17,963</u>	<u>\$ 191,700</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**EL CAJON BOULEVARD  
BUSINESS IMPROVEMENT ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$	(27,752)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
(Increase) / Decrease in:		
Accounts Receivable		(20,682)
Prepaid Expenses		5,297
Increase / (Decrease) in:		
Accounts Payable		(6,468)
Payroll Liabilities		306
Net Cash (Used) by Operating Activities		(49,299)
Net (Decrease) in Cash & Cash Equivalents		(49,299)
Cash & Cash Equivalents, Beginning of Year		151,473
Cash & Cash Equivalents, End of Year	\$	102,174

The Accompanying Notes are an Integral Part of the Financial Statements

**EL CAJON BOULEVARD  
BUSINESS IMPROVEMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Note 1. Nature of Organization**

El Cajon Boulevard Business Improvement Association (“the Association”) is a non-profit Association, organized for the purpose of promoting, improving and fostering business conditions in the City of San Diego along El Cajon Boulevard pursuant to the City ordinance 16919, which established and defined a parking and business improvement area as the El Cajon Boulevard Business Improvement District under the provisions of the Parking and Business Improvement Area Law of 1979 of the State of California and enabling ordinances of the City of San Diego.

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

*Basis of Accounting:* The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

*Basis of Presentation:* The financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Net assets, revenues, gains, and losses are classified 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 without donor restrictions are the net assets that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

*Net assets with donor restrictions:* net assets with donor-imposed restrictions are the net assets that are contributions subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire by the passage of time or can be fulfilled and removed by action of the Association pursuant to these stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Association reports unconditional contributions restricted by donors as increases in net assets with donor restrictions in the reporting period in which the revenue is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Association reports conditional contributions with restrictions by donors as increases in net assets without donor restrictions in the reporting period in which the condition has been satisfied and revenue has been recognized, and when the time restriction ends, or purpose restriction is accomplished.



**EL CAJON BOULEVARD  
BUSINESS IMPROVEMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

*Measure of Operations:* The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Association's ongoing programs. Non-operating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

*Revenue:* The Association is funded principally by the City of San Diego. City of San Diego receives the funds as a special assessment collected together with business licensing fees from businesses located within the El Cajon Boulevard Business District. Such funds are used to reimburse the Association for approved district activities and maintenance expenses. The Association also receives revenue from the City for metered parking. In addition, the Association organizes annual and special events which are held within the El Cajon Business District. Monies raised from these activities help fund improvement projects in the Business District.

*Cash and Cash Equivalents:* The Association has defined cash and cash equivalents as cash in banks with an initial maturity of three months or less.

*Accounts Receivable:* Accounts receivable represents unpaid claims submitted to various agencies of the City of San Diego for expenditures incurred through the end of the fiscal year and other receivables. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history.

*Property and Equipment:* Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, which are generally from 3 to 7 years. All property and equipment purchased by the Association with funds received from the City of San Diego are considered property of the City. If the agreement with the City of San Diego is terminated for any reason, the Association is required to deliver such assets to the City of San Diego.

*Donated Materials and Services:* Donated materials and services are recognized as contributions if the materials 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 the Association. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

*Functional Allocation of Expenses:* The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the Association are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of programs or supporting service.

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

**EL CAJON BOULEVARD  
BUSINESS IMPROVEMENT ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Note 3. Income Tax Status**

The Association is a California Not-For-Profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6) and California State Tax Code 23701(e), respectively.

U.S. generally accepted accounting principles require Association management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. Management has analyzed tax positions taken by the Association and has concluded that, as of June 30, 2023, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements.

The Association is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

**Note 4. Commitments and Contingencies**

*Contracts:* The Association's 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, the Association has no provisions for the possible disallowance of program costs on its financial statements. Management has submitted all reports required by funding agencies and is not aware of the existence of any potential disallowances.

*Obligations Under Operating Leases:* The Association conducts its operations from a facility located at 3727 El Cajon Boulevard, San Diego, CA, 92105 leased at a monthly rate of \$2,081, on a month-to-month basis.

**Note 5. Subsequent Events**

The management of the Association have reviewed the results of operations and evaluated subsequent events for the period of time from its year end June 30, 2023 through March 14, 2024, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure

**EL CAJON BOULEVARD**  
**BUSINESS IMPROVEMENT ASSOCIATION**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

**Note 6.      Liquidity and Availability of Financial Assets**

The Association's working capital and cash flows are relatively consistent throughout the year due to monthly assessments from BID and Parking Meter District programs. For months in which special events occur the Association receives grants and sponsorships for the events corresponding to the timing of the event. To manage liquidity the Association maintains adequate cash balances.

The following reflects the Association's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>06/30/2023</u>
Cash and Cash Equivalents	\$ 102,174
Accounts Receivable	<u>50,291</u>
Financial assets at year-end	152,465
Less those unavailable for general expenditures within one year:	
None	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 152,465</u>