



**DOWNTOWN
LONG BEACH
ALLIANCE**

**Financial Statements
September 30, 2021
(with Summary Comparative Information for 2020)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Downtown Long Beach Alliance

Report on Financial Statements

We have audited the accompanying financial statements of Downtown Long Beach Alliance (the Organization), (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Downtown Long Beach Alliance as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Downtown Long Beach Alliance's September 30, 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
January 13, 2022

DOWNTOWN LONG BEACH ALLIANCE

STATEMENTS OF FINANCIAL POSITION
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS

	September 30,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,816,569	\$ 1,012,327
Accounts receivable	692,602	1,143,276
Other receivables	394	28,530
Prepaid expenses	29,378	35,868
	<u>2,538,943</u>	<u>2,220,001</u>
 FURNITURE AND EQUIPMENT, net	<u>37,608</u>	<u>63,010</u>
 OTHER ASSETS		
Deposits	<u>16,434</u>	<u>16,434</u>
 TOTAL ASSETS	<u>\$ 2,592,985</u>	<u>\$ 2,299,445</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 535,245	\$ 247,302
Deferred revenue (Note 4)	2,057,740	2,052,143
	<u>2,592,985</u>	<u>2,299,445</u>
 COMMITMENTS AND CONTINGENCY (Note 6)		
 NET ASSETS	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,592,985</u>	<u>\$ 2,299,445</u>

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

DOWNTOWN LONG BEACH ALLIANCE

**STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>Without Donor Restrictions</u>	<u>Total</u>	
		<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE			
City of Long Beach:			
Downtown Parking and Business Improvement Area (DPBIA) funds	\$ 594,382	\$ 594,382	\$ 716,160
City funds	225,907	225,907	197,344
Property Based Improvement District (PBID) funds	<u>2,788,983</u>	<u>2,788,983</u>	<u>2,269,141</u>
	<u>3,609,272</u>	<u>3,609,272</u>	<u>3,182,645</u>
OTHER SUPPORT			
Paycheck Protection Program			
loan forgiveness income	160,097	160,097	-
Cares Act grant	229,342	229,342	-
Sponsorships	-	-	49,429
Program service revenue	517,751	517,751	603,866
Interest income	<u>6,761</u>	<u>6,761</u>	<u>5,149</u>
	<u>913,951</u>	<u>913,951</u>	<u>658,444</u>
Total Support and Revenue	<u>4,523,223</u>	<u>4,523,223</u>	<u>3,841,089</u>
EXPENSES			
Program Services			
Downtown enhancement	1,932,041	1,932,041	1,387,226
Clean and safe services	<u>2,133,703</u>	<u>2,133,703</u>	<u>2,027,068</u>
	<u>4,065,744</u>	<u>4,065,744</u>	<u>3,414,294</u>
Supporting Services			
General and administrative	<u>457,479</u>	<u>457,479</u>	<u>426,795</u>
Total Expenses	<u>4,523,223</u>	<u>4,523,223</u>	<u>3,841,089</u>
CHANGE IN NET ASSETS	-	-	-
NET ASSETS, BEGINNING OF YEAR	-	-	-
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

