

**PRELIMINARY DRAFT STAMP  
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**DOWNTOWN LONG BEACH ALLIANCE**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**(WITH SUMMARY COMPARATIVE INFORMATION FOR 2023)**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Downtown Long Beach Alliance

***Opinion***

We have audited the accompanying financial statements of Downtown Long Beach Alliance (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Long Beach Alliance (the Organization) as of September 30, 2024, 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.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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Long Beach, California

[REPORT DATE]

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**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**ASSETS**

	<b>2024</b>	<b>2023</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 587,288	\$ 1,113,344
Accounts receivable	678,347	763,264
Prepaid expenses	159,480	93,927
	<u>1,425,115</u>	<u>1,970,535</u>
<b>FURNITURE AND EQUIPMENT, net</b>	<u>145,086</u>	<u>8,172</u>
<b>OTHER ASSETS</b>		
Operating lease right-of-use assets	2,191,390	-
Deposits	16,434	16,434
	<u>2,207,824</u>	<u>16,434</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,778,025</u>	<u>\$ 1,995,141</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 435,781	\$ 318,297
Deferred revenue (Note 4)	1,040,202	1,676,844
Operating lease liabilities, current portion	159,872	-
	<u>1,635,855</u>	<u>1,995,141</u>
<b>NONCURRENT LIABILITIES</b>		
Operating lease liabilities, net of current portion	<u>2,142,170</u>	<u>-</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 7)</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,778,025</u>	<u>\$ 1,995,141</u>

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

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**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>	<b>2023</b>
<b>SUPPORT AND REVENUE</b>		
Downtown Parking and Business Improvement Area (DPBIA) assessments	\$ 761,730	\$ 727,526
City funds	304,864	253,569
Property Based Improvement District (PBID) assessments	3,854,928	3,482,146
	4,921,522	4,463,241
 <b>OTHER SUPPORT</b>		
Grants	74,491	133,607
Sponsorships	146,102	155,130
Program service revenue	922,622	670,761
Interest income	24,469	3,283
	1,167,684	962,781
Total Support and Revenue and Other Support	6,089,206	5,426,022
 <b>EXPENSES</b>		
Program Services		
Downtown enhancement	2,318,247	2,055,124
Clean and safe services	3,412,042	3,040,950
	5,730,289	5,096,074
Supporting Services		
General and administrative	358,917	329,948
Total Expenses	6,089,206	5,426,022
 <b>CHANGE IN NET ASSETS</b>	-	-
 <b>NET ASSETS WITHOUT DONOR RESTRICTION, BEGINNING OF YEAR</b>	-	-
 <b>NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR</b>	\$ -	\$ -

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

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**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	Program Services			Supporting	Totals	
	Downtown Enchancement	Clean and Safe Services	Total	General and Administrative	2024	2023
Salaries and related expenses	\$ 971,872	\$ 386,105	\$ 1,357,977	\$ 257,402	\$ 1,615,379	\$ 1,465,038
Administrative services	7	3	10	2	12	31
Advocacy	47,008	2,986	49,994	1,990	51,984	76,820
Bad debt	6,349	2,540	8,889	1,693	10,582	8,121
Board contingency	-	-	-	-	-	1,072
Board meetings	3,721	1,489	5,210	992	6,202	4,155
Clean and safe services	-	2,815,459	2,815,459	-	2,815,459	2,561,666
Community and homeless outreach	-	66,061	66,061	-	66,061	2,645
Computers	110	44	154	29	183	2,365
Credit card merchant fees	5,278	2,112	7,390	1,408	8,798	5,442
Dues and subscriptions	2,186	875	3,061	583	3,644	2,675
Economic development	148,515	-	148,515	-	148,515	225,486
Employee recruitment	6,494	2,598	9,092	1,732	10,824	7,774
General insurance	33,244	13,298	46,542	8,865	55,407	81,807
Holiday party and gifts	6,043	2,417	8,460	1,611	10,071	7,327
Marketing and advertising	141,062	-	141,062	-	141,062	109,924
Office equipment leases	5,849	2,340	8,189	1,560	9,749	12,405
Office maintenance and repairs	-	-	-	-	-	1,618
Office rent	184,680	73,872	258,552	49,248	307,800	215,365
Office supplies	9,978	3,991	13,969	2,661	16,630	12,326
Placemaking	206,073	-	206,073	-	206,073	126,786
Postage	615	246	861	164	1,025	1,317
Professional services	55,064	22,454	77,518	20,208	97,726	105,318
Special event productions	451,220	-	451,220	-	451,220	346,851
Taxes	3,130	1,252	4,382	835	5,217	2,705
Telephone	14,205	5,682	19,887	3,788	23,675	24,458
Utilities	2,099	840	2,939	560	3,499	2,217
Depreciation	13,445	5,378	18,823	3,586	22,409	12,308
<b>Total Expenses</b>	<b>\$ 2,318,247</b>	<b>\$ 3,412,042</b>	<b>\$ 5,730,289</b>	<b>\$ 358,917</b>	<b>\$ 6,089,206</b>	<b>\$ 5,426,022</b>
2024 Percentage of Total Expenses	38%	56%	94%	6%	100%	
2023 Percentage of Total Expenses	38%	56%	94%	6%		100%

