

**THIRD AVENUE VILLAGE ASSOCIATION**  
Financial Statements - unaudited  
For The Year Ended December 31, 2022  
and  
Independent Accountant's Review Report

**THIRD AVENUE VILLAGE ASSOCIATION**  
Financial Statements - unaudited  
December 31, 2022

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
**THIRD AVENUE VILLAGE ASSOCIATION**  
Chula Vista, California

We have reviewed the accompanying financial statements of Third Avenue Village Association ("the Association"), a California nonprofit corporation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, changes in net assets, and cash flows for the year 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 Association 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 the interim 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 our review 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.

### **Accountant's 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.

### **Emphasis of Matter**

As discussed in Note 14 to the financial statements, subsequent to the date of the financial statements, the Association's Board of Directors formed Greater Third Avenue Improvement Association, a California 501(c) (3) non-profit Corporation, with the express purpose of receiving tax deductible donations from the general public and to assume all of the Association's rights and obligations to continue performing the Association's activities starting July 1, 2023.

Our opinion is not modified with respect to that matter.

*Guerrero, Jimenez, Diaz & Co LLP*

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

San Diego, California  
August 1, 2023

**THIRD AVENUE VILLAGE ASSOCIATION**  
Statement of Financial Position  
December 31, 2022

**ASSETS**

<b>Current Assets:</b>	
Cash in Bank	\$ 129,421
Accounts Receivable	-
Deposit and Prepaid Expenses	5,000
Total Current Assets	134,421
Property and Equipment, net (Note 6)	161,756
Total Net Assets	161,756
Total Assets	\$ 296,177

**LIABILITIES AND EQUITY**

<b>Current Liabilities:</b>	
Accounts Payable	\$ 22,987
Accrued Compensation Expense	1,396
Deferred Revenue (Note 7)	107,708
Total Current Liabilities	132,091
Total Liabilities	132,091
<b>Net Assets</b>	
Without Donor Restrictions (Note 11)	114,085
With Donor Restrictions (Note 12)	50,000
Total Net Assets	164,085
Total Liabilities and Net Assets	\$ 296,177

The accompanying notes are an integral part of these financial statements.

**THIRD AVENUE VILLAGE ASSOCIATION**  
**Statement of Activities AND Changes in Net Assets**  
**For the Year-Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in Unrestricted Net Assets:</b>			
<b>Revenue:</b>			
Property Owners' Assessment	\$ 479,956	\$ -	\$ 479,956
Business Owners' Assessment	15,885	-	15,885
Grants		165,700	165,700
Events Revenues (Note 5)	89,170	-	89,170
Other	119	-	119
Net Assets Released from Restrictions	115,700	(115,700)	-
<b>Total Revenue</b>	<b>700,830</b>	<b>50,000</b>	<b>750,830</b>
<b>Operating Expenses:</b>			
<b>Program Services</b>			
District Identity and Placemaking	677,361	-	677,361
Civil Sidewalks	-	-	-
<b>Total Program Services</b>	<b>677,361</b>	<b>-</b>	<b>677,361</b>
<b>Supporting Services</b>			
General and Administrative Expenses	75,262	-	75,262
<b>Total Expenses</b>	<b>752,624</b>	<b>-</b>	<b>752,624</b>
<b>Increase/(Decrease) in Unrestricted Net Assets</b>	<b>(51,794)</b>	<b>50,000</b>	<b>(1,794)</b>
<b>Net Assets, Beginning of Year</b>	<b>165,879</b>	<b>-</b>	<b>165,879</b>
<b>Net Assets, End of Year</b>	<b>\$ 114,085</b>	<b>\$ 50,000</b>	<b>\$ 164,085</b>

The accompanying notes are an integral part of these financial statements.

**THIRD AVENUE VILLAGE ASSOCIATION**  
Schedule of Functional Expenses  
For the Year Ended December 31, 2022

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Advertising and Promotion	7,633	848	8,481.37
Bank Charges	192	21	213.06
Dues & Subscriptions	141	16	157.02
Insurance	14,191	1,577	15,768.25
Legal and Professional Fees	6,495	722	7,217.00
Rent	32,250	3,583	35,833.16
Office Expenses	5,603	623	6,226.03
Other Expense	1,993	221	2,214.94
Depreciation	19,809	2,201	22,010.00
Outside Services (Note xxx)	285,328	31,703	317,031.22
Equipment Rental	5,805	645	6,450.21
Maintenance Supplies	18,403	2,045	20,448.31
Salary, Benefits, and Payroll Taxes	115,567	12,841	128,407.56
Uniforms	1,011	112	1,123.84
Auto Expenses	3,650	406	4,055.95
Utilities	24,726	2,747	27,473.65
Event Expenses	124,669	13,852	138,520.84
Website and Hosting	9,813	1,090	10,903.02
Meals & Entertainment	79	9	88.24
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 677,361</u>	<u>\$ 75,262</u>	<u>\$ 752,624</u>

The accompanying notes are an integral part of these financial statements.

