

SAN PEDRO HISTORIC WATERFRONT DISTRICT
(A Not-For-Profit Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

RICHARD MOON & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

SAN PEDRO HISTORIC WATERFRONT DISTRICT

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Richard Moon & Associates

An Accountancy Corporation

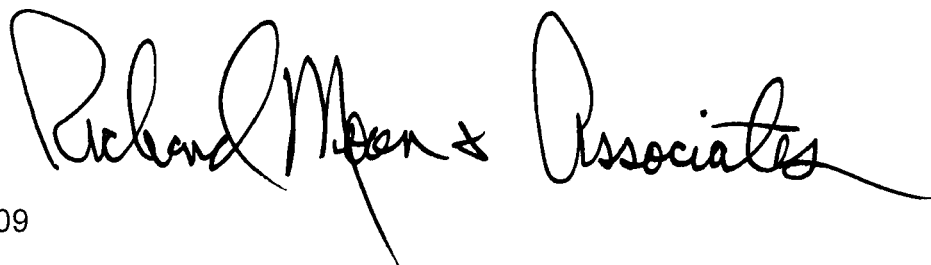
Certified Public Accountant • Financial Planners

Board of Directors
San Pedro Historic Waterfront District.
390 West 7th Street,
San Pedro, California 90731

I have reviewed the accompanying statement of financial position of San Pedro Historic Waterfront District (a not-for-profit organization) as of December 31, 2008 and the related statement of activities, functional expenses and cash flows, for the year then ended, in accordance with Statements on Standards for Accounting Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representations of the management of San Pedro Historic Waterfront District.

A review consists principally of inquiries of management and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based upon my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

A large, stylized handwritten signature in black ink that reads "Richard Moon & Associates". The signature is written in a cursive, flowing style.

April 23, 2009

SAN PEDRO HISTORIC WATERFRONT DISTRICT

(A Not-For-Profit Organization)

STATEMENT OF FINANCIAL POSITION

December 31, 2008

(See Accompanying Notes and Accountants' Review Report)

Assets

Current assets	
Cash and Cash Equivalents	\$ 225,198
Other Current Assets	12,747
Total current assets	<u>237,946</u>
Total Assets	<u>\$ 237,946</u>

Liabilities and Net Assets

Liabilities	
Accounts payable	\$ 46,081
Other Current Liabilities	5,000
Total current liabilities	<u>51,081</u>
Net Assets	
Temporarily Restricted Net Assets	-
Unrestricted Net Assets	186,864
Net assets	<u>186,864</u>
Total liabilities and net assets	<u>\$ 237,946</u>

SAN PEDRO HISTORIC WATERFRONT DISTRICT

(A Not-For-Profit Organization)

STATEMENT OF ACTIVITIES

December 31, 2008

(See Accompanying Notes and Accountants' Review Report)

	<u>Amount</u>	<u>%</u>
UNRESTRICTED NET ASSETS		
Revenues	\$ 260,128	100.0
Maintenance, Sanitation & Beautification	44,966	17.3
Promotions	3,050	1.2
Management & Administration	16,703	6.4
Office & Insurance	6,507	2.5
Consulting Service	2,038	0.8
	<u>73,264</u>	<u>28.2</u>
Change in net assets from operations	186,864	<u>71.8</u>
Net assets, inception	-	
Net assets (deficiency), end of period	<u>\$ 186,864</u>	

SAN PEDRO HISTORIC WATERFRONT DISTRICT

(A Not-For-Profit Organization)

STATEMENT OF FUNCTIONAL EXPENSES

Supporting Services

December 31, 2008

(See Accompanying Notes and Accountants' Review Report)

