GASLAMP QUARTER ASSOCIATION
Financial Statements
For the Year Ended June 30, 2015
And
Independent Auditors' Report
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gaslamp Quarter Association

We have audited the accompanying financial statements of Gaslamp Quarter Association (a Non-Profit Organization), which comprise of the statement of financial position as of June 30, 2015, and the related statement of activities and statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for 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 Gaslamp Quarter Association as of June 30, 2015, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Guerrero, Jimenez, Diaz & Co. LLP
Certified Public Accountants

San Diego, California
December 3, 2015
ASSETS

Current Assets:
- Cash & Cash Equivalents $328,269
- Accounts Receivable (net of allowance for doubtful account of $6,700) $98,601
- Federal Income Tax Refund Receivable 2,743
- Income Tax Estimated Payments 12,600
  Total Current Assets $442,213

Fixed Assets
- Office Furniture 21,398
- Accumulated Depreciation (21,398)
  Net Fixed Assets
  Total Assets $442,213

LIABILITIES AND NET ASSETS

Liabilities
- Accounts Payable $438
- Income Tax Payable 21,500
  Total Liabilities 21,938

Net Assets
- Unrestricted 420,275
  Total Unrestricted Net Assets 420,275

Total Liabilities and Net Assets $442,213

The accompanying notes are an integral part of these financial statements.
GASLAMP QUARTER ASSOCIATION  
Statement of Activities  
For the Year Ended June 30, 2015

CHANGES IN UNRESTRICTED NET ASSETS:

Revenue:
Governmental Funding:
- B.I.D. $73,065
- S.B.E.P. Management Grant 19,721
- County Grant 3,000
- Parking District Grant 76,626
  Total Government Funding 172,412

Special Events:
- Ticket Revenue 20,160
- Product Sales/Auction 8,028
- Vendor/Sponsor 116,852
- Miscellaneous 1,888
  Total Special Events 146,908

Other Revenue:
- Holiday Lighting / Banner (net) 26,250
- Kiosk Advertising 49,295
- Web Advertising 60,501
- Public Pay Phone 2,121
- Associated Membership 28,357
- Other Income 6,112
  Total Other Revenue 172,636

  Total Revenue 491,956

Expenses:

Special Events & Programs:
- Special Events 129,637
  Total Special Event Expenses 129,637

General & Administrative:
- Salaries & Wages 192,256
- Employee Benefits 17,644
- Payroll Taxes & Fees 17,567
- Rent & Utilities 22,382
- Dues/Memberships 1,195
- Commissions 18,591
- Accounting 12,750
- Insurance - includes Workers Compensation 8,793
- Postage 250
- Equipment Rent/Repairs/Minor Equipment 6,636
- Telephone 2,367
- Meetings & Workshops 1,323
- Office Supplies/Expense 2,510
- Marketing 121,917
- Bank Fees 8,675
- Miscellaneous 695
- Bad Debt 8,395
- Income Tax 15,681
  Total General & Administrative Expenses 459,627

  Total Expenses 589,264

Decrease in Net Assets (97,308)

Net Assets, Beginning of Year 517,583

Net Assets, End of Year $420,275

The accompanying notes are an integral part of these financial statements.
GASLAMP QUARTER ASSOCIATION  
Statement of Cash Flows  
For the Year Ended June 30, 2015

<table>
<thead>
<tr>
<th>Cash Flows From Operating Activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Net Assets</td>
</tr>
<tr>
<td>Adjustments to Reconcile the Change in Net Assets</td>
</tr>
<tr>
<td>to Net Cash Provided by Operating Activities:</td>
</tr>
<tr>
<td>Depreciation Expense</td>
</tr>
<tr>
<td>Increase in Accounts Receivable</td>
</tr>
<tr>
<td>Increase in Income Tax Refund Receivable</td>
</tr>
<tr>
<td>Increase in Accounts Payable</td>
</tr>
<tr>
<td>Increase in Income Tax Estimated Payments</td>
</tr>
<tr>
<td>Increase in Income Tax Payable</td>
</tr>
<tr>
<td>Decrease in Refundable Deposits Received</td>
</tr>
<tr>
<td>Total Adjustments</td>
</tr>
</tbody>
</table>

Net Cash Used by Operating Activities  
(171,219)

Cash Flows From Investing Activities  
-

Cash Flows From Financing Activities  
-

Net Decrease in Cash  
(171,219)

Cash at Beginning of Period  
499,488

Cash at End of Period  
$ 328,269

The accompanying notes are an integral part of these financial statements.
GASLAMP QUARTER ASSOCIATION
Notes to Financial Statements
June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

Nature of Business
Gaslamp Quarter Association "the Association" is a nonprofit consortium of local businesses organized pursuant to City Ordinance 15647 which established and defined a parking and business improvement area known as the Gaslamp Quarter Association under the provisions of the Parking and Business Improvement Area Law of the State of California and enabling ordinances of the City of San Diego for the purpose of promoting and fostering business conditions in the City of San Diego area commonly known as the Gaslamp Quarter located in San Diego's 16 1/2 block National Historic District.

