

**ROSSLYN BUSINESS IMPROVEMENT CORPORATION**

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Year Ended June 30, 2023

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

Financial Statements

Year Ended June 30, 2023

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## **Independent Auditors' Report**

To the Board of Directors of  
Rosslyn Business Improvement Corporation

### ***Opinion***

We have audited the accompanying financial statements of Rosslyn Business Improvement Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 Rosslyn Business Improvement Corporation as of June 30, 2023, 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 Rosslyn Business Improvement Corporation 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 Rosslyn Business Improvement Corporation'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. 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 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 Rosslyn Business Improvement Corporation'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 Rosslyn Business Improvement Corporation's ability to continue as a going concern for a reasonable period of time.

***Other Matters***

The budget information included in the accompanying statement of activities, which is the responsibility of management, has been included pursuant to the reporting requirements of the Organization's Service Agreement with the County Board of Arlington County, Virginia and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The budget information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly we do not express an opinion or provide any assurance on it. Such information included in the accompanying statement of activities has been labeled "unaudited".

***Restriction of Use***

This report is intended solely for the information and use of the board of directors and management of Rosslyn Business Improvement Corporation and the County Board of Arlington County, Virginia and is not intended to be and should not be used by anyone other than these specified parties.

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.

*Toole Katz & Roemmersma, LLP*

Arlington, Virginia  
October 18, 2023

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Statement of Financial Position

June 30, 2023

<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,389,193
Interest receivable	5,147
Due from County	149,186
Prepaid expenses	9,806
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Total current assets	1,553,332
<b>Other Assets</b>	
Property and equipment, net	116,272
Operating lease right-of-use asset	435,693
Intangible Assets	3,400
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<b>Total Assets</b>	<b>\$ 2,108,697</b>
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<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 142,066
Current portion of operating lease liability	137,943
Due to County	25,062
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Total current liabilities	305,071
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<b>Operating Lease Liability, Net of Current Portion</b>	<b>356,327</b>
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<b>Total Liabilities</b>	<b>661,398</b>
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<b>Total Net Assets Without Donor Restrictions</b>	<b>1,447,299</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$ 2,108,697</b>
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See accompanying notes.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Statement of Activities

Year Ended June 30, 2023

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### Operating Activities

Support and contract revenue	
Arlington County funds	\$ 4,295,279
Arlington County administrative fee	84,856
Interest income	44,320
Other income	41,537

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Total support and contract revenue	4,465,992
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### Expenses

Marketing and promotion	802,870
Operational services	1,054,998
Economic development	260,029
Public realm improvements	647,165
Community activities	710,453
Management and general	616,177

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Total expenses	4,091,692
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### Non-operating Activities

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Gain on disposal of property and equipment - net of insurance proceeds	8,952
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<b>Change in Net Assets Without Donor Restrictions</b>	<b>383,252</b>
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<b>Net Assets Without Donor Restrictions, beginning of year</b>	<b>1,064,047</b>
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<b>Net Assets Without Donor Restrictions, end of year</b>	<b>\$ 1,447,299</b>
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See accompanying notes.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Statement of Functional Expenses

Year Ended June 30, 2023

	Program Activities						Total Program Expenses	Management and General	Total Expenses
	Marketing and Promotion	Operational Services	Economic Development	Public Realm Improvements	Community Activities				
Contracts	\$ 175,500	\$ 756,484	\$ -	\$ 32,311	\$ -	\$ 964,295	\$ -	\$ 964,295	
Services, supplies, and equipment	193,961	59,719	95,620	356,597	422,785	1,128,682	-	1,128,682	
Salaries, wages, and benefits	433,409	217,021	164,409	252,361	282,063	1,349,263	207,245	1,556,508	
Rent and utilities	-	21,774	-	-	-	21,774	120,766	142,540	
Office expense	-	-	-	-	-	-	86,948	86,948	
Insurance	-	-	-	-	5,605	5,605	10,404	16,009	
Depreciation	-	-	-	5,896	-	5,896	36,642	42,538	
County administration fee	-	-	-	-	-	-	84,856	84,856	
Professional fees	-	-	-	-	-	-	69,316	69,316	
<b>Total Expenses</b>	<b>\$ 802,870</b>	<b>\$ 1,054,998</b>	<b>\$ 260,029</b>	<b>\$ 647,165</b>	<b>\$ 710,453</b>	<b>\$ 3,475,515</b>	<b>\$ 616,177</b>	<b>\$ 4,091,692</b>	

