DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
(A Non-profit Corporation)

FINANCIAL STATEMENTS

Year Ended December 31, 2025
(With comparative totals for 2024)

DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT

TABLE OF CONTENTS

Year Ended December 31, 2025

FABIO VASCO, CPA, INC. *Member: AICPA & CALCPA Society*
CPA and Business Consultant *Licensed by the CA Board of Accountancy*

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Los Angeles, California

I have reviewed the accompanying financial statements of Downtown Los Angeles Property Owners Association, dba LA Fashion District Business Improvement District (the "Association" or the "BID") (a California tax-exempt nonprofit mutual benefit corporation), which comprise the Statement of Financial Position as of December 31, 2025, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to 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 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 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 engagement 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 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 conclusion.

I am required to be independent of the Association and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

11304 Chandler Blvd #6160, N. Hollywood, CA 91603; Tel 818.642.0859

INDEPENDENT ACCOUNTANT'S REVIEW REPORT - CONTINUED

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 accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

The financial statements of Downtown Los Angeles Property Owners Association's December 31, 2024 were reviewed by other accountants and whose report dated May 29, 2025, stated that based on their review, they were not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. I am not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended, for it to be consistent with the reviewed financial statements from which it has been derived.

Certified Public Accountant
N. Hollywood, California
June 24, 2026

DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Statement of Financial Position
December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS	Reviewed	Reviewed
Current Assets:		
Cash and Cash Equivalents (Note 3)	$ 1,006,818	$ 1,211,261
Assessments Receivable, net of allowance for uncollected assessments of $133,099 and $125,756 for 2025 and 2024, respectively (Note 2)	-	-
Accounts Receivable (Note 4)	77,321	47,059
Prepaid Expenses (Note 4)	78,373	182,828
Total Current Assets	1,162,512	1,441,148
Property and Equipment (Note 2):		
Field Equipment	157,937	305,879
Website	32,694	32,694
Leasehold Improvements	121,997	121,997
Computers	46,997	46,997
Furniture and Fixtures	32,245	32,245
	391,870	539,812
Less Accumulated Depreciation and Amortization	(333,727)	(402,567)
Net Property and Equipment	58,143	137,245
Operating Lease - Right of Use Assets, net (Notes 2, 8)	220,252	395,389
Total Assets	$ 1,440,907	$ 1,973,782
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 436,191	$ 415,353
8th and San Pedro Median Project Funds	27,488	26,377
BID Consortium Funds	4,583	4,486
Operating Lease Liabilities, current portion (Notes 2, 8)	200,489	191,794
Total Current Liabilities	668,751	638,010
Operating Lease Liabilities, net of current portion (Notes 2, 8)	33,567	224,474
Commitments and Contingencies (Notes 8, 9, 12)	-	-
Total Liabilities	702,318	862,484
Net Assets Without Donor Restrictions (Note 5):		
Designated for 2026 Operating Budget	388,744	415,524
Designated for 2025 MTA's Projects Matching Funds (Santee Alley)	-	12,076
Designated for Capital Equipment Purchases in 2026	45,329	50,000
Designated for Capital Equipment Purchases in 2027	93,000	-
Designated for Tree Trimming in 2027	75,000	-
Designated for Operating Needs in 2026	-	313,625
Designated for Prepaid Expenses in 2026	78,373	182,828
Investment in Existing Property and Equipment (net of accm. depreciation)	58,143	137,245
Total Net Assets Without Donor Restrictions	738,589	1,111,298
Total Liabilities and Net Assets	$ 1,440,907	$ 1,973,782

See accompanying independent accountant's review report and notes to financial statements

DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Statement of Activities
Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025 Reviewed	2024 Reviewed
Changes in Net Assets Without Donor Restrictions:		
BID REVENUES (Note 2):		
Assessment Revenue:		
Business Improvement District - Assessments	$ 5,983,735	$ 5,698,076
Collection of Prior Years' Unpaid Assessments	59,521	118,568
Collection of Penalties and Interest	44,155	43,276
	6,087,411	5,859,920
Other Revenues		
General Benefit Revenue	141,188	133,986
Investment Income	103,908	133,981
Legal Fees Reimbursement	-	65,000
Grant	-	25,000
Miscellaneous Other Revenues	7,454	4,210
Gain from Disposal of Capital Equipment	8,531	1,200
	261,081	363,377
BID Revenues	6,348,492	6,223,297
OVERLAY REVENUES (Note 2):		
Santee Alley - Overlay Assessments (pass-through)	945,640	873,450
Santee Alley - General Benefit Revenue (pass-through)	22,247	20,600
Overlay Revenues Sub-Total	967,887	894,050
TOTAL REVENUES	7,316,379	7,117,347
EXPENSES:		
BID FUNCTIONAL EXPENSES (Note 13):		
Cleaning	3,140,477	3,203,121
Safety	1,968,186	1,847,904
Communication	418,891	397,091
Special Projects	329,500	348,617
Management	493,381	422,095
Provision for Uncollected Assessments	229,825	222,521
Depreciation and Amortization	46,085	78,519
BID Renewal	64,235	-
City and County Administrative Fees	30,621	29,093
BID Functional Expenses	6,721,201	6,548,961
OVERLAY EXPENSES (Note 2):		
Santee Alley Overlay (pass-through)	967,887	894,049
Overlay Expenses	967,887	894,049
TOTAL EXPENSES	7,689,088	7,443,010
(Decrease) in Net Assets Without Donor Restrictions	(372,709)	(325,663)
NET ASSETS - Beginning of Year	1,111,298	1,436,961
NET ASSETS - End of Year	$ 738,589	$ 1,111,298

DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Statement of Cash Flows
Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025 Reviewed	2024 Reviewed
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets Without Donor Restrictions	$ (372,709)	$ (325,663)
Adjustments to Reconcile Change in Net Assets to		
Net Cash and Cash Equivalents (Used-in) Operating Activities:		
Depreciation and Amortization	46,085	78,519
(Gain) on Disposal of Equipment	(8,531)	(1,200)
Non-cash lease expense	(7,075)	(2,175)
Changes in Current Assets and Liabilities:		
Accounts Receivable	(30,262)	1,380
Prepaid Expenses	104,455	(65,424)
Accounts Payable and Accrued Expenses	20,838	67,015
8th and San Pedro Median Project Funds	1,111	1,256
BID Consortium Funds	97	4,486
Net Cash and Cash Equivalents (Used-in) Operating Activities	(245,991)	(241,806)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchases) of Equipment	(5,952)	(48,024)
Proceeds from Sale of Equipment	47,500	1,200
Net Cash and Cash Equivalents (Used-in) Provided by Investing Activities	41,548	(46,824)
Net (Decrease) Increase in Cash and Cash Equivalents	(204,443)	(288,630)
CASH AND CASH EQUIVALENTS, beginning of year	1,211,261	1,499,891
CASH AND CASH EQUIVALENTS, end of year	$ 1,006,818	$ 1,211,261

Supplemental Disclosure of Cash Flow Information:
The Association's net investing activities above comprised the following: equipment purchase of one e-bicycle $5,952; equipment disposals with an original cost of $153,894 comprised of eight bicycles and one 2020 Isuzu Street Sweeper Truck, with $47,500 cash proceeds and $8,531 gain recognized.

(1) NATURE OF ORGANIZATION

Downtown Los Angeles Property Owners Association, (the "Association"), dba LA Fashion District Business Improvement District, is a 501(c)(6) tax-exempt nonprofit mutual benefit corporation dedicated to helping the community (LA Fashion District) be a clean, safe, and friendly place to work, shop, live and do business through cleaning, safety and marketing programs. Launched in January 1996, the LA Fashion District Business Improvement District ("BID") was the first property-based BID in Los Angeles.

A 15-member Board of Directors, consisting of LA Fashion District property owners, oversees the management of the BID. A 7-member management and staff team directs the day-to-day operation of BID programs and serves as a liaison between property owners and city government.

The specific purpose of the Association is to advocate, facilitate and/or direct improved public safety, sidewalk, graffiti and streetscape cleaning programs, and other projects that contribute to a cleaner, safer, well-managed section of Los Angeles known as the LA Fashion District. The Association consists of property owners located within the LA Fashion District's 107 block BID.

The Association's viability and its revenues depend upon renewal of the BID by the member property owners and the Los Angeles City Council (the "City"), and continuation of a performance agreement with the City to administer the BID funds and services in accordance with the Management District Plan. In 2018 the BID was successfully renewed for a sixth term beginning January 1, 2019 through December 31, 2026.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation
The financial statements of the Association have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The Association 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, revenues, contributions, gains and losses are classified based on the existence or absence of donor or grantor-imposed (program or time) restrictions.

