

Financial Statements

OLD PASADENA MANAGEMENT DISTRICT

December 31, 2014



HENSIEK & CARON

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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 statements of financial position of the Old Pasadena Management District (a nonprofit Organization) as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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.

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

Hensiek & Caron

April 20, 2015

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013**

ASSETS

	2014	2013
Assets		
Cash and cash equivalents	\$ 1,257,776	\$ 1,086,912
Cash, restricted	421	0
Total Cash and Cash Equivalents	1,258,197	1,086,912
Accounts and contracts receivable, net of allowance for doubtful accounts of \$0 in 2014 and 2013	496,555	671,046
Other receivables	23,349	6,429
Property and equipment, at cost, net	31,647	46,944
Deposits	3,915	3,915
Total Assets	\$ 1,813,663	\$ 1,815,246

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 152,733	\$ 227,493
Other liabilities	421	0
Deferred revenue - assessments	487,289	478,726
Total Liabilities	640,443	706,219
Unrestricted Net Assets		
Board designated		
Continuation reserves	454,618	453,679
Renewal reserves	52,930	45,034
Emergency reserves	143,183	134,062
Reserves for uncollectibles	18,827	18,788
Unfunded projects	3,018	3,012
Total Board Designated	672,576	654,575
Other	500,644	454,452
Total Unrestricted Net Assets	1,173,220	1,109,027
Total Liabilities and Net Assets	\$ 1,813,663	\$ 1,815,246

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Support and Revenue		
Assessments - Property owners	\$ 957,456	\$ 950,736
Contract revenue - City of Pasadena	545,000	545,000
Parking management fees	142,284	141,156
Interest income	1,356	1,569
	1,646,096	1,638,461
Expenses		
Program Services		
Maintenance	484,667	472,961
Security	536,140	517,327
Marketing and promotion	253,039	261,759
Parking management	117,835	130,420
Total Program Services	1,391,681	1,382,467
Supporting Services	190,222	177,870
	1,581,903	1,560,337
Change in Net Assets	64,193	78,124
Net Assets, Unrestricted, Beginning of Year	1,109,027	1,030,903
Net Assets, Unrestricted, End of Year	\$ 1,173,220	\$ 1,109,027

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Cash received from service recipients	\$ 1,827,794	1,506,874
Cash paid to suppliers and employees	(1,639,902)	(1,459,326)
Interest received	1,356	1,569
	<u>189,248</u>	<u>49,117</u>
Cash Flows from Investing Activities		
Change in other receivables	(16,920)	10,959
Purchase of property and equipment	(1,464)	(17,448)
	<u>(18,384)</u>	<u>(6,489)</u>
Cash Flows from Financing Activities		
Change in other payables	421	(13,747)
	<u>171,285</u>	<u>28,881</u>
Cash and Cash Equivalents, Beginning	<u>1,086,912</u>	<u>1,058,031</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,258,197</u>	<u>\$ 1,086,912</u>
Reconciliation of the Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	\$ 64,193	\$ 73,210
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	16,756	22,147
(Increase) Decrease in:		
Accounts receivable	174,491	(30,215)
Prepaid expenses	-	3,721
Increase (Decrease) in:		
Accounts payable and accrued expenses	(74,755)	152,089
Deferred revenue - assessments	8,563	13,190
	<u>\$ 189,248</u>	<u>\$ 234,142</u>

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services				Total	Supporting Services	Total
	Maintenance	Security	Marketing and Promotion	Parking			
Contract labor	\$ 403,318	\$ 430,901	\$ -	\$ -	\$ 834,219	\$ -	\$ 834,219
Salaries and benefits	37,005	41,392	89,452	58,294	226,143	147,124	373,267
Events and marketing	224	10,317	75,048	15,442	101,031	359	101,390
Holiday decorations	-	6,208	46,561	9,312	62,081	-	62,081
Rent	12,794	15,000	6,618	4,411	38,823	5,294	44,117
Depreciation and amortization	4,859	5,697	2,513	1,676	14,745	2,011	16,756
Printing and publications	1,801	1,801	18,969	6,074	28,645	8,857	37,502
Consultants	458	458	458	458	1,832	1,221	3,053
Office supplies and expenses	1,636	1,742	1,315	2,623	7,316	1,330	8,646
Supplies	8,252	-	-	-	8,252	-	8,252
Computer expenses	2,217	2,217	2,217	2,217	8,868	2,217	11,085
Parking and mileage	1,265	8,139	658	436	10,498	528	11,026
Professional fees	4,267	4,267	4,267	12,413	25,214	13,872	39,086
Meetings	2,701	3,167	1,397	931	8,196	1,118	9,314
Meals and entertainment	974	975	971	970	3,890	2,582	6,472
Insurance	1,922	2,254	994	663	5,833	795	6,628
Travel	339	339	339	339	1,356	339	1,695
Telephone	629	1,259	1,259	1,574	4,721	1,574	6,295
Taxes and licenses	6	7	3	2	18	1,001	1,019
	<u>\$ 484,667</u>	<u>\$ 536,140</u>	<u>\$ 253,039</u>	<u>\$ 117,835</u>	<u>\$ 1,391,681</u>	<u>\$ 190,222</u>	<u>\$ 1,581,903</u>

