

**SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities and Unrestricted Net Assets	3
Statements of Cash Flows	4
NOTES TO FINANCIAL STATEMENTS	5 - 7

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
**CENTRAL HOLLYWOOD COALITION (MANAGING ENTITY  
FOR SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT)**  
Hollywood, California

We have reviewed the accompanying statement of financial position of Sunset & Vine Business Improvement District (the "District") as of December 31, 2012, and the related statements of activities and unrestricted net assets, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of District 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 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 conformity with accounting principles generally accepted in the United States of America.

*RBZ, LLP*

May 31, 2013

**SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2012**

ASSETS

Current Assets	
Cash	\$ <u>217,438</u>
	<u>\$ 217,438</u>

LIABILITIES AND UNRESTRICTED NET ASSETS

Current Liabilities	
Accounts payable	\$ 86,170
Commitment (Note 4)	
Unrestricted Net Assets	<u>131,268</u>
	<u>\$ 217,438</u>

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

**SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT**  
**STATEMENTS OF ACTIVITIES AND UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Revenues	
Property assessment fees	\$ 1,410,573
Grant revenue	9,276
Interest income	<u>3,102</u>
	<u>1,422,951</u>
Expenses	
Security services	723,701
Maintenance services	371,076
Marketing	40,490
Administration	183,684
City fees and delinquencies	<u>62,706</u>
	<u>1,381,657</u>
Change in Unrestricted Net Assets	41,294
Unrestricted Net Assets, beginning of year	<u>89,974</u>
Unrestricted Net Assets, end of year	<u>\$ 131,268</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, 2012**

Cash Flows from Operating Activities	
Change in unrestricted net assets	\$ 41,294
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Change in allowance for delinquent assessments	(3,164)
(Increase) in operating assets:	
Assessments receivable	15,964
(Decrease) in operating liabilities:	
Accounts payable	<u>14,290</u>
Net Cash Provided by Operating Activities	<u>68,384</u>
Net Increase in Cash	68,384
Cash, beginning of year	<u>149,054</u>
Cash, end of year	<u>\$ 217,438</u>

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

## SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2012

##### 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. The 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 interests in the District. The District generates its revenues from tax assessments to property owners imposed and collected by the city of Los Angeles and remitted 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

###### 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 2009 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 2008 and beyond.

###### 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.

**SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 on hand at December 31, 2012.

Concentrations of Credit Risk

Financial instruments which potentially subject the District to a concentration of credit risk consist of cash and assessment fees receivable. The District places its cash with high credit quality institutions. Occasionally, the District's bank balances exceed the Federal Deposit Insurance Corporation 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, 2012, approximately 53% and 29% of the District's purchases were from two major vendors. At December 31, 2012, a total of \$54,669 and \$30,798 is due to these vendors and is included in accounts payable in these financial statements.

Concentrations of credit risk with respect to assessments receivable are limited since the District derives the majority of its revenues from the City of Los Angeles tax assessments (see Note 3).

**SUNSET & VINE BUSINESS IMPROVEMENT DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessment Revenue and Assessments Receivable

The District receives its support primarily from real estate special assessment (the "assessment") levied by the County of Los Angeles on properties located within the District in accordance with City Ordinance 171678.

The assessment levied by the County is recorded by the District when earned. The County remits the assessment to the District based on its collections. Delinquent taxes are treated as unpaid taxes and, as such, collection is enforceable under Los Angeles County law. At December 31, 2012 the District had an assessment receivable balance of \$34,087. Due to the uncertainty of collection of delinquent assessments, management has reserved the full amount of the receivable, resulting in a net zero balance at December 31, 2012.

Subsequent Events

The District has evaluated events subsequent to December 31, 2012, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 31, 2013, 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, 2012, 99% of the District's revenues were from city of Los Angeles tax assessments amounting to \$1,410,573.

NOTE 4 - COMMITMENT

In January 2007, the District entered into a service agreement with the Hollywood Property Owners Alliance to provide services to the District. The agreement was renewed on December 31, 2012 through December 31, 2013. Monthly payments of \$12,500 are due on the first of each month.