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

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	22,409	12,308
Change in operating assets and liabilities:		
Accounts receivable	84,917	793,258
Prepaid expenses	(65,553)	(58,097)
Accounts payable and accrued expenses	117,484	(8,564)
Deferred revenue	(636,642)	(343,430)
Operating lease right-of-use assets and liabilities	110,652	-
Net Cash Provided By (Used In) Operating Activities	(366,733)	395,475
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(159,323)	-
Net Cash Used In Investing Activities	(159,323)	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(526,056)	395,475
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,113,344	717,869
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 587,288	\$ 1,113,344

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



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**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**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: without donor restrictions and with 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 statement 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, 2024 and 2023, the Organization did not have net assets without donor restrictions or net assets with donor restrictions.

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**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 in 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 statement 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 fundraising 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 (U.S. GAAP). 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 statement 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, 2024, and at various times during the year, the Organization maintained cash balances with financial institutions in excess of federally insured limits. Historically, the Organization has not experienced any losses in such accounts.

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**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024  
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**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.

***Lease Arrangements***

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period along with other facts and circumstances. For contracts that extend for a period greater than 12 months, the Organization recognizes right-of-use assets and corresponding lease liabilities. The Organization recognizes the exercise of any renewal options in the measurement of the lease assets and liabilities when it is reasonably certain it will exercise them and they are at the sole discretion of the Organization. The present value of each lease is based on the future minimum lease payments in accordance with ASC 842 and is determined by discounting those payments using a risk-free discount rate with a period comparable with that of the lease term.

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**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

***Long-Lived Assets***

The Organization reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment to the recorded values of the Organization's long-lived assets.

***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, 2024. The Organization is provided these funds to benefit citizens of Long Beach by promoting business in the City.

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, was effective through December 2022, and includes provisions for review and adjustment after five years. In May 2022, the PBID contract was renewed for another ten-year term through December 2032. The Organization is provided these funds to benefit citizens of Long Beach to promote business in the City.

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024  
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**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

***Support and Revenue Recognition (Continued)***

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 are carried over for use in the next period. Consequently, at September 30, 2024 and 2023, conditional contributions of \$1,040,202 and \$1,676,844, respectively, have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met.

***Advertising Costs***

The Organization expenses its advertising and promotion costs as incurred. Total advertising costs for the years ended September 30, 2024 and 2023 were \$80,360 and \$78,239, respectively.

***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 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).

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.

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**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

***Recently Adopted Accounting Pronouncement***

Beginning October 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Organization to use forward-looking information to better formulate its credit loss estimates. The impact of adopting the standard on the financial statements was not significant.

***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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

***Subsequent Events***

The Organization's management has evaluated subsequent events from the statement of financial position date through [REPORT DATE], the date the financial statements were available to be issued for the year ended September 30, 2024.