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Services				Total	Supporting Services	Total
	Maintenance	Security	Marketing and Promotion	Parking			
Contract labor	\$ 386,200	\$ 406,772	\$ -	\$ -	\$ 792,972	\$ -	\$ 792,972
Salaries and benefits	40,122	50,406	89,719	81,731	261,978	144,384	406,362
Events and marketing	153	10,659	86,494	15,779	113,085	249	113,334
Holiday decorations	-	6,180	46,353	9,271	61,804	-	61,804
Rent	13,335	15,106	7,051	3,324	38,816	5,293	44,109
Depreciation and amortization	4,588	5,380	2,373	1,582	13,923	1,899	15,822
Printing and publications	1,788	1,788	18,925	6,177	28,678	8,122	36,800
Consultants	882	882	882	882	3,528	2,352	5,880
Office supplies and expenses	1,171	1,268	903	774	4,116	1,316	5,432
Supplies	13,515	-	-	1,080	14,595	-	14,595
Computer expenses	2,206	2,206	2,206	2,206	8,824	2,206	11,030
Parking and mileage	1,504	7,998	755	489	10,746	610	11,356
Professional fees	1,769	1,769	1,769	3,599	8,906	5,071	13,977
Meetings	2,384	2,795	1,233	822	7,234	986	8,220
Meals and entertainment	915	915	915	915	3,660	2,440	6,100
Insurance	1,833	2,011	989	300	5,133	700	5,833
Telephone	596	1,192	1,192	1,489	4,469	1,489	5,958
Taxes and licenses	-	-	-	-	-	753	753
	<u>\$ 472,961</u>	<u>\$ 517,327</u>	<u>\$ 261,759</u>	<u>\$ 130,420</u>	<u>\$ 1,382,467</u>	<u>\$ 177,870</u>	<u>\$ 1,560,337</u>

**OLD PASADENA MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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 utilizing 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 occasionally maintains separate bank accounts according to its contract with the City for parking services. Funds in this account was held in trust for the benefit of the City, and a corresponding liability is included in other liabilities. There was \$421 and \$0 held in trust at December 31, 2014 and 2013, respectively.

**OLD PASADENA MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Note 1 – Summary of Significant Accounting Policies (continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized and are carried at cost. 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.

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 files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The Organization's returns are generally no longer subject to examination by the Internal Revenue Service for years ending before 2012, or by the State of California for years ending before 2011.

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.

Note 2 – Concentration of Credit Risk

The Organization maintains its cash balances at several financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2014, the Organization's uninsured cash balances totaled \$682,873.

**OLD PASADENA MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

Note 3 – Property and Equipment

Property and equipment consist of the following:

	2014	2013
Website	\$ 73,431	\$ 73,431
Furniture and fixtures	78,561	77,102
Machinery and equipment	76,400	76,400
	228,392	226,933
Less accumulated depreciation and amortization	(196,745)	(179,989)
	\$ 31,647	\$ 46,944

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:

<u>Year Ending December 31,</u>	
2015	\$47,691

Total rent expense (including storage facilities) for the years ended December 31, 2014 and 2013, was \$44,117 and \$44,109, 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, 2014, 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.

**OLD PASADENA MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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 \$7,274 and \$7,823 for the years ended December 31, 2014 and 2013, respectively.

Note 8 – Subsequent Events

Management has evaluated subsequent events through _____, 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.