

Downtown San Diego Partnership

Consolidated Financial Statements and
Supplemental Information

Year Ended June 30, 2021



DOWNTOWN SAN DIEGO PARTNERSHIP
Consolidated Financial Statements and Supplemental Information
Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Downtown San Diego Partnership

We have audited the accompanying consolidated financial statements of Downtown San Diego Partnership (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Downtown San Diego Partnership as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on page 14-15 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITORS' REPORT, CONTINUED

Emphasis-of-Matter

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, in 2021, Downtown San Diego Partnership adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. Our opinion is not modified with respect to this matter.

Aldrich CPAs + Advisors LLP

San Diego, California
December 20, 2021

DOWNTOWN SAN DIEGO PARTNERSHIP
Consolidated Statement of Financial Position
June 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	917,561
Accounts receivable		1,858,546
Prepaid expenses and other assets		<u>77,017</u>

Total Current Assets 2,853,124

Property and Equipment, net of accumulated depreciation 494,141

Total Assets \$ 3,347,265

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	900,800
Accrued expenses		366,975
PBID advance from the City of San Diego		681,935
Deferred rent		36,392
Deferred revenue		<u>140,200</u>

Total Current Liabilities 2,126,302

Net Assets:

Without donor restrictions		1,162,610
With donor restrictions		<u>58,353</u>

Total Net Assets 1,220,963

Total Liabilities and Net Assets \$ 3,347,265

DOWNTOWN SAN DIEGO PARTNERSHIP
Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Property and Business Improvement District (PBID) assessments and park reimbursements	\$ 8,350,206	\$ -	\$ 8,350,206
Homeless grants	896,093	60,518	956,611
Membership dues and renewals	668,832	-	668,832
Parking districts	570,808	-	570,808
Special events	336,067	-	336,067
Midblock lighting	250,000	-	250,000
PBID program management	236,348	-	236,348
Contributions	171,660	-	171,660
City fee	150,000	-	150,000
Other income	149,516	-	149,516
Business Improvement District (BID) income	115,136	-	115,136
Banner	23,160	-	23,160
Net assets released from restrictions, satisfaction of program restrictions	31,188	(31,188)	-
Total Revenue and Support	11,949,014	29,330	11,978,344
Program and Supporting Expenses:			
Program services:			
Downtown San Diego Services	8,776,116	-	8,776,116
Downtown San Diego Partnership	713,910	-	713,910
Management and general	2,125,484	-	2,125,484
Fundraising	145,683	-	145,683
Total Program and Supporting Expenses	11,761,193	-	11,761,193
Change in Net Assets	187,821	29,330	217,151
Net Assets, beginning	870,159	29,023	899,182
Impact of Change in Accounting Policy (Note 1)	104,630	-	104,630
Net Assets, ending	\$ 1,162,610	\$ 58,353	\$ 1,220,963

DOWNTOWN SAN DIEGO PARTNERSHIP
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services		Supporting Services			Total
	Downtown San Diego Services	Downtown San Diego Partnership	Management and General	Fundraising		
Salaries, wages, and payroll taxes	\$ 3,083,196	\$ 432,821	\$ 762,560	\$ 128,540	\$	4,407,117
Repairs and maintenance	2,069,574	-	-	-	-	2,069,574
Contractual services	1,645,164	161	94,884	48		1,740,257
Beautification and placemaking	562,485	-	-	-	-	562,485
Employee benefits	321,470	13,358	22,706	3,967		361,501
Program management	79,650	-	241,322	-	-	320,972
Rent	-	-	290,389	-	-	290,389
Insurance	-	-	267,885	-	-	267,885
Homeless Outreach Program	262,074	-	-	-	-	262,074
Midblock lighting	250,000	-	-	-	-	250,000
Commercial Enhancement Program (CEP)	210,197	-	-	-	-	210,197
Events	3,681	201,845	-	-	-	205,526
Depreciation	114,506	55,949	-	-	-	170,455
City fee	-	-	150,000	-	-	150,000
Legal and accounting	-	-	131,960	-	-	131,960
Bad debt	-	-	102,554	-	-	102,554
Political action committee	88,527	-	-	-	-	88,527
Office supplies	66,498	-	2,763	-	-	69,261
Utilities	11,218	5,028	29,348	1,493		47,088
Dues and subscriptions	-	2,700	14,872	-	-	17,572
Marketing	1,620	-	10	11,027		12,657
Travel and training	2,195	172	4,557	51		6,975
Membership and corporate events	-	1,876	4,414	557		6,847
Cleaning and janitorial supplies	4,061	-	800	-	-	4,861
Equipment	-	-	4,461	-	-	4,461
	<u>\$ 8,776,116</u>	<u>\$ 713,910</u>	<u>\$ 2,125,484</u>	<u>\$ 145,683</u>	<u>\$</u>	<u>11,761,193</u>

