Financial Statements

OLD PASADENA MANAGEMENT DISTRICT

December 31, 2011

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Old Pasadena Management District
Pasadena, California

We have reviewed the accompanying statement of financial position of the Old Pasadena Management District (a nonprofit Organization) as of December 31, 2011, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The 2010 financial statements of Old Pasadena Management District were reviewed by other accountants, whose report dated July 20, 2011, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Hensiek & Caron

July 16, 2012

OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
Assets		
Cash and cash equivalents	$ 1,019,261	$ 788,254
Cash, restricted	183,193	111,406
Total Cash and Cash Equivalents	1,202,454	899,660
Accounts and contracts receivable, net of allowance for doubtful accounts of $0 in 2011 and 2010	583,122	552,907
Other receivables	6,887	25,763
Prepaid expenses	-	3,721
Property and equipment, at cost, net	52,530	49,661
Deposits	3,915	8,115
Total Assets	$ 1,848,908	$ 1,539,827

LIABILITIES AND NET ASSETS

	2011	2010
Liabilities		
Accounts payable and accrued expenses	$ 263,844	$ 111,755
Other liabilities	187,353	116,761
Deferred revenue - assessments	467,408	454,218
Total Liabilities	918,605	682,734
Unrestricted Net Assets		
Board designated		
Continuation reserves	426,880	390,089
Renewal reserves	45,973	21,384
Emergency reserves	52,377	77,496
Reserves for uncollectibles	18,167	17,391
Other reserves	22,309	2,672
Total Board Designated	565,706	509,032
Other	364,597	348,061
Total Unrestricted Net Assets	930,303	857,093
Total Liabilities and Net Assets	$ 1,848,908	$ 1,539,827

OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Support and Revenue		
Assessments - Property owners	$ 908,436	$ 874,470
Contract revenue - City of Pasadena	545,000	545,000
Parking management fees	134,712	134,712
Other income	2,269	4,247
Total Support and Revenue	1,590,417	1,558,429
Expenses		
Program Services		
Maintenance	473,679	489,717
Security	493,029	494,494
Marketing and promotion	250,033	305,401
Parking management	131,793	131,919
Total Program Services	1,348,534	1,421,531
Supporting Services	168,673	180,260
Total Expenses	1,517,207	1,601,791
Change in Net Assets	73,210	(43,362)
Net Assets, Unrestricted, Beginning of Year	857,093	900,455
Net Assets, Unrestricted, End of Year	$ 930,303	$ 857,093

OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011

	2011	2010
Cash Flows from Operating Activities		
Cash received from service recipients	$ 1,571,123	1,543,457
Cash paid to suppliers and employees	(1,339,250)	(1,641,806)
Interest received	2,269	4,247
Net Cash Provided by (Used for) Operating Activities	234,142	(94,102)
Cash Flows from Investing Activities		
Change in other receivables	18,876	(19,318)
Change in deposits	4,200	(3,852)
Purchase of property and equipment	(25,016)	(1,799)
Net Cash Used for Investing Activities	(1,940)	(24,969)
Cash Flows from Financing Activities		
Change in other payables	70,592	(110,524)
Net Increase (Decrease) in Cash	302,794	(229,591)
Cash Beginning	899,660	1,129,251
Cash Ending	$ 1,202,454	$ 899,660
Reconciliation of the Change in Net Assets to Net Cash Provided by (Used for) Operating Activities		
Change in net assets	$ 73,210	$ (43,362)
Adjustments to reconcile the change in net assets to net cash provided by (used for) operating activities		
Depreciation	22,147	21,285
(Increase) Decrease in:		
Accounts receivable	(30,215)	(38,206)
Prepaid expenses	3,721	(3,721)
Increase (Decrease) in:		
Accounts payable and accrued expenses	152,089	(57,579)
Deferred revenue - assessments	13,190	27,481
Net Cash Provided by (Used for) Operating Activities	$ 234,142	$ (94,102)

OLD PASADENA MANAGEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services						
	Maintenance	Security	Marketing and Promotion	Parking	Total	Supporting Services	Total
Contract labor	$ 387,332	$ 380,007	$ -	$ -	$ 767,339	$ -	$ 767,339
Salaries and benefits	39,959	49,186	94,219	78,464	261,828	136,618	398,446
Events and marketing	281	12,008	88,878	17,865	119,032	100	119,132
Holiday decorations	-	5,845	43,839	8,768	58,452	-	58,452
Rent	12,657	14,712	6,604	4,286	38,259	5,183	43,442
Depreciation and amortization	6,423	7,530	3,322	2,657	19,932	2,215	22,147
Printing and publications	2,128	2,128	641	8,348	13,245	5,026	18,271
Consultants	2,702	2,702	2,702	2,702	10,808	7,205	18,013
Office supplies and expenses	4,332	4,505	3,022	2,136	13,995	2,205	16,200
Supplies	10,628	-	-	-	10,628	-	10,628
Computer expenses	1,979	2,004	2,235	2,055	8,273	2,004	10,277
Parking and mileage	1,136	7,560	660	352	9,708	478	10,186
Professional fees	1,129	1,129	1,129	1,414	4,801	2,876	7,677
Meals and entertainment	895	895	895	865	3,550	2,415	5,965
Insurance	1,414	1,658	731	488	4,291	585	4,876
Telephone	475	950	950	1,188	3,563	1,168	4,731
Dues and subscriptions	203	203	203	203	812	203	1,015
Taxes and licenses	6	7	3	2	18	392	410
	$ 473,679	$ 493,029	$ 250,033	$ 131,793	$ 1,348,534	$ 168,673	$ 1,517,207