(b) Reclassification
Certain prior year account balances may have been reclassified to conform to the current year presentation or to more accurately present the nature of the account balances with no effect on previously reported net assets.

(c) Revenue Recognition
Assessment revenue is recognized when billed and consists of real estate special assessments levied on property parcels based on benefits received, as approved by the member property owners and the City of Los Angeles in the Management District Plan. Unspent funds are rolled forward in net assets available to assist in covering the following years' Association operations.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue Recognition (Continued)

Parcels with footage fronting the Santee Alley pay an additional Santee Alley Overlay assessment to fund additional services inside the Santee Alley as a separate overlay under the Management District Plan. Under agreement between the Association and the Santee Maple Alley Association ("SMAA"), the Association acts as fiscal agent for SMAA and receives the overlay assessments from the City and fully transfers those overlay assessments to SMAA as a pass-through in the Association's financials. The 2025 revenue was composed of $945,640 billed overlay assessments and $22,247 general benefit funds paid by the City of Los Angeles.

The City and County of Los Angeles coordinate the levy and collection of all current-year assessments and prior years' unpaid assessments, penalties and interest, which for the years ended December 31, 2025 and 2024 totaled $6,087,411 and 5,859,920, respectively (excluding the Santee Alley Overlay). The costs directly associated with the administration of this program were reimbursed to the City and County of Los Angeles, $30,621 and $29,093 for the years ended December 31, 2025 and 2024, respectively.

(d) Assessments Receivable and Allowance for Doubtful Accounts

Management believes that the collection of assessments relating to certain parcels is unknown and, accordingly, has established an allowance against assessments receivable. The Association's policy, consistent with conservative practice, is to reserve 100% of unpaid assessments receivable. At December 31, 2025 and 2024, the allowances for uncollected assessments receivable were $133,099 and $125,756, respectively, and composed of only outstanding private-parcel assessments. The $133,099 balance was composed of the $125,756 uncollected assessments at December 31, 2024, less $60,573 collections received in 2025, plus $229,825 total uncollected 2025-year assessments, less the following 2025 written-off assessments which were deemed as uncollectable: LAUSD $89,403 (50% of total assessed), Caltrans $64,846 (100% of total assessed) and private parcels $7,659. These LAUSD, Caltrans and private parcels' write-offs occur every year and are budgeted for.

(e) General Benefit Revenue

Per the 2019-through-2026-year Management District Plan, assessments are reduced by an estimated 2.35% general benefit component within the Service Programs. The Association is required to use "non-assessment" funds to pay for the general benefit component. For years 2025 and 2024 the City of Los Angeles contributed non-assessment funds of $141,188 and $133,986 respectively for the regular BID assessment revenue and $22,247 and $20,600 respectively for the Santee Alley Overlay assessment revenue.

(f) Other Revenues

Other revenues for 2025 were: general benefit $141,188, investment income $103,908, miscellaneous other revenue $7,454, and gain from disposal of equipment $8,531. Other revenues for 2024 were: general benefit $133,986, investment income $133,981, legal fees reimbursement regarding a 2021-2022 lawsuit's decision appeal $65,000, CD-14 grant for additional security $25,000, miscellaneous other revenue $4,210, and gain from disposal of equipment $1,200.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Concentration of Credit Risk
Financial instruments that subject the Association to potential concentration of credit risk consist principally of cash and cash equivalents, money market accounts and investments in certificates of deposit. The Association maintains its cash, money market accounts and investments in City National Bank and Merrill Lynch. Bank balances and money market accounts are subject to coverage by the Federal Deposit Insurance Corporation, the Securities Investor Protection Corporation up to statutory limits and by other bank-provided private insurance. The Association has not experienced and does not anticipate any losses related to these balances.

(h) Cash and Cash Equivalents
Cash and cash equivalents include cash in bank, money market accounts and certificates of deposit.

(i) Property and Equipment
Property and equipment depreciation is provided by using the straight-line method over the estimated useful lives (3 to 8 years) of the individual assets. Leasehold improvements are amortized over the estimated useful lives, or the term of the related leases, whichever is shorter, using the straight-line method. Property and equipment purchases with a cost of $5,000 or greater are capitalized.

(j) Operating Lease - Right of Use Assets and Lease Liabilities
Right of use leased assets and the related liabilities are recognized at the lease commencement date and represent the right to use an underlying asset and lease obligations for the lease term. Right of use leased assets are measured at the initial value of the lease liability. Right of use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

(k) Advertising and Promotion
The Association expenses all costs for advertising and promotion as incurred. Such costs were $72,339 and $60,964 for years ended 2025 and 2024, respectively.