**THIRD AVENUE VILLAGE ASSOCIATION**  
Statement of Cash Flows  
For the Year Ended December 31, 2022

Cash Flows Used for Operating Activities:		
Increase/(Decrease) in Net Assets	\$	(1,794)
Adjustments to Reconcile Net Assets to Net Cash From /(Used) in Operating Activities:		
Depreciation		22,010
(Increase)/Decrease in Accounts Receivable		26,901
(Increase)/Decrease in Deposits and Prepaid Expenses		6,882
Increase/(Decrease) in Accounts Payable		17,016
Increase/(Decrease) in Deferred Revenue		(65,391)
Total Adjustments		7,418
Net Cash Provided / (Used) in Operating Activities		5,625
Cash Flows from Investing Activities:		
Payments to Purchased Equipment		(115,172)
		(115,172)
Cash Flows from Financing Activities:		
		-
Net Increase / (Decrease) in Cash		(109,547)
Cash at the Beginning of the Period		238,968
Cash at the End of the Period	\$	129,421
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$	-
Taxes Paid		-

The accompanying notes are an integral part of these financial statements.



**THIRD AVENUE VILLAGE ASSOCIATION**  
Notes to Financial Statements - unaudited  
December 31, 2022

**NOTE 1 - Organization**

Third Avenue Village Association ("the Association") is a California not-for-profit mutual benefit corporation. The Association was established to:

- a. Enhance and promote the economic interest of Downtown Chula Vista as the Association for cultural, civic, and social activities.
- b. Encourage, stimulate, and improve the business conditions in Downtown Chula Vista for retailers, restaurants, entertainment establishments, service businesses and professionals, and to promote retail and other commercial activities in the area.
- c. Improve and preserve the appearance through enhanced maintenance activities, such as graffiti removal, power washing of sidewalks and landscaping.
- d. Organize and operate programs, events, and festivals for the promotion and betterment of business in Downtown Chula Vista.
- e. Promote a positive identity for the area through advertising and public relations programs and the sponsorship of public events, promotions, and festivals.

**NOTE 2 - Summary of significant accounting policies**

Basis of Accounting

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors or granters: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

#### Measure of Operations

The statement of activity reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

#### Income Taxes

The Association, a not-for-profit organization operating under Section 501(c)(6) of the Internal Revenue Code and Section 23701d of the California Revenue Taxation Code, is exempt from federal, state, and local income taxes. Accordingly, no provision for income taxes is included in the financial statements.

The Association's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

#### Property and Equipment

The Organization capitalizes all expenditures of property and equipment in excess of \$500. Purchased property and equipment are stated at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed under the straight-line method, with estimated useful lives ranging from five to fifteen years.

Transportation Equipment	5 Years
Office Furniture and Equipment	5 Years
Design Improvements	15 years

#### Advertising Costs

The Association expenses advertising and communication costs as they are incurred.

#### Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. However, many individuals volunteer their time and perform a variety of tasks that assist the Association with various committee assignments. Contributed services through volunteers are not recorded in the financial statements for donated services as they generally do not meet the criteria described above.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, 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. However, management believes that differences, if any, would not be significant.

### **NOTE 3 - Property business improvement district funds**

The Downtown Chula Vista Property-Based Improvement District (PBID) is a special benefit assessment district that conveys special benefits to the properties located within the district boundaries. The PBID is funded by an assessment levied on the property owners located within the district. The assessment is calculated using acreage and street frontage.

The Association provides and contracts services to allow the PBID to carry out its nature of activities related to the marketing and maintenance of downtown Chula Vista, including cleaning, safety and information, and enhancing the image of downtown Chula Vista. The PBID was established in 2001 and last renewed in January 2016 for ten years.

### **NOTE 4 - Business improvement district funds**

The Business Improvement District (BID) was established in 1971 to promote events and retail trade in addition to decorating and furnishing music in public places in downtown Chula Vista. The Association provides such services on behalf of business owners located in the BID. The City of Chula Vista collects an additional amount from each business owner at the same time it levies the annual business license. The additional amount imposed by the BID varies depending on the type of business.

The Association requests reimbursement for qualified expenses incurred to the extent there is a balance on hand in the BID account held by the City of Chula Vista.