See accompanying notes.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Statement of Cash Flows

Year Ended June 30, 2023

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 383,252
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Noncash lease expense	119,785
Depreciation	42,538
Gain on disposal of property and equipment	(8,952)
Changes in:	
Interest receivable	(5,147)
Prepaid expenses	13,665
Operating lease right-of-use asset	(12,520)
Accounts payable and accrued expenses	45,087
Due to County, net	(222,332)
Deferred compensation	(57,279)
Operating lease liability	(119,077)
<b>Net cash provided by operating activities</b>	<b>179,020</b>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	(50,134)
Intangible assets	(3,400)
Insurance proceeds	22,442
<b>Net cash used by investing activities</b>	<b>(31,092)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>147,928</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,241,265</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,389,193</b>

See accompanying notes.



# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Notes to Financial Statements

June 30, 2023

### NOTE 1 - ORGANIZATION

Rosslyn Business Improvement Corporation (the "Organization") was founded in 2003, as a Virginia non-stock corporation. The Organization was established to administer on behalf of the County Board of Arlington County, Virginia (the "County Board") the Rosslyn Business Improvement Service District (the "BID"), established by the County Board in 2003. The BID is located in the Rosslyn section of Arlington County, Virginia. Under work plans and budgets submitted by the Organization and approved by the County Board, the Organization provides and promotes services pursuant to Arlington County ordinance as adopted by the County Board effective July 1, 2003 and extended in perpetuity on September 8, 2007. They include, but are not limited to, "economic development, business recruitment, and retention; marketing; street and sidewalk cleaning; landscaping and beautification of the public areas; visitor informational facilities and services; community outreach; social, entertainment, and other events and activities; pedestrian and traffic improvements; signage; and transportation services serving the district."

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** - The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Cash and Cash Equivalents** - The term cash and cash equivalents, as used in the accompanying financial statements, include currency on hand, demand deposits with financial institutions, and short-term, highly liquid investments purchased with a maturity of three months or less. The Organization maintains cash in certain bank deposit accounts, which at times may exceed federally insured limits. Non-interest bearing accounts are aggregated with any interest bearing deposits and the combined total is guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

**Property and Equipment** - Property and equipment are capitalized at cost and are depreciated using the straight-line method. Property and equipment are capitalized and depreciated over the estimated useful lives, which range from three to ten years. Leasehold improvements are capitalized and depreciated on a straight-line basis over the shorter of the estimated useful lives of the improvements or the terms of the respective lease. Expenditures for maintenance and repairs and minor betterments that do not extend the lives of the assets are charged to expenses as incurred. Major expenditures which extend the lives of the assets are capitalized. Property and equipment are periodically reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization did not recognize any impairment charges during the year ended June 30, 2023.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Notes to Financial Statements

June 30, 2023

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Intangible Assets** - Intangible assets consist of trademarks which are recorded at cost. The trademarks are deemed to have indefinite lives and are not amortized but are tested for impairment annually, and at any time when events suggest an impairment more likely than not has occurred. Recoverability of indefinite lived intangible assets is measured by comparing the carrying amount of the asset to its fair value. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. The Organization did not recognize any intangible asset impairment charges during the year ended June 30, 2023.