(l) Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

(m) Legal Assertions
Various claims, generally incidental to the conduct of normal business, are pending or threatened against the Association from time to time. While ultimate liability, if any, is presumably indeterminable, in the opinion of management, the ultimate resolutions will not have a materially adverse effect on the financial condition of the Association. As of June 24, 2026, the date of this report, there is one claim outstanding, but the ultimate resolution cannot be estimated at this time.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Fair Value Measurements

Fair Value Standards under FASB Accounting Standards Codification (ASC) 820-10 establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Quoted market prices are available in active markets for identical assets or liabilities as of the reporting date. The Association's money market funds at December 31, 2024 and 2023 are considered to be level 1 investments.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Unobservable inputs for the asset. In these situations, the Association develops inputs using the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

(o) Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the reviewed financial statements for the year ended December 31, 2024, from which the summarized information was derived.

(3) CASH AND CASH EQUIVALENTS FAIR VALUE MEASUREMENTS

At December 31, 2025 and 2024, the Association had cash and cash equivalents as follows:

Cash and Cash Equivalents	2025	2024
Money Market Account - Merrill Lynch (yield rate 3.76% at 12/31/2025)	$ 708,654	$ 642,881
Certificates of Deposit (yield rate 4.15% at 12/31/2025)	240,000	483,000
Checking Account - City National Bank	54,664	81,880
Emergency Cash Fund	2,500	2,500
Petty Cash Fund	1,000	1,000
	$ 1,006,818	$ 1,211,261

(4) ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	2025	2024
Santee Alley Receivable	$ 71,960	$ 35,750
Accrued Interest Receivable from Certificates of Deposit	4,011	10,746
Other Miscellaneous Receivable	1,350	563
Total Accounts Receivable	$ 77,321	$ 47,059
Prepaid Insurance	$ 34,979	$ 140,281
Refundable Deposits	15,900	15,900
Prepaid Rent	15,432	15,022
Other Prepaid Expenses	12,062	11,625
Total Prepaid Expenses	$ 78,373	$ 182,828

(5) NET ASSETS WITHOUT DONOR RESTRICTIONS

The Association allocates certain Net Assets Without Donor Restrictions to designated reserves to facilitate the spending policies established by the Board of Directors, subject to re-consideration as operational needs change. The net assets and changes therein have been classified and are reported as follows:

- Designated $388,744 for the 2026 Operating Budget: $30,000 is allocated for BID renewal. $358,744 is allocated to partially fund the provision by the cleaning and safety vendors of trucks and equipment (including related operating costs). These funds were originally accumulated for capital equipment replacement.
- Designated $45,329 for Capital Equipment Purchases in year 2026.
- Designated $93,000 for Capital Equipment Purchases in year 2027.
- Designated $75,000 for Tree Trimming in year 2027.
- Designated $78,373 for Prepaid Expenses - this amount represents the value of prepayments made for insurance, rent and other expenses, detailed in note 4. The related expenses will be recognized in 2026. Similar prepayments of these expenses are expected to be made in 2026.
- Designated $58,143 for Investment in Existing Property and Equipment - this amount represents the carrying value of property and capitalized equipment, at cost, net of accumulated depreciation and amortization.

(6) MAJOR VENDORS

For the years ended December 31, 2025 and 2024, approximately 59% and 59%, respectively, of the Association's total expenses (including the Santee Alley Overlay) were from two major vendors: Century Maintenance Group Inc. (for cleaning services) ($2,969,870 for 2025 and $2,896,327 for 2024), and Allied Universal Security Services (for safety services) ($1,560,878 for 2025 and $1,484,898 for 2024). At December 31, 2025, there was $324,696 owed to these vendors, which was included in accounts payable and accrued expenses in the Statement of Financial Position.

(7) RELATED PARTY TRANSACTIONS

The Association's Board of Directors has a conflict of interest policy in place that is intended to assure the Association stakeholders that the decisions of the Association are made objectively and with full knowledge of the involvement, if any, of the Board of Directors and staff. At times, during the course of the year the Association may determine that doing business with a Board member or related family member is in the best interest of the Association. These transactions are reviewed and approved by the Association's Board of Directors, with the involved Director(s) recusing themselves from voting. See also Note 8, Lease Commitments.