See accompanying notes to consolidated financial statements.

DOWNTOWN SAN DIEGO PARTNERSHIP
Consolidated Statement of Cash Flows
Year Ended June 30, 2021

Cash Flows from Operating Activities:	
Change in net assets	\$ 217,151
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	170,455
Loss on disposals of property and equipment	18,373
Changes in operating assets and liabilities:	
Accounts receivable	(1,021,025)
Prepaid expenses and other assets	(52,803)
Accounts payable	820,613
Accrued expenses	86,645
PBID advance from the City of San Diego	549,211
Deferred rent	15,234
Deferred revenue	73,475
	<hr/>
Net Cash Flows Provided by Operating Activities	877,329
Cash Flows from Investing Activities:	
Purchases of property and equipment	(576,013)
Proceeds from sales of property and equipment	134,815
Note receivable	12,000
	<hr/>
Net Cash Flows Used by Investing Activities	(429,198)
Net Increase in Cash and Cash Equivalents	448,131
Cash and cash equivalents, beginning	<hr/> 469,430
Cash and cash equivalents, ending	<hr/> <hr/> \$ 917,561

DOWNTOWN SAN DIEGO PARTNERSHIP

Notes to Consolidated Financial Statements

Year Ended June 30, 2021

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Downtown San Diego Partnership (Partnership), a not-for-profit California corporation, was formed in 1993 with the merger of two prominent business associations: San Diegans, Inc. and the Central City Association. Today, the Partnership has approximately 250 members and has emerged as the leading advocate for economic growth and revitalization of downtown San Diego.

The Partnership works closely with regional business organizations and the City of San Diego (the “City”) to improve the business climate for downtown San Diego and to help shape policies on issues affecting downtown. Its mission is the advancement of downtown as the economic, cultural and governmental center of the San Diego region through leadership, advocacy and education.

The Partnership, along with Clean and Safe and the Business Improvement District (BID), form the organization known as the Downtown San Diego Partnership. The Downtown San Diego Partnership Foundation, Downtown Public Spaces Foundation and the Columbia Community Foundation are related organizations formed to serve various purposes in the downtown community.

The Downtown San Diego Partnership Foundation was formed in 2001 to support the economic prosperity and cultural vitality of Downtown San Diego. The Foundation supports special projects and initiatives to benefit Downtown’s neighborhoods, community, and public spaces. This includes funding in support of a homeless outreach team committed to reducing Downtown homelessness through connections to appropriate interventions; enhanced maintenance, safety, and beautification services to meet additional needs in the East Village neighborhood; management of mobility projects like creative crosswalks, pedestrian plazas, bike racks, etc.; and other creative initiatives to enhance, beautify, and serve the area.

Downtown San Diego Public Spaces was formed in 2013 to preserve, promote and advance the acquisition, programming and maintenance of public parks and open space in Downtown San Diego for the benefit of the community at large.

Clean and Safe was formed in 2014 to promote social welfare, bring about civic betterment, and further the common good and general welfare of the Downtown San Diego Community.

BID was formed in 2014 to promote common business interests and improve the economic activity within the Downtown Business Improvement District of San Diego and create a vibrant destination for shopping, nightlife and tourism in the downtown core.