**Revenue Recognition** - The Organization's primary source of revenue is from BID assessments levied by Arlington County (the "County") on real property located within the BID pursuant to a County Board approved budget for the Organization. Contract revenue is recognized as the related performance obligations are satisfied and is based on BID assessment transaction amounts expected to be collected by the County. The Organization's performance obligations related to the County Service Agreement described in Note 4 is satisfied over time on a daily pro-rata basis using the input method. Support revenue is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

**Income Taxes** - The Organization is exempt from federal and Virginia income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code ("IRC"). However, the Organization is liable for income taxes on any unrelated business income. There was no unrelated net business taxable income for the year ended June 30, 2023.

The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. The Organization applies the accounting standard to all tax positions for which the statute of limitations remained open. As a result, the Organization did not identify any material uncertain tax positions.

The Organization recognizes interest and penalties related to uncertain tax positions in management and general expenses. For the year ended June 30, 2023, the Organization has not recognized any interest or penalties in its statement of activities. The Organization is no longer subject to federal, state, or local income tax examinations by tax authorities for the years prior to the fiscal year ended June 30, 2020. The Organization is not currently under examination by any taxing jurisdiction.

**Recent Accounting Pronouncements Adopted** - ASC Topic 842, *Leases* ("Topic 842") requires lessees to recognize operating lease right-of-use assets and operating lease liabilities on the statement of financial position as described below. Prior to the adoption of Topic 842, and in accordance with U.S. generally accepted accounting principles, operating leases were expensed on a straight-line basis over the lease term on the Organization's statement of activities, and the Organization did not recognize operating lease right-of-use assets and operating lease liabilities on its statement of financial position.

The Organization adopted Topic 842 effective July 1, 2022 using a modified retrospective transition approach with no prior-period retrospective adjustments. The adoption of Topic 842 did not impact opening net assets, but did result in the Organization recognizing (i) additional lease right-of-use assets of \$542,958, (ii) current lease liabilities of \$119,077 and (iii) non-current lease liabilities of \$494,270. The Organization elected to apply optional practical expedients that allowed the Organization to forego reassessments of (i) the classification of leases existing at the date of adoption, (ii) the initial direct costs of any existing leases and (iii) whether any expired or existing contracts were, or contained, leases.

Long-term leases (leases with terms greater than 12 months) are recorded as liabilities at the present value of the minimum lease payments not yet paid. The present value calculation may account for an option to extend the lease when it is reasonably certain that the Organization will exercise the option. The Organization elected to apply a practical expedient that allows the Organization to make an accounting policy election to use a risk-free rate as the discount rate for all leases.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Notes to Financial Statements

June 30, 2023

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Organization has elected not to apply the recognition requirements of Topic 842 to short-term leases (those with terms of 12 months or less). Instead, for these types of leases, the Organization recognizes lease expense in the statement of activities on a straight-line basis over the lease term.

**Marketing and Promotion** - Marketing and promotion costs are expensed as incurred. Marketing and promotion expense for the year ended June 30, 2023 was \$802,870.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

**Allocation of 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 include depreciation and rent and utilities, which are allocated on a square-footage basis, and salaries, wages, and benefits, which are allocated on the basis of estimates of time and effort.

**Subsequent Events** - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 18, 2023, the date the accompanying financial statements were available to be issued.

### NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023:

Furniture and equipment	\$	371,646
Vehicles		50,134
Leasehold improvements		12,009
Website development costs		39,770
		473,559
Less: accumulated depreciation		(357,287)
Property and equipment, net	\$	116,272

Depreciation expense for the year ended June 30, 2023 totaled \$42,538.