The Association had the following related party transactions. The Association paid $57,500 for 2025 and $51,700 for 2024 to Anjac Fashion Buildings LLC, a company owned by a Board member's family member, for the Administrative Office lease. No amounts were outstanding at year-end. The Association paid $32,750 for 2025 and $29,000 for 2024 to JF Public Affairs, a company owned by a Board member's family member, for consulting services. No amounts were outstanding at year-end.

Parcels with footage fronting the Santee Alley pay an additional Santee Alley Overlay assessment to fund additional services inside the Santee Alley as a separate overlay under the Management District Plan. Under agreement between the Association and the Santee Maple Alley Association ("SMAA"), the Association acts as fiscal agent for SMAA and receives the overlay assessments from the City and fully transfers those overlay assessments to SMAA as a pass-through in the Association's financial statements.

(8) OPERATING LEASE COMMITMENTS

In December 2018, the Association entered into an operating lease agreement with a related party for its **administrative office** for a 4-year term ending on January 31, 2023, with a fixed $100 increase to the monthly rent every year. In October 2022, the Association extended the lease for 49 additional months through February 28, 2027, with a continuing fixed $100 increase to the monthly rent every February 1. See also Note 7, Related Party Transactions.

In December 2018, the Association extended its operating lease agreement for its **field office** with an unrelated party for an additional 4-year term, ending on February 28, 2023, with 3% annual rent increases. In January 2023, the Association extended the lease for an additional 4-year term through February 28, 2027, with 3% annual rent increases every March 1 via the agreement's auto extension.

In December 2018, the Association extended its operating lease agreement with an unrelated party for the use of a vacant lot to store trash roll-off containers for a 4-year term, ending on January 31, 2023, with a fixed $50 increase to the monthly rent every year. In January 2023, the Association extended the lease for 4 additional years through January 31, 2027, with 3% annual rent increases every February 1.

In November 2022, the Association entered into an operating lease agreement with Xerox Financial Services for a Xerox C8155 (Xerox Copier) for a 63-month lease term ending on February 29, 2028, with an initial fixed monthly payment of $219, subject to an up to 15% increase every 12 months.

In December 2024, the Association entered into an operating lease agreement with Ford Credit for a 2024 Ford Explorer (Administrative Vehicle) for a 36-month lease term ending on December 3, 2027, with a fixed monthly payment of $691 for the term of the lease.

Quantitative Disclosures

The following table summarizes supplemental information for the years ended December 31:

	2025	2024
Total operating lease cost (all leases)	$ 188,402	$ 180,107
Total operating cash flows from operating leases (all leases)	$ 195,477	$ 182,282
Weighted-average remaining lease terms in months	25	37
Weighted-average discount rate (risk-free rate) operating leases	4%	4%

Lease liability maturities (net of imputed interest) following December 31, 2025 are as follows:

Year ending December 31,	Admin Office	Field Office	Trash Roll-offs Yard	Xerox Copier	Admin Vehicle	Totals
2026	$ 58,700	$ 91,623	$ 39,243	$ 2,628	$ 8,295	$ 200,489
2027	9,800	15,345	3,278	2,628	8,296	39,347
2028	-	-	-	657	-	657
Total	$ 68,500	$ 106,968	$ 42,521	$ 5,913	$ 16,591	240,493
					Less imputed interest	(6,437)
					Total net operating lease liability	234,056
					Less current portion	(200,489)
					Non-current portion	$ 33,567

(8) OPERATING LEASE COMMITMENTS (CONTINUED)

Rent expense for the two offices for the years ended December 31, 2025 and 2024 was $146,454 and $142,664, respectively, and is included in occupancy related costs in Note 13, Schedule of Expenses by Both Nature and Function.

(9) RETIREMENT PLAN

The Association sponsors a defined contribution SIMPLE IRA retirement plan covering all of the Association's employees, after 6 months of employment. The plan allows employee contributions up to statutory limits and employer-matching (fully vested and nonforfeitable) contributions up to 3% of an employee's annual compensation. For the years ended December 31, 2025 and 2024, the Association made employer matching contributions to the plan totaling $23,314 and $21,068 respectively.

(10) INCOME TAXES

The Association is a tax-exempt organization under Internal Revenue Code Section 501(c)(6) and Section 501(a) making it exempt from federal and state income taxes. Accordingly, no provision or benefit for federal or state income taxes is recorded in the accompanying financial statements.