Financial Statement Presentation
Financial statement presentation follows the FASB Accounting Standards Codification No. 958 (ASC 958), "Not-For-Profit Entities" (Formerly Statement of Financial Accounting Standards No. 116 and No. 117). Under ASC 958, the organization is required to record and report information regarding its financial position and activities according to three classes of net assets:

* Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of the Organization.
* Temporarily restricted net assets consist of contributions that are subject to specific donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
* Permanently restricted net assets consist of contributions subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Cash and Cash Equivalents
Time deposits with maturity date of three or less months are considered to be cash equivalents.

Property and Equipment
Property and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, which are generally from 3 to 5 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.

Income Taxes
The Association was organized as a non-profit organization under section 501(c)(6) of the Internal Revenue Code and similar California law, and is not subject to income taxes on related business income, however, it is subject to income taxes and unrelated business income.

Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from these estimates. Management of the Association has evaluated its tax position and related income tax contingencies. Management does not believe that any material uncertain tax
position exist. The Association generally is no longer subject to income tax examinations by federal authorities for the years ending June 30, 2011 and before and by state authorities for years ending June 30, 2010 and before.

NOTE 2 – Cash & Cash Equivalents

Cash in Bank consists of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking</td>
<td>$126,523</td>
</tr>
<tr>
<td>Money Market</td>
<td>86,129</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>115,617</td>
</tr>
<tr>
<td><strong>Total Cash &amp; Cash Equivalents in Bank</strong></td>
<td><strong>$328,269</strong></td>
</tr>
</tbody>
</table>

NOTE 3 - Revenues

The Association is funded in part by the City of San Diego. The City of San Diego receives the funds as a special assessment collected together with business licensing fees from businesses located within the District. In addition, the Association holds special fund raising events to promote the business environment in the area, and also generates income from advertising and public pay phones.

NOTE 4 - Accounts Receivable

The total balance in accounts receivable is comprised of:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers and members</td>
<td>$28,675</td>
</tr>
<tr>
<td>Parking District Grant</td>
<td>76,626</td>
</tr>
<tr>
<td>Allowance for doubtful account</td>
<td>(6,700)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 98,601</strong></td>
</tr>
</tbody>
</table>

NOTE 5 – Simple IRA Retirement Plan

The Association’s Simple IRA Retirement Plan (the Plan) is open to all full-time employees who have completed a one year employment period. The employee can choose any government recognized Simple IRA program and the Association will, after the appropriate documentation, match up to 3% of the employee’s annual pay in contribution to the Plan. The Association’s match for the year ended June 30, 2015 was $2,936.

NOTE 6 – Lease Agreement

The facility at 614 Fifth Avenue, Suite F, San Diego, California 92101 is under a three year lease that was renewed on November 1, 2012 and it expires on October 31, 2015. On October 1, 2015 the Association exercised the option to extend the term for a period of three years.

The monthly base rents during the extension term are as follows:

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1, 2013 - October 31, 2014</td>
<td>$1,750</td>
</tr>
<tr>
<td>November 1, 2014 - October 31, 2015</td>
<td>$1,825</td>
</tr>
</tbody>
</table>
NOTE 7 – Income Tax

For the year ended June 30, 2015, the Association was subject to income tax on unrelated business income, as follows:

Current Year Provision:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Income Tax</td>
<td>$13,500</td>
</tr>
<tr>
<td>State Income Tax</td>
<td>$8,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$21,500</strong></td>
</tr>
</tbody>
</table>

Adjustments to Prior Year Provision:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Income Tax</td>
<td>$(4,655)</td>
</tr>
<tr>
<td>State Income Tax</td>
<td>$(1,164)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$(5,819)</strong></td>
</tr>
</tbody>
</table>

Tax Expense

$15,681

The adjustment to prior year provision represents the difference between the income tax provision and the actual amount per tax return, for the year ended June 30, 2014.

NOTE 8 – Pending Lawsuit

East Village Association, Inc. is one of the nonprofit organization named as defendants in a lawsuit filed by San Diegans for Open Government (Plaintiff/Petitioner) on June 15, 2015. This lawsuit challenges Municipal Defendants’ authorization of a variety of tax levies and collections labeled as “assessments” by Municipal Defendants in order to avoid public scrutiny without first obtaining the requisite approval of the voters of the City of San Diego, and the approval of the illegal tax and related contracts in violation of conflict-of-interest laws. The Association negotiated with the plaintiff to be removed from the lawsuit for the term of one year through a tolling agreement.

NOTE 9 – Subsequent Events

Subsequent events have been evaluated through December 5, 2015, which is the date the financial statements were available to be issued.