### **NOTE 5 - Events Revenues**

The Association organizes and operates several events during the year to promote Downtown Chula Vista. The events include the Lemon Festival, Taste of Third Avenue, Amps & Ales, Dia De Los Muertos, and Holiday Event. The primary sources of event revenue are booth rental fees, grant, and sponsorship. Attendance have increased after the COVID-19.

**NOTE 6 - Property and equipment**

Property and equipment at December 31, 2022, consist of the following:

Office equipment and furniture	\$ 131,776
Design improvements	98,302
Transportation equipment	17,527
Less accumulated depreciation	<u>(85,849)</u>
Net property and equipment	<u>\$ 161,756</u>

**NOTE 7 - Deferred revenue**

Deferred or unearned revenue represents revenue received on or before December 31, 2022, for advance payment of 2023 property owners' assessment. Property assessment is recognized as revenue in the period for which it is levied. At December 31, 2022, the Deferred Revenue balance was \$107,708.

**NOTE 8 - Outside services**

For the fiscal year ended December 31, 2022, the Association contracted the following services to outside vendors:

Administration	\$ 200,000
Public relations	57,300
Sidewalk pressure washing	33,959
Farmer's market consultant	20,036
Landscaping	<u>5,736</u>
Total	<u>\$ 317,031</u>

**NOTE 9 - Staffing and administration changes**

In August 2021, the Association entered into an agreement with New City America, Inc. to administer the Association's PBID and BID with initial term from August 16, 2021, to December 31, 2022, with four additional one-year extension terms subject to the Board's approval. See also Notes 8 and 10.

The one year-extension to December 31, 2023, has been executed.

**NOTE 10 - Related parties**

During the year ended December 31, 2022, the Association expensed payments made to New City America, Inc. in the amount of \$200,000 to manage the PBID and BID for the services from January 1 to December 31, 2022. The Association's Executive Director is also the President and owner of New City America, Inc. See also Notes 8 and 9.

At December 20, 2021, the Association's Board of Directors formed Greater Third Avenue Improvement Association, also doing business as Downtown Chula Vista Association ("DCVA") a California 501(c) (3) non-profit Corporation. with the express purpose of receiving tax deductible donations from the general public and to assume the Association's rights and obligations to continue performing its current duties mentioned in Note 1 – Organization to assist the Association in its activities.  
Also see Note 14 - Subsequent Events.

During 2022 there were no transactions or balances between the Association and DCVA.

**NOTE 11 - Net assets without donor restrictions**

The Association has undesignated Net Assets without donor restrictions of \$219,194 at December 31, 2022.

**NOTE 12 - Net assets with donor restrictions**

The Association has Net Assets with donor restrictions of \$50,000 at December 31, 2022, and are available for the following purposes:

County of San Diego Community Enhancement Program for funding operations and developing a Programming schedule	\$50,000
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During the year ended on December 31, 2022, there were Net Assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

County of San Diego Neighborhood Reinvestment Program	\$ 115,700
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These funds were used to purchased equipment.

**NOTE 13 - Liquidity and availability of resources**

The Association's financial assets available for general expenditure, that is without donor restrictions limiting their use within one year of the statement of position date, are as follows:

Cash and cash equivalents	\$ 129,420
Accounts Receivable	-
Total financial assets available within one year	<u>129,420</u>
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(50,000)

Amounts unavailable to management without Board of Directors approval: -

Total financial assets available to management for General expenditure within one year \$ 79,420

The Association maintains policies of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

#### **NOTE 14 - Subsequent events**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Association recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. The Association's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date and before the financial statements are available to be issued.

The Association has evaluated all subsequent events through August 1, 2023, which is the date the financial statements were available for issuance.

The significant event identified is that the Association has transitioned as of June 30, 2023, all its activities to DCVA starting July 1, 2023. As mentioned in Note 10 – Related Parties, DCVA is a 501(c) (3) non-profit Corporation that can receive tax deductible donations from the general public and can assume the Association's rights and obligations, contracts (included with the City of Chula Vista, California), and payroll to continue the Association's responsibilities and honor its contracts.

The Association's Board of Directors have voted to dissolve the Association when all its rights and obligations are fully assumed by DCVA, and its income tax return for the fiscal year ended on December 2023 is filed.

No other significant subsequent events have been identified that would require adjustment or disclosure in the accompanying financial statements.

#### **NOTE 15 - Operating lease commitments**

The Association leases office space in Downtown Chula Vista. The lease was renewed in October 2019 and expires in December 31, 2026.

Total rental expense for year ended December 31, 2022, was \$35,833. Minimum rent payments for the year ending December 31 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 50,131
2024	52,136
2025	54,221
2026	56,390
	<u>\$ 212,878</u>