

**GATEWAY TO L.A., INC.**

(A Not-For-Profit Organization)

**FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

**RICHARD MOON & ASSOCIATES**

CERTIFIED PUBLIC ACCOUNTANTS



## Richard Moon & Associates

An Accountancy Corporation  
Certified Public Accountants • Income Tax Planners

### Independent Accountant's Review Report

Board of Directors  
Gateway to L.A., Inc.  
Los Angeles, California

I have reviewed the accompanying financial statements of Gateway to L.A., Inc. (a not-for-profit organization) which comprise of the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows, for the years 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 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, I do not express such an opinion.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement 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 the financial statements that are free from material misstatement whether due to fraud or error.

#### Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my report.

#### Accountant's Conclusion

Based on 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 accounting principles generally accepted in the United States of America.

*Richard Moon & Associates, CPA's*

April 30, 2018

**GATEWAY TO L.A., INC.**  
(A Not-For-Profit Organization)  
**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
For The Years Ended  
December 31, 2017 and 2016  
(See Accountants' Review Report and Accompanying Notes)

	<u>2017</u>	<u>%</u>	<u>2016</u>	<u>%</u>
Revenues				
Member assessments	\$ 939,932	92.3	\$ 892,674	79.6
Ocean Express Operations	67,910	6.7	194,312	17.3
Other income	10,865	1.1	35,522	3.2
	<u>1,018,707</u>	<u>100.0</u>	<u>1,122,508</u>	<u>100.0</u>
Direct program services	613,128	60.2	728,821	64.9
Office & Insurance	131,306	12.9	107,094	9.5
Administrative Costs	151,916	14.9	130,454	11.6
Consulting Services	58,839	5.8	58,562	5.2
Marketing & Promotion	74,863	7.3	115,862	10.3
	<u>1,030,052</u>	<u>101.1</u>	<u>1,140,795</u>	<u>101.6</u>
Change in net assets from operations	(11,345)	(1.1)	(18,287)	(1.6)
Interest income	614	0.1	1,909	0.2
Change in net assets	<u>(10,731)</u>	<u>(1.0)</u>	<u>(16,477)</u>	<u>(1.4)</u>
Net assets, beginning of year	144,020		160,497	
Net assets, end of year	<u>\$ 133,289</u>		<u>\$ 144,020</u>	

# GATEWAY TO L.A., INC.

(A Not-For-Profit Organization)

## STATEMENTS OF FUNCTIONAL EXPENSES

### Supporting Services

For The Years Ended December 31, 2017 and 2016

(See Accountants' Review Report and Accompanying Notes)

	<u>2017</u>	<u>%</u>	<u>2016</u>	<u>%</u>
<b>Office &amp; Insurance</b>				
Amortization	\$ 1,970	0.2	\$ 985	0.1
Administrative assistance	810	0.1	1,899	0.2
Dues & subscriptions	3,935	0.4	4,660	0.4
Hospitality	7,668	0.8	11,092	1.0
Insurance	34,657	3.4	28,387	2.6
Miscellaneous	6,821	0.7	12,377	1.1
Office equipment	1,960	0.2	1,513	0.1
Office supplies	2,664	0.3	4,548	0.4
Payroll services	3,051	0.3	2,479	0.2
Postage shipping	698	0.1	204	0.0
Office Lease	59,063	5.6	32,085	2.9
Telephone	7,808	0.8	6,885	0.6
	<u>\$ 131,306</u>	<u>12.9</u>	<u>\$ 107,094</u>	<u>0.5</u>
 <b>Administrative Costs</b>				
BBID Executive Director	<u>\$ 151,916</u>	<u>14.9</u>	<u>\$ 130,454</u>	<u>11.6</u>

# GATEWAY TO L.A., INC.

(A Not-For-Profit Organization)

## STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2017 and 2016

(See Accountants' Review Report and Accompanying Notes)

	<u>2017</u>	<u>2016</u>
Increase (decrease) in net assets	\$ (10,731)	\$ (16,477)
Amortization expense	7,298	6,313
Cash flows from operating activities:		
Increase (decrease) in accounts receivable	63,631	24,759
Increase (decrease) in prepaid expenses	(2,209)	2,315
Increase (decrease) in accounts payable	(10,362)	(24,871)
Increase (decrease) in deposits	-	(5,437)
Increase (decrease) in capital reserve	-	-
Net cash provided by Operating Activities	<u>47,628</u>	<u>(13,398)</u>
Cash flows from investing activities:		
Increase (decrease) in investing activities	<u>-</u>	<u>(19,704)</u>
Net increase (decrease) in cash	47,628	(33,102)
Cash and cash equivalents at beginning of year	<u>17,867</u>	<u>50,969</u>
Cash and cash equivalents at end of year	<u>\$ 65,495</u>	<u>\$ 17,867</u>

**GATEWAY TO L.A., INC.**  
(A Not-For-Profit Organization)  
**Notes To Financial Statements**  
**December 31, 2017 and 2016**  
(See Accountants' Review Report)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue**

The largest source of revenue for GTLA is the annual assessment of its members.

**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, GTLA considers all highly liquid investments with an original maturity of three months or less to be cash.

**Accounts Receivable**

Accounts receivable represent amounts due from the County of Los Angeles for BID assessments and Ocean Express tram service from hotels in the local area. Management performs ongoing credit evaluations and has determined the outstanding balances are fully collectible at December 31, 2017 and 2016.

**Reclassification**

Certain amounts from the prior year have been reclassified to conform to current year presentation.

**NOTE 2 INCOME TAXES**

GTLA is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. It is also exempt from state franchise taxes.

**NOTE 3 CONCENTRATION OF CREDIT RISK**

GTLA maintains its cash balance in financial institutions located in Los Angeles, California. The Federal Deposit Insurance Corporation insures balances up to \$250,000. As of December 31, 2017 and 2016, GTLA has no significant concentrations of credit risk.

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 December 31, 2017 and 2016  
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**NOTE 8 BID RENEWAL COSTS**

Gateway to L.A. incurred costs for the renewal of the agreement with the City of Los Angeles. The costs are to be amortized ratably over the length of the ten year period of the agreement, beginning in 2016.

**NOTE 9 MOBILE APPLICATION**

Gateway to L.A. has undertaken to develop and mobile application for cell phones that would be available to be down loaded for no costs to the user. All the expenditures have been expensed as incurred.

**NOTE 10 OTHER INCOME**

Other income is comprised of the following major categories:

	<u>2017</u>	<u>2016</u>
Holiday Luncheon Revenues	\$ -	\$18,100
Individual Memberships	1,000	1,500
Kingpin Challenge	4,500	-
L. A. Fire Dept. Fund Raiser	-	10,438
City of Los Angeles	5,365	5,209
Miscellaneous	-	275
	<u>\$10,865</u>	<u>\$35,522</u>
	=====	=====

**NOTE 11 BOARD DESIGNATED NET ASSETS**

In accordance with board of director's approval, GTLA set aside \$50,000 in 2015 for capital expenditures and special projects. Unused funds did revert to undesignated funds. Effective with the new ten year extension with the City of Los Angeles, GTLA can no longer set aside funds for capital projects.

**NOTE 11 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 30, 2017, the date the financial statements were available to be issued.