Columbia Community Foundation was formed in 2017 to support and promote community improvement within the Columbia neighborhood of Downtown San Diego through activities which contribute to the economic and community well-being.

In 2019, the Partnership formed the Downtown San Diego Partnership Political Action Committee (PAC), a voluntary non-partisan political action committee, which endorses candidates and initiatives that further the Partnership’s mission.

Principles of Consolidation

The consolidated financial statements include the accounts of Downtown San Diego Partnership (Partnership, Clean and Safe, and BID) and Downtown San Diego Services (Downtown San Diego Partnership Foundation, Downtown San Diego Public Spaces, and Columbia Community Foundation, PAC) (collectively, the “Organization”). All significant intercompany transactions and balances have been eliminated.

DOWNTOWN SAN DIEGO PARTNERSHIP
Notes to Consolidated Financial Statements
Year Ended June 30, 2021

Note 1 – Organization and Summary of Significant Accounting Policies, continued

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. This standard update, along with related subsequently issued updates, clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America (US GAAP). During the year ended June 30, 2021, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*, effective July 1, 2020.

Management analyzed the provisions of ASC Topic 606 and has implemented the new standard on a modified prospective basis, therefore; adjusting the beginning net assets balance at July 1, 2020. As a result of adopting ASC Topic 606, membership income previously deferred was determined to be revenue when received. Accordingly, \$104,630 of deferred membership income was recorded as revenue and the beginning net assets balance was adjusted.

Consolidated Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Net assets without donor restrictions represent expendable funds available for operations which are not otherwise limited by donor restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as net assets without donor restrictions in that period. Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds, or are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for generating investment income to fund current operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization maintains its cash accounts in several high-quality financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk for cash and cash equivalents.

The Organization received approximately 70% of its total revenue from the City for the year ended June 30, 2021. At June 30, 2021, 77% of the accounts receivable balance was due from the City.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less when acquired to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of amounts billed and unbilled for services provided through the end of the fiscal year. An allowance for estimated uncollectible accounts is based on past experience and on an analysis of current accounts receivable balances. Accounts deemed uncollectible are written off in the year deemed uncollectible. No allowance for doubtful accounts was deemed necessary because management believes all amounts are collectible.

Property and Equipment

Property and Equipment are stated at cost, if purchased, or fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the remaining life of the lease or useful life of the asset, whichever is shorter. The Organization capitalizes assets which cost or have a donated value of \$1,000 or more.

DOWNTOWN SAN DIEGO PARTNERSHIP
Notes to Consolidated Financial Statements
Year Ended June 30, 2021

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Property and Equipment, continued

Estimated useful lives, by major classification, are as follows:

Vehicles	4-5 years
Furniture and equipment	5-7 years
Computer equipment	5 years
Leasehold improvements	Shorter of useful life or term of lease

Impairment of Long-lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

Revenue Recognition

The City (Property and Business Improvement District ("PBID") Assessments) and other sources of revenue: Revenue from City reimbursements is recognized monthly in the period in which contracted and operating expenses are recognized, including the maintenance and repair of one public water feature.

Contributed services and materials: Contributed services are recognized as contributions if the 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. Volunteers also provide services throughout the year that are not recognized as contributions in the consolidated financial statements since the required recognition criteria were not met. Contributed materials and other assets are recorded as contributions at their estimated fair values at the date of receipt. No such contributions were received for the year ended June 30, 2021.

Contributions: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 consolidated statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Grants and conditional promises to give – that are, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Functional Allocation of Expense

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, wages, and payroll taxes, and employee benefits are allocated based on supportable estimates of time and effort.

Income Taxes

The Organization, a California nonprofit corporation, is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and Section 23701(e) of the California Code. Since the Organization is exempt from federal and state income tax liability, no provision for federal or state income taxes has been included in these consolidated financial statements.

DOWNTOWN SAN DIEGO PARTNERSHIP
Notes to Consolidated Financial Statements
Year Ended June 30, 2021

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Income Taxes, continued

For the year ended June 30, 2021, management of the Organization believes there has been no activity that would jeopardize the tax position, being a tax exempt organization, and that it is more likely than not, based on the technical merits, that this position would be sustained upon examination. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. There was none for the year ended June 30, 2021.

