

Financial Statements

OLD PASADENA MANAGEMENT DISTRICT

December 31, 2015



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 financial statements of Old Pasadena Management District (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of my (our) procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Hensiek & Caron

Pasadena, CA
October 27, 2016

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS

	2015	2014
Assets		
Cash and cash equivalents	\$ 1,323,998	\$ 1,257,776
Cash, restricted	102,888	421
Total Cash and Cash Equivalents	1,426,886	1,258,197
Accounts and contracts receivable, net of allowance for doubtful accounts of \$0 in 2015 and 2014	597,211	496,555
Other receivables	24,281	23,349
Property and equipment, at cost, net	37,049	31,647
Deposits	3,915	3,915
Total Assets	\$ 2,089,342	\$ 1,813,663

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 131,130	\$ 152,733
Other liabilities	102,888	421
Deferred revenue - assessments	560,862	487,289
Total Liabilities	794,880	640,443
Unrestricted Net Assets		
Board designated		
Continuation reserves	455,490	454,618
Renewal reserves	14,142	52,930
Emergency reserves	145,667	143,183
Reserves for uncollectibles	20,970	18,827
Unfunded projects	3,024	3,018
Total Board Designated	639,293	672,576
Other	655,169	500,644
Total Unrestricted Net Assets	1,294,462	1,173,220
Total Liabilities and Net Assets	\$ 2,089,342	\$ 1,813,663

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Support and Revenue		
Assessments - Property owners	\$ 1,048,152	\$ 957,456
Contract revenue - City of Pasadena	545,000	545,000
Parking management fees	144,132	142,284
Interest income	1,262	1,356
	<u>1,738,546</u>	<u>1,646,096</u>
Total Support and Revenue		
Expenses		
Program Services		
Maintenance	487,271	484,667
Security	531,736	536,140
Marketing and promotion	264,400	253,039
Parking management	106,903	117,835
Total Program Services	<u>1,390,310</u>	<u>1,391,681</u>
Supporting Services	<u>226,994</u>	<u>190,222</u>
	<u>1,617,304</u>	<u>1,581,903</u>
Total Expenses		
Change in Net Assets	121,242	64,193
Net Assets, Unrestricted, Beginning of Year	<u>1,173,220</u>	<u>1,109,027</u>
Net Assets, Unrestricted, End of Year	<u><u>\$ 1,294,462</u></u>	<u><u>\$ 1,173,220</u></u>

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Cash received from service recipients	\$ 1,710,201	1,827,794
Cash paid to suppliers and employees	(1,625,331)	(1,639,902)
Interest received	1,262	1,356
	<u>86,132</u>	<u>189,248</u>
Cash Flows from Investing Activities		
Change in other receivables	(932)	(16,920)
Purchase of property and equipment	(18,978)	(1,464)
	<u>(19,910)</u>	<u>(18,384)</u>
Cash Flows from Financing Activities		
Change in other payables	102,467	421
	<u>168,689</u>	<u>171,285</u>
Cash and Cash Equivalents, Beginning	<u>1,258,197</u>	<u>1,086,912</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,426,886</u>	<u>\$ 1,258,197</u>
Reconciliation of the Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	\$ 121,242	\$ 64,193
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	13,576	16,756
(Increase) Decrease in:		
Accounts receivable	(100,656)	174,491
Increase (Decrease) in:		
Accounts payable and accrued expenses	(21,603)	(74,755)
Deferred revenue - assessments	73,573	8,563
	<u>86,132</u>	<u>189,248</u>
Net Cash Provided by Operating Activities	<u>\$ 86,132</u>	<u>\$ 189,248</u>