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**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 statement of financial position date, comprise the following:

	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Financial Assets:</b>		
Cash and cash equivalents	\$ 587,288	\$ 1,113,344
Accounts receivable	678,347	763,264
	<u>1,265,635</u>	<u>1,876,608</u>
Less amounts not available to be used within one year due to:		
Three-month reserve required for PBID contract	<u>(1,035,856)</u>	<u>(991,250)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 229,779</u>	<u>\$ 885,358</u>

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

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**NOTE 3 – Furniture and Equipment**

Furniture and equipment consist of the following:

	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
Office equipment	\$ 177,017	\$ 156,904
Operational equipment	240,458	200,814
Office furniture	186,128	86,562
	603,603	444,280
Less accumulated depreciation	(458,517)	(436,108)
	<b>\$ 145,086</b>	<b>\$ 8,172</b>

Depreciation expense for the years ended September 30, 2024 and 2023 was \$22,409 and \$12,308, respectively.

**NOTE 4 – DPBIA and PBID Revenue**

As discussed in Note 1, deferred revenue is recognized as 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:

	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
Downtown Parking and Business Improvement Area assessments (DPBIA)	\$ 761,730	\$ 727,526
Property Based Improvement District assessments (PBID)	\$ 3,464,049	\$ 3,420,208
Deferral adjustment	390,879	61,938
	<b>\$ 3,854,928</b>	<b>\$ 3,482,146</b>



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**NOTE 4 – DPBIA and PBID Revenue (Continued)**

As of September 30, 2024, 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	\$ 1,035,856
Economic Development	58,000
Reserve for DPIA	41,708
City Funds – parking meter	15,290
Administrative	<u>(110,652)</u>
	<u>\$ 1,040,202</u>

**At September 30, 2024, a reduction to deferred revenue was recognized for the impact of recognizing lease expense under GAAP and classified as future administrative funds.**

**NOTE 5 – City of Long Beach Recovery Act Grant**

In June 2022, the City of Long Beach granted the Organization a portion of the funds the City received from the American Rescue Plan Act. These funds were awarded to help support businesses and local economic recovery in Parking and Business Improvement Areas and Business Improvement Districts (“BIDs”) through the COVID-19 pandemic. During the year ended September 30, 2024, the Organization recognized the remaining \$68,250 of the \$273,000 grant as revenue in the accompanying statement of activities, which is included in PBID assessments revenue line item.

**NOTE 6 – Lease Arrangements**

The Organization leases its office under an operating lease, which commenced January 1, 2024 and expires in 2032, with no renewal option to extend.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 – Lease Arrangements (Continued)**

Operating lease expenses included in the statement of functional expenses were as follows:

	<b>For the Year Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Operating lease costs	\$ 237,708	\$ -
Short term and other	70,092	-
	\$ 307,800	\$ -

The following summarizes the cash flow information related to operating leases for the years ended September 30, 2024 and 2023:

	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 127,055	\$ -
Noncash investing and financing activity:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 2,360,270	\$ -

At September 30, 2024, the weighted-average remaining lease term was 8.25 years and the discount rate used in the measurement of the operating lease liabilities was 3.95%.

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**DOWNTOWN LONG BEACH ALLIANCE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 6 – Lease Arrangements (Continued)**

The maturities of operating lease liabilities as of September 30, 2024 are as follows:

Year Ending September 30,	Operating Leases
2025	\$ 247,120
2026	267,618
2027	317,298
2028	340,701
2029	350,922
Thereafter	1,201,780
Total minimum lease payments	2,725,439
Less amount representing interest	(423,397)
Present value of minimum lease payments	2,302,042
Less current portion	(159,872)
	\$ 2,142,170

**NOTE 7 – Commitments and Contingencies**

***Maintenance Service Contracts***

The Organization entered into an agreement for pressure washing services and Downtown Ambassador Services through September 2026. Total compensation to the vendor over the duration of the contract shall not exceed \$2.55 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 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, 2024.

**PRELIMINARY DRAFT STAMP  
Subject to Change  
For Management Review Only**

**DOWNTOWN LONG BEACH ALLIANCE**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 7 – Commitments and Contingencies (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 8 – 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, 2024 and 2023 was \$28,380 and \$23,167, respectively.