DOWNTOWN LONG BEACH ALLIANCE

**STATEMENTS OF FUNCTIONAL EXPENSES
(WITH COMPARATIVE TOTALS FOR 2020)**

For the Year Ended September 30, 2021

	Program Services			Supporting Services	Totals	
	Downtown Enhancement	Clean and Safe Services	Total	General and Administrative	2021	2020
Clean and safe services	\$ -	\$ 1,942,812	\$ 1,942,812	\$ -	\$ 1,942,812	\$ 1,770,288
Salaries and related expenses	831,514	132,876	964,390	281,324	1,245,714	1,099,667
Special event productions	25,385	-	25,385	-	25,385	92,974
Placemaking	248,145	-	248,145	-	248,145	90,815
Rent	117,459	18,770	136,229	39,739	175,968	177,954
Advocacy	190,906	-	190,906	-	190,906	128,890
Professional services	108,728	17,375	126,103	96,786	222,889	113,388
Marketing and advertising	99,694	-	99,694	-	99,694	83,911
Economic development	193,064	-	193,064	-	193,064	135,604
Depreciation	16,956	2,710	19,666	5,736	25,402	24,177
Computers	9,954	1,591	11,545	3,368	14,913	30,191
Community and homeless outreach	-	3,149	3,149	-	3,149	3,718
Office maintenance and repairs	7,095	1,134	8,229	2,400	10,629	4,685
Telephone	13,512	2,159	15,671	4,568	20,239	18,524
Office supplies	13,080	2,090	15,170	4,425	19,595	8,256
Office equipment leases	7,817	1,249	9,066	2,645	11,711	10,944
General insurance	11,477	1,834	13,311	3,883	17,194	16,803
Board meetings	2,197	351	2,548	743	3,291	7,939
Holiday party and gifts	1,324	212	1,536	448	1,984	-
Bad debt	18,141	2,899	21,040	6,138	27,178	-
Employee recruitment	2,396	383	2,779	811	3,590	5,985
Dues and subscriptions	3,710	593	4,303	1,255	5,558	5,119
Postage	3,857	616	4,473	1,305	5,778	3,790
Utilities	1,178	188	1,366	398	1,764	2,732
Taxes	2,896	463	3,359	980	4,339	2,772
Credit card merchant fees	895	143	1,038	303	1,341	836
Board contingency	661	106	767	224	991	1,127
Total Expenses	\$ 1,932,041	\$ 2,133,703	\$ 4,065,744	\$ 457,479	\$ 4,523,223	\$ 3,841,089
Percentage of Total Expenses:	43%	47%	90%	10%	100%	

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

DOWNTOWN LONG BEACH ALLIANCE

**STATEMENTS OF CASH FLOWS
(WITH COMPARATIVE TOTALS FOR 2020)**

	For the Year Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	25,402	24,177
PPP loan forgiveness	(160,097)	-
(Increase) decrease in:		
Accounts receivable	450,674	(783,447)
Other receivables	28,136	189,331
Prepaid expenses	6,490	(3,496)
Increase (decrease) in:		
Accounts payable and accrued expenses	287,943	(33,430)
Deferred revenue	5,597	477,675
Net Cash Provided By (Used In) Operating Activities	644,145	(129,190)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of note receivable	-	45,000
Net Cash Provided By Investing Activities	-	45,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	160,097	-
Net Cash Provided By Investing Activities	160,097	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	804,242	(84,190)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,012,327	1,096,517
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,816,569	\$ 1,012,327

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

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies

Organization

Downtown Long Beach Alliance (DLBA or the Organization) is a California nonprofit corporation organized to attract, stimulate and enhance business activity in downtown Long Beach (the City). To meet these goals, DLBA conducts marketing and public relations campaigns, holds special events, and provides a range of services, including maintenance functions and a guide program for downtown businesses and residents. DLBA also addresses specific merchant issues in order to improve the business atmosphere in the City.

Basis of Presentation of Financial Statements

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization are classified and reported as described below:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Management may designate net assets without restrictions for general operational purposes from time to time.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity.

At September 30, 2021 and 2020, the Organization did not have either net assets without donor restrictions or net assets with donor restrictions.

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions and increases that net asset class. When a donor's 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 statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Contributions, including pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When considered necessary, an allowance is recorded based on management's estimate of uncollectability, including such factors as prior collection history, type of contributions, and nature of fund-raising activities. Conditional promises to give are not included as support until the conditions are substantially met.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support and revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

At September 30, 2021 and at various times during the year, the Organization maintained cash balances with financial institutions in excess of federally insured limits.