All tax-exempt entities are subject to review and audit by federal, state, and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes.

Future Accounting Standard

In February 2016, the FASB issued ASU 2016-02, *Leases*. The primary change in US GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the consolidated statement of financial position a liability to make lease payments (“lease liability”) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on their consolidated financial statements and related disclosures.

Subsequent Events

Subsequent events have been evaluated through December 20, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2– Liquidity and Availability

The following reflects the Organization’s financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the consolidated statement of financial position date.

Cash and cash equivalents	\$ 917,561
Accounts receivable	<u>1,858,546</u>
Total Financial Assets Available for General Operations	2,776,107
Less amounts not available to be used within one year:	
Restricted net assets	<u>58,353</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,717,754</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Organization structures its financial assets to be available as general expenditures and other obligations become due.

DOWNTOWN SAN DIEGO PARTNERSHIP
Notes to Consolidated Financial Statements
Year Ended June 30, 2021

Note 3 – Accounts Receivable

At June 30, 2021, accounts receivable consisted of the following:

City	\$ 1,300,674
Other	557,872
	<u>1,858,546</u>
	<u>\$ 1,858,546</u>

Note 4 – Property and Equipment

At June 30, 2021, property and equipment consisted of the following:

Vehicles	\$ 574,843
Furniture and equipment	404,947
Computer equipment	11,725
Leasehold improvements	206,956
	<u>1,198,471</u>
Less accumulated depreciation and amortization	<u>(704,330)</u>
	<u>\$ 494,141</u>

Note 5 – Restrictions on Net Assets

Net assets with donor restrictions consist of the following at June 30, 2021:

Purpose restrictions:	
Urban Growth Program	\$ 56,586
Business Improvement District	1,767
	<u>58,353</u>
	<u>\$ 58,353</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2021:

Satisfaction of purpose restrictions:	
Urban Growth Program	\$ 22,955
Business Improvement District	8,233
	<u>31,188</u>
	<u>\$ 31,188</u>

Note 6 – Revenue Recognition

Overview

The Organization recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization earns revenue from contracts with property and business district assessments and park reimbursements, parking districts, and business improvement district income. Interest income is governed by other authoritative guidance and, therefore, considered out-of-scope of ASU 2014-09, *Revenue from Contracts with Customers (ASC Topic 606)*. The Organization's revenue streams that are considered in-scope of ASC Topic 606 are discussed hereafter.

DOWNTOWN SAN DIEGO PARTNERSHIP
Notes to Consolidated Financial Statements
Year Ended June 30, 2021

Note 6 – Revenue Recognition, continued

The Organization recognizes revenue from contracts with customers when its performance obligations are satisfied, regardless of the period in which it is billed. This is over time as the service is provided or at a point in time when ownership, risks and rewards transfer, or upon completion of the service.

Detail of Revenue

The following table presents the Association’s revenue by category for the year ended June 30, 2021:

Transferred Over Time:		
Property and Business Improvement District assessments and park reimbursements	\$	8,350,206
Parking districts		570,808
Business Improvement District Income		<u>115,136</u>
Total	\$	<u><u>9,036,150</u></u>

Performance Obligations

Property and Business Improvement District assessments and park reimbursements – Revenue is recognized over time as the Organization provides maintenance and improvement services.

Parking districts – Revenue is recognized over time as the Organization provides parking, pedestrian, and bicycle way improvements and safety services.

Business Improvement District income – Revenue is recognized over time as the Organization constructs and improves public spaces, and promotes public events and spaces.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable (contract assets) and assessments received in advance and other deferred revenue (contract liabilities) on the balance sheets. Assessments are recognized as revenue in the year for which the assessment is assessed. Assessments are billed in the year prior to the year to which the assessment relates. Typically, billing occurs prior to revenue recognition, resulting in contract liabilities.