	<u>Amount</u>	<u>%</u>
MAINTENANCE, SANITATION, & BEAUTIFICATION		
Beacon House assoc. of San Pedro	\$ 5,400	2.1
Construction & Materials	1,291	0.5
Maintenance	7,630	2.9
Security Expenses	30,276	11.6
Uniforms	368	0.1
	<u>\$ 44,966</u>	<u>17.3</u>
PROMOTIONS		
Advertising	\$ 800	0.3
Newsletters	2,250	0.9
	<u>\$ 3,050</u>	<u>1.2</u>
MANAGEMENT & ADMINISTRATION		
Executive Directors	<u>\$ 16,703</u>	<u>6.4</u>
OFFICE & INSURANCE		
Bank Fees	\$ 47	0.0
Computer Services	208	0.1
Dues & Subscriptions	300	0.1
Insurance	1,706	0.7
Office Supplies & Reimbursement	47	0.0
Rent & Other Expenses	3,450	1.3
Taxes, Permits & Licenses	750	0.3
	<u>\$ 6,507</u>	<u>2.5</u>
CONSULTING SERVICE		
Accounting	\$ 619	0.2
Legal Fees	1,419	0.5
	<u>\$ 2,038</u>	<u>0.8</u>

SAN PEDRO HISTORIC WATERFRONT DISTRICT

(A Not-For-Profit Organization)

STATEMENT OF CASH FLOWS

December 31, 2008

(See Accompanying Notes and Accountant's Review Report)

Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 186,864
(Increase) decrease in accounts receivable	(12,747)
Increase(decrease) in accounts payable	51,081
Increase in capital reserve	-
Net cash provided by operating activities	<u>225,198</u>
Net increase (decrease) in cash	225,198
Cash at beginning of period (inception)	<u>-</u>
Cash at end of period	<u><u>\$ 225,198</u></u>

SAN PEDRO HISTORIC WATERFRONT DISTRICT

(A Not-For-Profit Organization)

Notes To Financial Statements

December 31, 2008

(See Accompanying Notes and Accountants' Review Report)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

San Pedro Historic Waterfront District (SPHWD) was organized as a nonprofit mutual benefit corporation in 2008 with its primary purpose to "enhance the commercial viability of San Pedro area."

The majority of the board members own or manage real property within the SPHWD boundaries.

Property and Business Improvement District

On January 1, 2008 the City of Los Angeles established a Property and Business Improvement District (PBID) under the laws of the state of California and entered into an agreement with SPHWD. The term of the agreement is January 1, 2008 through December 31, 2012. Under the agreement, SPHWD is responsible for developing, implementing, directing and operating the PBID programs in accordance with the Management District Service Plan pursuant Section 36600, *et seq.* of the California Streets and Highways Code and the City of Los Angeles Section 36622.

Financial Statement Presentation

The financial statements of SPHWD have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Financial Statement presentation follows recommendations of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, WBIA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets.

SAN PEDRO HISTORIC WATERFRONT DISTRICT

(A Not-For-Profit Organization)

Notes To Financial Statements

December 31, 2008

(See Accompanying Notes and Accountants' Review Report)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

The largest source of revenue for SPHWD is the annual assessment of each parcel in the District.

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 those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, SPHWD considers all highly liquid investments with an original maturity of three months or less to be cash.

NOTE 2: INCOME TAXES

SPHWD is exempt from federal income taxes under Section 501(c) (6) of the Internal Revenue Code. The exemption was approved by the Internal Revenue Service on January, 2008 and is retroactive to inception. It is also exempt from state franchise taxes.

NOTE 3: CONCENTRATION OF CREDIT RISK

SPHWD maintains its cash balance in financial institutions located in Los Angeles, California. The Federal Deposit Insurance Corporation insures balances up to \$100,000. As of December 31, 2008 SPHWD has no significant concentrations of credit risk.

SAN PEDRO HISTORIC WATERFRONT DISTRICT

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Notes To Financial Statements

December 31, 2008

(See Accompanying Notes and Accountants' Review Report)

NOTE 4: RELATED PARTY TRANSACTIONS

The corporate offices of SPHWD are located in a building owned by one of its members. The fair market value of the office space of \$3,450 for this year was deducted as rent expense.

NOTE 5: RISK MANAGEMENT

SPHWD purchases commercial insurance as its method of defraying risk of losses from natural causes, general liabilities and theft. The organization assumes any liability for any deductible and claims in excess of coverage limitations.