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Coalition
Board of Directors

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Adam Tartakovsky
Crescent Heights

Joyce Williams-Maxwell
Emerson College

★★★

Kerry Morrison
Executive Director

c/o Central Hollywood Coalition
6562 Hollywood Boulevard
Hollywood, CA 90028
323.463.6767

www.sunsetandvinebid.org

April 20, 2016

Miranda Paster
Administrative Services Division
Office of the City Clerk
200 North Spring Street, Room 224
Los Angeles, CA 90012

Subject: Annual Financial Review – Sunset & Vine BID

Dear Miranda,

In conformance with the requirements of the contract between the City of Los Angeles and the Central Hollywood Coalition, enclosed please find the 2015 Annual Financial Review for the Sunset & Vine BID. This was prepared by GTL, LLC and was reviewed and approved by the Central Hollywood Coalition Board of Directors at their monthly meeting on April 12, 2016.

Please advise if there are any other matters that require our attention at this time.

Many thanks for your continued support.

Sincerely,

Kerry Morrison
Consultant to the Central Hollywood Coalition
Executive Director, Hollywood Property Owners Alliance

cc: Board of Directors, Central Hollywood Coalition

**SUNSET & VINE
BUSINESS IMPROVEMENT DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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Certified Public Accountants and Business Consultants

Member of American Institute of Certified Public Accountants and California Society of Public Accountants

Participant in Quality Review Program of AICPA

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of

CENTRAL HOLLYWOOD COALITION

(Managing Entity for Sunset & Vine Business Improvement District)

Hollywood, CA 90028

We have reviewed the accompanying financial statements of Sunset & Vine Business Improvement District (a California nonprofit corporation) (the "District"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement 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 our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, 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.

GTL, LLP

Certified Public Accountants

March 31, 2016

SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

Current Assets:

Cash	\$	324,961
Accounts Receivable - Other		8,187
Assessments Receivable (Note 2)		221,765
Allowance for Doubtful Accounts (Note 2)		<u>(172,240)</u>
	\$	<u>382,673</u>

LIABILITIES AND UNRESTRICTED NET ASSETS

Current Liabilities:

Accounts Payable	\$	<u>111,007</u>
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Commitment (Note 4) -

Unrestricted Net Assets

BID (2012-2018) Funds		217,336
BID (2007-2011) Funds		48,822
Marketing Co-op Funds		<u>5,508</u>

Unrestricted Net Assets 271,666

\$ 382,673

SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

STATEMENTS OF ACTIVITIES AND CHANGE IN UNRESTRICTED NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

BID Revenues:	
Property Assessments	\$ 1,506,928
Collection of Prior Years' Unpaid Assessments	3,645
Penalties & Interest on Assessments	5,043
Grant Revenue	5,000
Interest Income	<u>239</u>
BID Revenues Sub-Total	1,520,854
Sunset & Vine (Marketing Co-Op) Revenues	<u>21,025</u>
Total Revenues	<u>1,541,880</u>
BID Expenses:	
Safety and Security Services	805,608
Maintenance, Streetscape and Beautification Services	444,059
Marketing	21,346
District Management, Policy and Administration	185,559
Contingency, City Fees and Delinquencies	<u>65,681</u>
BID Expenses Sub-Total	1,522,253
Sunset & Vine (Marketing Co-Op) Expenses	<u>20,483</u>
Total Expenses	<u>1,542,735</u>
Change in Unrestricted Net Assets	(855)
Unrestricted Net Assets, Beginning of Year	<u>272,521</u>
Unrestricted Net Assets, End of Year	<u><u>\$ 271,666</u></u>

See accompanying independent accountants' review report and notes to financial statements

SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities:	
Change in Unrestricted Net Assets	\$ (855)
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash (Used-in) Operating Activities:	
Change in Allowance for Doubtful Accounts	17,614
Changes in Current Assets and Liabilities	
Accounts Receivable - Other	(4,475)
Assessments Receivable	(56,479)
Accounts payable and accrued expenses	<u>36,745</u>
Net Cash (Used-in) Operating Activities	<u>(7,450)</u>
Net Change in Cash	(7,450)
Cash and Cash Equivalents, Beginning of Year	<u>332,411</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 324,961</u></u>

See accompanying independent accountants' review report and notes to financial statements

SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE (1) NATURE OF OPERATIONS

During 2006, Sunset & Vine Business Improvement District (the "District") was organized under the laws of the State of California as a Business Improvement District. The District currently operates under an agreement with the City of Los Angeles that has a term of January 1, 2012 through December 31, 2018. The Primary purpose of the District is to manage programs, activities, and contracts with the aim of promoting community revitalization efforts, quality of life, streetscape improvements, economic development and business interests for the benefit of owners of property in the District. These activities include security programs to support police and property owner crime prevention efforts, maintenance services to increase the frequency of litter, debris, and graffiti removal, and advocacy to promote business interest in the District. The District generates most of its revenues from special assessments to property owners self imposed and collected by the County of Los Angeles, remitted to the City of Los Angeles and disbursed to the District periodically.

The Central Hollywood Coalition ("CHC"), a California nonprofit benefit corporation, is responsible for developing, implementing, directing, operating and administering the District programs as described in the Management District Plan. The District exists as an operating component of CHC, with all funds received and expended relating to the District's operations included in these financial statements.

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Income Tax Status

The District is managed by an organization which is exempt from taxes under Section 501(c)(6) of the Internal Revenue Code ("IRC") and is exempt from federal and state income taxes under Section 501(a) of the IRC and the California Revenue and Taxation Code. Accordingly, no provision or benefit for federal or state income taxes is recorded in the accompanying financial statements.

The District's federal income tax returns for tax years 2012 and beyond remain open to examination by the Internal Revenue Service. The returns for California, its only state jurisdiction, remain subject to examination by state taxing authorities for the tax years 2011 and beyond.

SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(b) Financial Statement Presentation

The financial statements of the District have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

(d) Cash and Cash Equivalents

The District considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. The District has no cash equivalents at December 31, 2015.

(e) Concentrations of Credit Risk

Financial instruments which potentially subject the District to a concentration of credit risk consist of cash and assessments receivable. The District places its cash with high credit quality institutions. Occasionally, the District's bank balances exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The District has not experienced and does not anticipate any losses relating to cash held in these accounts.

For the year ended December 31, 2015, approximately 52% and 24% of the District's purchases were from two major vendors, Andrews International (security services) and CleanStreet (cleaning services). At December 31, 2015, a total of \$50,139 and \$30,834 was due to these vendors, respectively and is included in accounts payable in the Statement of Financial Position.

Concentrations of credit risk with respect to assessments receivable are limited since the District derives the majority of its revenues from special assessments billed by the County of Los Angeles on its annual property tax bills (see Note 3).

SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(f) Assessment Revenue and Assessments Receivable

The District receives its support primarily from real estate special tax assessments (the "assessment") levied by the County of Los Angeles on properties located within the District in accordance with City Ordinance 171678. Parcels owned by government or public agencies are billed directly by the City of Los Angeles.

The assessments levied by the County are recorded by the District when earned. The County remits the assessment to the City of Los Angeles which disburses them to the District upon receipt. Private-parcel delinquent assessments are treated as unpaid taxes and, as such, collection is enforceable under Los Angeles County law. At December 31, 2015 the District had an overall assessment receivable balance of \$221,765. Due to the uncertainty of collection of the LAUSD unpaid delinquent assessments, management has reserved \$172,240 equal to 100% of the LAUSD receivable, resulting in a private-parcel \$49,525 net balance at December 31, 2015. Any amounts collected in excess of the net receivable are recognized upon collection.

(g) Subsequent Events

The District has evaluated events subsequent to December 31, 2015, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 31, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

NOTE (3) MAJOR REVENUE SOURCE

For the year ended December 31, 2015, 98% of the District's revenue was billed and collected by the County of Los Angeles and the City of Los Angeles.

NOTE (4) COMMITMENTS

In March 2007, the District entered into a service agreement with the Hollywood Property Owners Alliance (HPOA) to provide management services to the District. The agreement was last renewed in February 2016 through December 31, 2016. Monthly payments of \$13,790 are due on the first of each month.

SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE (4) COMMITMENTS - CONT'D

In May 2013, the District renewed its service agreement with Andrews International Inc. to provide security services to the District through April 30, 2018. Payments are due within 30 days of each weekly invoice. This service agreement may be terminated by the District upon 30-90 days notice.

In May 2014, the District renewed its service agreement with CleanStreet to provide maintenance services to the District through December 31, 2018. Payments are due within 30 days of each monthly invoice. This service agreement may be terminated by the District upon 30-90 days notice.