OLD PASADENA MANAGEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Services						
	Maintenance	Security	Marketing and Promotion	Parking	Total	Supporting Services	Total
Contract labor	$ 390,382	$ 368,890	$ -	$ (582)	$ 758,690	$ -	$ 758,690
Salaries and benefits	44,973	54,248	98,263	77,657	275,141	147,057	422,198
Events and marketing	-	15,926	110,891	21,414	148,231	656	148,887
Rent	19,704	23,102	10,192	6,795	59,793	8,153	67,946
Holiday decorations	-	4,841	36,309	7,262	48,412	-	48,412
Printing and publications	1,399	1,399	17,543	4,435	24,776	5,342	30,118
Depreciation and amortization	6,173	7,237	3,192	2,128	18,730	2,555	21,285
Continuation campaign	-	-	17,739	-	17,739	-	17,739
Professional fees	2,039	2,039	2,039	4,249	10,366	5,774	16,140
Computer expenses	2,982	3,056	3,724	3,204	12,966	3,056	16,022
Supplies	15,488	-	-	-	15,488	-	15,488
Parking and mileage	1,075	7,585	595	407	9,662	494	10,156
Office supplies and expenses	1,432	1,515	1,198	1,305	5,450	1,152	6,602
Meals and entertainment	884	882	882	882	3,530	2,362	5,892
Insurance	1,286	1,508	665	444	3,903	532	4,435
Telephone	350	701	701	876	2,628	876	3,504
Travel	691	691	691	691	2,764	691	3,455
Consultants	479	479	479	479	1,916	1,277	3,193
Dues and subscriptions	222	222	222	222	888	222	1,110
Taxes and licenses	158	173	76	51	458	61	519
	$ 489,717	$ 494,494	$ 305,401	$ 131,919	$ 1,421,531	$ 180,260	$ 1,601,791

OLD PASADENA MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

Old Pasadena Management District ("OPMD") is a California nonprofit corporation organized in 1995. OPMD's purpose is to protect and serve the collective interests of the property owners, tenants, and residents of Old Pasadena (in the City of Pasadena, California). The Organization is governed by an elected volunteer board of directors, and manages the Old Pasadena Business Improvement District (BID) under a contract with the City. The Organization's major projects are to provide services to the Old Pasadena district by means of enhanced maintenance, security, retail promotion, business development and retention, and uses of public streets, parks and walkways for events held in the district.

Accounts Receivable

Assessments receivable are stated at the amount management expects to collect from outstanding balances. Generally, management considers all property tax assessments as collectible, as they are secured by real property.

Support and Revenue

Contract revenue from the City of Pasadena ("the City") and Parking Management revenue is recorded as earned.

Assessments from property owners are recorded when the assessment is made. Assessment revenue is recorded as earned over the period of benefit; unearned assessments are recorded as deferred revenue.

The Organization does not normally receive donations and, if received, they would not be deductible by the donor under Internal Revenue Regulations. Sponsorship revenue for events is recorded as of the day or days that the event takes place.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments which have a maturity of three months or less to be cash equivalents.

Restricted Cash

The Organization maintains separate bank accounts according to contracts with the City for parking services and for the maintenance of a trash compactor. Funds in these accounts are held in trust for the benefit of the City. A corresponding liability is included in other liabilities.

Property and Equipment

Acquisitions of property and equipment in excess of $500 are capitalized and are carried at cost, or if donated, at the value at date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. Costs of additions, renewals, and betterments are capitalized; maintenance and repairs are charged to expense when incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Expenses

The Organization expenses advertising costs as they are incurred.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Organization and various positions related to potential sources of unrelated business taxable income (UBIT). The Organization believes that it has no uncertain tax positions that impact its financial statements.

The Organization's forms 990, Return of Organization Exempt from Income Tax, for the years ended 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements

Note 2 – Concentration of Credit Risk

The Organization maintains its cash balances at a several financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At December 31, 2011, the Organization's uninsured cash balances totaled $594,283.

Note 3 – Property and Equipment

Property and equipment consist of the following:

	2011	2010
Website	$ 73,431	$ 73,431
Furniture and fixtures	76,622	76,622
Machinery and equipment	49,475	24,458
	199,528	174,511
Less accumulated depreciation and amortization	(146,998)	(124,850)
	$ 52,530	$ 49,661

Note 4 – Lease Commitments

The Organization leases its office space under an operating lease expiring on December 31, 2015.

The minimum payments under this operating lease are as follows:

Year Ending December 31,	
2012	44,940
2013	45,839
2014	46,756
2015	47,691

Total rent expense for the years ended December 31, 2011 and 2010, was $42,391 and $67,946, respectively.

Note 5 – City Contracts

The Organization has a contract with the City to provide maintenance, security and marketing services in the Old Pasadena district. The Organization is required to meet or exceed certain spending requirements specific to these services under the contract. As of December 31, 2011, the Organization was in compliance with the contract requirements. The contract also provides for the Organization to receive property tax assessments from property owners in the district. The contract expires December, 31, 2015.

The Organization also has a contract with the City to provide management and operation of certain City-owned parking structures. The contract expires on December 31, 2015.

Note 6 – Board Designated Funds

In connection with the management of the Old Pasadena Business Improvement District, the Organization's Board of Directors sets aside certain funds into reserve accounts, which are generally held in money market accounts, to fund future cash needs related to the renewal of the BID and other purposes.

Note 7 – Retirement Plan

The Organization maintains a 3% matching simple retirement plan that permits qualified participants to make pre-tax employee contributions up to the statutory amount designated by the IRS. Matching contributions under the plan were $7,880 and $8,165 for the years ended December 31, 2011 and 2010, respectively.

Note 8 – Subsequent Events

Management has evaluated subsequent events through July 13, 2012, which is the date the statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.