The beginning and ending contract balances are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 1,858,546	\$ 689,706
PBID advance from the City of San Diego	\$ 681,935	\$ 132,724

Significant Judgments

The Organization analyzes revenue recognition on a portfolio approach under ASC Topic 606. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. The Organization has determined that all revenue recognized over time can be grouped into one portfolio.

Based on past experience, these customers all behave similarly. Agreements all contain similar terms and policies are the same across all contracts. The Organization does not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if they were to assess each member contract separately. The Organization has determined that this output method is the best measure of progress and most representative of the services performed, as the effort is consistent throughout the year.

Significant judgment is also required to assess collectability. The Organization assesses collectability each reporting period to monitor that the collectability threshold is met and does not recognize revenue if collection is not probable. Impairment losses are recognized when there are significant changes in a customer’s assessed collectability.

DOWNTOWN SAN DIEGO PARTNERSHIP
Notes to Consolidated Financial Statements
Year Ended June 30, 2021

Note 7 – PBID Contract

The Organization renegotiated a new 10-year agreement with the City to run the PBID program through June 30, 2025. In connection therewith, the Organization received a \$1,950,000 non-interest bearing advance from the City. The advance will be applied against the last three to four months of expenditures for each fiscal year. The \$1,950,000 is used to offset the amount of reimbursements for the City that the Organization incurred during the year.

Note 8 – Commitments and Contingencies

Operating Leases

The Organization leases its office facilities under non-cancelable operating leases that expire on various dates through June 30, 2024. Additionally, the Organization renewed their office facility for PBID activities for a term of 5.5 years ending on March 31, 2022. The minimum annual rentals under these leases were being charged to expense on a straight-line basis over the lease terms. Deferred rent as of June 30, 2021 was \$36,392.

Future minimum lease commitments under this agreement for the years subsequent to June 30, 2021 and thereafter are approximately as follows:

Year Ending June 30,		
2022	\$	211,125
2023		196,430
2024		<u>136,896</u>
Total	\$	<u><u>544,451</u></u>

Total rent expense for the year ended June 30, 2021 was \$266,441.

Grants and Contracts

The Organization has \$8,309,498 of contracts with government agencies which are subject to audit for the year ended June 30, 2021. As of June 30, 2021, no such audits by granting agencies have been performed. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. The Organization believes that any liability which may result from these audits would not be material.

SUPPLEMENTAL INFORMATION

DOWNTOWN SAN DIEGO PARTNERSHIP
Consolidating Statement of Activities
Year Ended June 30, 2021

	DSDP Consolidated (DSDP, CS, BID)	Related Entities	Eliminations	Total
Net Assets Without Donor Restrictions:				
Revenue and support:				
Property and Business Improvement District (PBID) assessments and park reimbursements	\$ 8,350,206	\$ -	\$ -	\$ 8,350,206
Homeless grants	-	956,611	-	956,611
Membership dues and renewals	668,832	-	-	668,832
Parking districts	155,245	415,563	-	570,808
Special events	336,067	-	-	336,067
Midblock lighting	250,000	-	-	250,000
PBID program management	236,348	-	-	236,348
Contributions	-	171,660	-	171,660
City fee	150,000	-	-	150,000
Other income	83,691	65,825	-	149,516
Business Improvement District (BID) income	115,136	-	-	115,136
Banner	23,160	-	-	23,160
Net assets released from restrictions, satisfaction of program restrictions	8,233	22,955	-	31,188
Total Revenue and Support	10,376,918	1,632,614	-	12,009,532
Program and Supporting Expenses:				
Program services	8,297,865	1,192,161	-	9,490,026
Management and general	2,050,829	74,655	-	2,125,484
Fundraising	145,683	-	-	145,683
Total Program and Supporting Expenses	10,494,377	1,266,816	-	11,761,193
Change in Net Assets Without Donor Restrictions	(117,459)	365,798	-	248,339
Net Assets With Donor Restrictions				
Net assets released from restrictions, satisfaction of program restrictions	(8,233)	(22,955)	-	(31,188)
Change in Net Assets With Donor Restrictions	(8,233)	(22,955)	-	(31,188)
Net Assets, beginning	793,075	106,107	-	899,182
Impact of Change in Accounting Policy (Note 1)	104,630	-	-	104,630
Net Assets, ending	\$ 772,013	\$ 448,950	\$ -	\$ 1,220,963

See independent auditors' report.