**OLD PASADENA MANAGEMENT DISTRICT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services				Total	Supporting Services	Total
	Maintenance	Security	Marketing/ Promotion	Parking			
Contract labor	\$ 411,453	\$ 431,942	\$ -	\$ -	\$ 843,395	\$ -	\$ 843,395
Salaries and benefits	37,038	41,817	101,260	60,808	240,923	150,160	391,083
Events and marketing	130	11,202	85,200	16,578	113,110	270	113,380
Holiday decorations	-	5,608	42,059	8,412	56,079	-	56,079
Continuation expenses	-	-	-	-	-	46,644	46,644
Rent	12,856	15,072	6,649	4,432	39,009	5,320	44,329
Printing and publications	1,669	1,669	17,474	5,445	26,257	9,084	35,341
Depreciation and amortization	3,937	4,616	2,036	1,358	11,947	1,629	13,576
Computer expenses	2,401	2,401	2,401	2,401	9,604	2,401	12,005
Parking and mileage	1,121	7,616	582	387	9,706	466	10,172
Insurance	2,874	3,370	1,487	991	8,722	1,190	9,912
Supplies	8,326	-	-	-	8,326	-	8,326
Office supplies and expenses	1,527	1,633	1,226	1,793	6,179	1,213	7,392
Professional fees	987	987	987	1,135	4,096	2,557	6,653
Telephone	650	1,300	1,300	1,625	4,875	1,625	6,500
Meals and entertainment	673	673	673	673	2,692	1,796	4,488
Meetings	1,160	1,360	600	400	3,520	480	4,000
Consultants	463	463	463	463	1,852	1,234	3,086
Taxes and licenses	6	7	3	2	18	925	943
Travel	-	-	-	-	-	-	-
	<u>\$ 487,271</u>	<u>\$ 531,736</u>	<u>\$ 264,400</u>	<u>\$ 106,903</u>	<u>\$ 1,390,310</u>	<u>\$ 226,994</u>	<u>\$ 1,617,304</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/ 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
Professional fees	4,267	4,267	4,267	12,413	25,214	13,872	39,086
Printing and publications	1,801	1,801	18,969	6,074	28,645	8,857	37,502
Depreciation and amortization	4,859	5,697	2,513	1,676	14,745	2,011	16,756
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
Meetings	2,701	3,167	1,397	931	8,196	1,118	9,314
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
Insurance	1,922	2,254	994	663	5,833	795	6,628
Meals and entertainment	974	975	971	970	3,890	2,582	6,472
Telephone	629	1,259	1,259	1,574	4,721	1,574	6,295
Consultants	458	458	458	458	1,832	1,221	3,053
Travel	339	339	339	339	1,356	339	1,695
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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 a separate bank account according to its contract with the City for parking services. Funds in this account are held in trust for the benefit of the City, and a corresponding liability is included in other liabilities. There was \$102,888 and \$421 held in trust at December 31, 2015 and 2014, respectively.

**OLD PASADENA MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 2013, or by the State of California for years ending before 2012.

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, 2015, the Organization's uninsured cash balances totaled \$919,908.

**OLD PASADENA MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 3 – Property and Equipment

Property and equipment consist of the following:

	2015	2014
Website	\$ 90,876	\$ 73,431
Furniture and fixtures	80,094	78,561
Machinery and equipment	76,400	76,400
	247,370	228,392
Less accumulated depreciation and amortization	(210,321)	(196,745)
	\$ 37,049	\$ 31,647

Note 4 – Lease Commitments

The Organization leases its office space under an operating lease expiring on December 31, 2020.

The minimum payments under this operating lease are as follows:

<u>Year Ending December 31,</u>		
2016		\$ 55,216
2017		56,320
2018		57,446
2019		58,595
2020		59,767

Total rent expense (including storage facilities) for the years ended December 31, 2015 and 2014, was \$44,329 and \$44,117, 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, 2015, 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, 2025.

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, 2016.

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, 2015**

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 \$7,010 and \$7,274 for the years ended December 31, 2015 and 2014, respectively.

Note 8 – Subsequent Events

Management has evaluated subsequent events through October 27, 2016, 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.