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management’s assessment of the credit history and relationships regarding outstanding balances, it has concluded that realization of losses on balances outstanding at year-end will be immaterial. Accounts identified as uncollectible are written off to bad debt expense.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation expense has been computed using the straight-line method over the estimated useful lives of three to nine years. Expenditures for repairs are expensed as incurred and major additions, renewals, and betterments are capitalized.

Advertising Costs

The Organization expenses its advertising and promotion costs as incurred. Total advertising costs for the years ended September 30, 2021 and 2020 were \$27,554 and \$52,174, respectively.

Support and Revenue Recognition

The Economic Development contract with the Downtown Parking and Business Improvement Area (DPBIA) has a special assessment associated with business licenses in the area. This contract has the same fiscal year as the Organization and has been ratified by the Long Beach City Council for the year ended September 30, 2021. The Organization is provided these funds to benefit citizens of Long Beach by promoting business in downtown Long Beach.

The Economic Development contract with the Property Based Improvement District (PBID) has a special assessment associated with the real properties in the area. The PBID contract was adopted by the City Council in January 2013, is effective through December 2022, and includes provisions for review and adjustment after five years. The Organization is provided these funds to benefit citizens of Long Beach to promote business in downtown Long Beach.

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Support and Revenue Recognition (Continued)

The above contracts are contingent upon changes in rates on a year-to-year basis, success in collection of the above funds from the residents and businesses, and continued support from the Long Beach City Council. Also, in the event that the Organization does not contract with the City in any year, the Organization is required to return any funds in excess of expenditures classified as deferred revenue.

The Organization recognizes contract revenue from its contracts with the City when the revenue is fixed and determinable and conditions are met. The contract is adjusted monthly based on expenditures for the year. Any excess funds not expended are classified as deferred revenue and carried over for use in the next period. Consequently, at September 30, 2021 and 2020, conditional contributions of \$2,042,490 and \$2,052,143, respectively, have not been recognized in the accompanying statements of activities because the conditions on which they depend have not yet been met.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional contributions - that is, 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.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities based upon the relative benefit received. All categories of expenses that are not directly related are allocated to one or more programs and supporting functions based on the estimates of time and effort involved.

Income Taxes

DLBA is exempt from federal income taxes under Internal Revenue Code Section 501(c)(6) and exempt from California franchise tax under Revenue and Taxation Code Section 23701(e).

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in *Leases (Topic 840)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and functional expenses. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

Reclassification Footnote

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Subsequent Events

The Organization’s management has evaluated subsequent events from the statements of financial position date through January 13, 2022, the date the financial statements were available to be issued for the year ended September 30, 2021, and except as described below, determined that there were no other items to disclose.

In November 2021, the Organization paid approximately \$225,000 in contractual amounts due in accordance with terms of an executive employment contract.

NOTE 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,816,569	\$ 1,012,327
Accounts receivable	692,602	1,143,276
Other receivables	394	28,530
	<u>2,509,565</u>	<u>2,184,133</u>
Less amounts not available to be used within one year due to:		
Three-month reserve required for PBID contract	(706,040)	(525,534)
Financial assets available to meet general expenditures within one year	<u>\$ 1,803,525</u>	<u>\$ 1,658,599</u>

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Liquidity and Availability (Continued)

Downtown Long Beach Alliance maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – Furniture and Equipment

Furniture and equipment consists of the following:

	September 30,	
	2021	2020
Office equipment	\$ 156,904	\$ 156,904
Operational equipment	200,814	200,814
Office furniture	86,562	86,562
	444,280	444,280
Less accumulated depreciation	(406,672)	(381,270)
	\$ 37,608	\$ 63,010

Depreciation expense for the years ended September 30, 2021 and 2020 was \$25,402 and \$24,177, respectively.

NOTE 4 – DPBIA and PBID Revenue

As discussed in Note 1, deferred revenue is recognized on contract revenue in excess of expenditures and is recorded as an increase (or decrease) of current year contract revenue.