DOWNTOWN SAN DIEGO PARTNERSHIP
Financial Statement Reconciliation to Final City Invoice (Unaudited)
Year Ended June 30, 2021

Total expenses per statement of activities - PBID	\$	8,488,507
Unallowed depreciation expense		(99,535)
Other unallowable expenses		251,388
Adjustment to record accrued salaries		(51,044)
Adjustment to record deferred rent		(1,727)
Equipment purchases		167,203
City fee, midblock lighting, and city park		<u>(445,294)</u>
Total expenses per final invoice to the City	\$	<u><u>8,309,498</u></u>

DOWNTOWN SAN DIEGO PARTNERSHIP

December 8th, 2021

To Whom It May Concern,

The Downtown San Diego Partnership Clean and Safe Program is in compliance with all City of San Diego requirements, such as general requirements, compensation and reimbursement, record keeping, and insurance as set forth in the agreements between the City of San Diego and the Downtown San Diego Partnership Clean and Safe Program.

Respectfully,

Alonso Vivas

Alonso Vivas

Vice President & Executive Director

Downtown San Diego Partnership Clean & Safe

DOWNTOWN SAN DIEGO PARTNERSHIP
Budget Versus Actual - PBID (Unaudited)
Year Ended June 30, 2021

	Budget billed	Actual billed	Invoiced difference
Revenue and Other Income:			
Assessments	\$ 8,978,753	\$ 8,309,498	\$ (669,255)
Midblock Lighting	250,000	250,000	-
City fee	150,000	150,000	-
Parks	-	45,294	45,294
Interest income	180	33	(147)
Total Revenue and Other Income	<u>9,378,933</u>	<u>8,754,825</u>	<u>(624,108)</u>
Expenses:			
Salaries and wages	4,001,205	3,052,807	(948,398)
Safety contract services	2,082,624	1,721,925	(360,699)
Powerwashing	961,635	1,079,194	117,559
Program oversight	218,352	241,880	23,528
Business attraction and retention	168,068	161,065	(7,003)
Property Marketing	168,068	49,718	(118,350)
Fidelity and general liability insurance	162,000	196,393	34,393
Cleaning/janitorial supplies	160,000	211,136	51,136
Rents/leases	125,000	108,610	(16,390)
Beautification/placemaking	113,186	227,132	113,946
Leasing/purchasing (equipment)	90,000	232,360	142,360
Tree trimming	89,775	258,607	168,832
Waste removal	85,000	86,051	1,051
Vehicle fuel	84,000	76,505	(7,495)
Streetscape	80,020	85,049	5,029
Other repairs/maintenance	65,000	97,107	32,107
Electric services	45,000	23,016	(21,984)
Phone services	45,000	51,069	6,069
Data tracking	40,000	28,900	(11,100)
Water services	33,000	38,999	5,999
Parking	24,000	7,262	(16,738)
Vehicle insurance	21,000	1,778	(19,222)
Dry goods/uniforms	19,000	26,356	7,356
IT support	18,000	35,510	17,510
Office supplies	17,000	38,136	21,136
Water feature	15,000	88,068	73,068
Accounting and audit services	13,000	13,915	915
Training	12,500	3,483	(9,017)
Payroll / webservices	8,500	27,117	18,617
Travel	7,500	-	(7,500)
Legal	5,000	48,651	43,651
Community/board meetings	1,500	-	(1,500)
Copier	-	4,406	4,406
Landscaping supplies	-	24,522	24,522
District mailings/web services	-	780	780
Telephones	-	6,211	6,211
Postage/mailing	-	1,075	1,075
Total reimbursable expenses	<u>8,978,933</u>	<u>8,354,793</u>	<u>(624,140)</u>
Other expenses - Midblock lighting	250,000	250,000	-
City fee	150,000	150,000	-
Excess revenue and other income over expenses	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>

See independent auditors' report.