The Association's income tax returns remain subject to examination. It's federal tax returns may be examined for tax years 2022 and later. State tax returns could be examined for tax years 2021 and later.

(11) SUBSEQUENT EVENTS

The Association has evaluated events subsequent to December 31, 2025, to assess the need for potential recognition or disclosure in the financial statements. Events were evaluated through June 24, 2026, the date the financial statements were available to be issued. Based upon this evaluation, no subsequent events occurred that require recognition or additional disclosure in the financial statements.

As of the date of this report, the Association's BID renewal effort for an additional 8-year period (2027-2034) reached the renewal petition threshold, ballots were mailed, public hearing scheduled and City Ordinance approval is expected during the July 1, 2026 Council meeting.

(12) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Association's financial assets as of the Statement of Financial Position at December 31, 2025, reduced, if any, by amounts not available for general use because of contractual or donor-imposed restrictions or Board designations within one year from this date.

Cash and Cash Equivalents	$ 1,006,818
Accounts Receivable	77,321
Less Funds Needed for:	
Accounts Payable and Accrued Expenses	(436,191)
8th and San Pedro Median Project Funds	(27,488)
BID Consortium Funds	(4,583)
Lease liability maturities - 2026	(200,489)
Designated for 2026 Operating Budget	(388,744)
Designated for Capital Equipment Purchases in 2026	(45,329)
Designated for Prepaid Expenses in 2026	(78,373)
Net Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ (97,058)

None of the net financial assets are subject to donor or other contractual restrictions outside the Association's mission that makes them unavailable for general expenditure within one year of the Statement of Financial Position at December 31, 2025. Accounts receivable will be collected early in 2026. The Association shapes its financial policy of meeting general expenditures, liabilities and other obligations by retaining cash equivalent to 30 days of normal operating expenses.

Most of the Association's funding comes from special assessments billed to the member property owners either on the County of Los Angeles' annual property tax bills or directly billed by the City of Los Angeles. By early February of every year, the Association receives about 40% of the total assessments. By July of the same year, approximately 97% of assessments are collected. The Association adheres to a strict annual operating budget. These factors make the Association less susceptible to unanticipated liquidity needs.

DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2025

(13) SCHEDULE OF EXPENSES BY BOTH NATURE AND FUNCTION

The schedule below presents expenses by both their nature and function for the year ended December 31, 2025.

	Program Activities					Supporting Activities					
Natural Category	**Cleaning**	**Safety**	**Communication**	**Special Projects**	**Santee Alley Overlay**	**Management**	**BID Renewal**	**Provision for Uncollected Assessments**	**Depreciation and Amortization**	**City and County Collection Costs**	**Total**
Contracted Services	2,662,630	1,578,527	-	-	342,515	-		-	-	-	4,583,671
Wages/Benefits/Taxes	255,008	262,493	253,977	199,152	37,650	107,427		-	-	-	1,115,708
Santee Alley Overlay	-	-	-	-	587,723	-		-	-	-	587,723
Uncollected Assessments	-	-	-	-	-	-		229,825	-	-	229,825
Occupancy	67,386	67,386	30,266	-	-	57,725		-	-	-	222,764
Insurance	-	-	-	-	-	190,149		-	-	-	190,149
Equipment and Supplies	125,350	29,489	-	-	-	-		-	-	-	154,839
Economic Dev. & Advocacy	-	-	61,059	68,996	-	-		-	-	-	130,055
Information Technology	22,821	23,007	35,318	-	-	35,607		-	-	-	116,753
Consultants	-	-	10,000	12,076	-	25,123	62,900	-	-	-	110,099
Advertising and Promotion	-	-	23,063	49,276	-	-		-	-	-	72,339
Office Expenses	7,061	7,061	4,441	-	-	31,699		-	-	-	50,262
Meetings/Conferences	221	221	767	-	-	45,651	1,335	-	-	-	48,195
Depreciation and Amortization	-	-	-	-	-	-		-	46,085	-	46,085
City/County Fees	-	-	-	-	-	-		-	-	30,621	30,621
Total	**3,140,477**	**1,968,186**	**418,891**	**329,500**	**967,887**	**493,381**	**64,235**	**229,825**	**46,085**	**30,621**	**7,689,088**
Section Sub-Total			**6,824,941**						**864,147**		**7,689,088**
Percent of Total Expenses			89%						11%		100%

Functional Expenses:
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are mainly wages/benefits/taxes, which are allocated on the basis of estimates of time and effort to the benefiting programs or supporting functions.