Revenue reported consists of the following:

	For the Year Ended	
	September 30,	
	2021	2020
Downtown Parking and Business Improvement Area funds (DPBIA)	\$ 594,382	\$ 716,160
Property Based Improvement District funds (PBID)	\$ 2,820,592	\$ 2,686,818
Deferral adjustment	(31,609)	(417,677)
	\$ 2,788,983	\$ 2,269,141

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 4 – DPBIA and PBID Revenue (Continued)

As of September 30, 2021, deferred revenue represents funds required to be reserved by contract or that are designated by the Board of Directors for future projects should the contract with the City be discontinued (see Note 1) as follows:

Three-month reserve for PBID contract	\$ 706,040
Unallocated PBID from 2018-2021	960,939
Reserve for DPBIA	114,953
City Funds – Parking Meter	239,854
Administration	23,852
Marketing and Communications	5,600
Special Events	299
Capital Improvements	<u>6,203</u>
	<u>\$ 2,057,740</u>

NOTE 5 – Paycheck Protection Program and Provider Relief Funds

Paycheck Protection Program

In March 2020, Congress passed the Paycheck Protection Program (PPP), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities and interest on mortgages. Loans obtained through the Paycheck Protection Program are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

In March 2021, the Company received a loan in the amount of \$160,097 through the PPP. In August 2021, the Company received notification from the Small Business Administration (SBA) that the loan from the PPP loan were forgiven in full, and recognized the income from this loan forgiveness as income on the statements of activities.

Provider Relief Funds

In October 2021 the City of Long Beach granted the Organization a portion of the funds the City received from the Coronavirus Relief Fund. These funds were awarded to cover a portion of additional costs and expenses incurred by the Organization due to the COVID-19 outbreak and the related restrictions. The Organization has recognized the related grant income of \$229,342 as CARES Act grant income on the statement of activities.

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 6 – Commitments and Contingency

Operating Leases

The Organization is obligated under various operating leases for the rental of equipment and office facilities expiring in various years through May 2023. Future minimum lease commitments are as follows:

For the Year Ending September 30,	
2022	\$ 153,096
2023	<u>101,374</u>
	<u>\$ 254,470</u>

Office facility rental expense for the years ended September 30, 2021 and 2020 was \$191,220 and \$173,369, respectively. Equipment rental expense under cancelable and noncancelable operating leases for the years ended September 30, 2021 and 2020 was \$41,304 and \$23,599, respectively.

Maintenance Service Contracts

The Organization has entered into an agreement for pressure washing services and Downtown ambassador services through December 2022. Total compensation to the vendor over the duration of the contract shall not exceed \$4.5 million unless it is formally amended. The Organization is also responsible for payment of health care costs for up to six employees of the vendor.

Contingency

An audit may be performed by a City of Long Beach representative regarding the PBID and DPBIA contracts. Should such audit disclose any unallowable costs, the Organization may be liable to the City of Long Beach for reimbursement of such costs. In the opinion of the Organization’s management, the effect of any disallowed costs would be immaterial to the financial statements at September 30, 2021.

DOWNTOWN LONG BEACH ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 6 – Commitments and Contingency (Continued)

Legal

The Organization may be involved in various claims and lawsuits arising in the normal course of its operations. The Organization’s management believes it has adequate defenses and insurance coverage for these actions.

NOTE 7 – Retirement Plans

The Organization sponsors a discretionary salary savings plan, including a 401(k) provision, which allows employee and employer contributions. The plan covers all salaried employees meeting certain eligibility requirements. Employer contributions for the years ended September 30, 2021 and 2020 was \$25,408 and \$26,831, respectively.

NOTE 8 – Organization Risks Associated with the Impact of COVID-19

The Organization’s operations may continue to be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak and related restrictions is uncertain; however, possible effects may include, but are not limited to, reduction in revenue from contracts with the City of Long Beach and a reduction in revenue from parking meters and special events, which could result in a material impact on the Organization’s financial position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and management is in the process of evaluating the continued impact on the business and its financial statements.