### NOTE 4 - SERVICE AGREEMENT

On June 23, 2003, the Organization entered into a Service Agreement (the "Agreement") with the County Board to provide services in the BID. The Agreement was to run from July 1, 2003 through June 30, 2008. The Agreement was amended and restated as of September 9, 2007 to extend the term of the service agreement indefinitely. The Agreement allows for termination under the following circumstances: (a) the County's failure to approve work program, budget or tax levy, (b) the Organization's default of performance, (c) a vote by the Organization's membership to dissolve, and (d) the County's termination of the BID. Should the Organization cease to exist, any funds advanced from the County to the Organization, but unspent, would revert back to the County.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Notes to Financial Statements

June 30, 2023

### **NOTE 4 - SERVICE AGREEMENT - CONTINUED**

Under the Agreement, the Organization will provide agreed upon services to enhance and supplement County services provided in the BID, and the County will provide funding through collection from property owners of an annual assessment on property located within the BID. The Agreement provides that the County will receive an administrative fee equal to 2.0 percent of the funds collected. In addition, the Agreement stipulates that the County shall hold a reserve, initially funded at up to 2.5 percent of the funds collected per fiscal year, provided that the reserve amount required to be carried by the Organization is capped at 5.0 percent of the BID's projected revenues from the BID tax levy for any fiscal year. This fund is set aside to handle delinquencies and successful appeals of the annual real property assessments. The reserve is held and controlled by the County and, therefore, is not included in the accompanying financial statements. The Organization's June 30, 2023 reserve balance was \$190,364. The accompanying statement of financial position includes \$25,062 due to the County, in order to meet the reserve funding requirement. The amount due to the County as of the beginning of the year ended June 30, 2023 was \$99,429. The Organization paid this amount to the County on January 30, 2023.

The September 9, 2007 amended and restated Agreement states that the County shall calculate interest on the reserve. The County applies interest earnings to the reserve before the close of each fiscal year. Interest is calculated using the County's average rate for investment earnings for the fiscal year. The County's average rate for investments earnings was 1.76 percent for the fiscal year ended June 30, 2023. For the fiscal year ended June 30, 2023, the County calculated interest amounted to \$3,286. The amount due from the County as of the beginning of the year ended June 30, 2023 was \$1,221. The Organization received this amount from the County on January 30, 2023.

As of June 30, 2023, the amount due from County, on the accompanying statement of financial position, includes \$3,286 interest earned and due from the County on the reserve, as well as a \$145,900 amount due from the County, related to funds due to the BID for a property that the County billed late. These funds are expected to be received in the next fiscal year.

The Organization's annual operating budget for a fiscal year must be approved by the County Board prior to release of any funds for that fiscal year. The fiscal year ended June 30, 2024 work program and budget of \$4,545,682 were submitted and approved by the County in April 2023.

Under the Agreement, funds generated from the County's BID assessments for a fiscal year and allocated in the Organization's approved budget for a fiscal year, but not expended in accordance with the approved budget, will be reserved and carried forward.

### **NOTE 5 - RETIREMENT PLAN**

In January 2004, the Organization instituted a 401(k) Plan covering employees who have at least three months service, 1,000 hours of annual work service, and are at least 21 years of age. Employees can make voluntary contributions up to the maximum allowed by the Internal Revenue Service. The Organization will match employee contributions up to 6 percent of the employee's annual salary. The total employer matching contributions and plan expenses for the fiscal year ended June 30, 2023 were \$60,106.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Notes to Financial Statements

June 30, 2023

### NOTE 6 - LEASES

The Organization leases office space under an operating agreement lease which expires on October 31, 2026.

The following summarizes lease expenses for the year ended June 30, 2023:

Operating lease cost	\$	134,401
Short-term lease costs		8,139
Total lease expense	\$	142,540

Supplemental information related the Company's leases for the year ended June 30, 2023 follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	133,694
Weighted-average remaining lease term - operating leases		3 years
Weighted-average discount rate - operating leases		2.85%

The remaining lease payments under operating leases as of June 30, 2023 were as follows:

Year ending June 30:		
2024	\$	150,237
2025		154,741
2026		159,398
2027		54,723
Total lease payments		519,099
Less: interest		(24,829)
Present value of lease liabilities	\$	494,270

### NOTE 7 - CLEAN AND SAFE PROGRAM

A major component of the operational services is the Clean and Safe program that is provided in an agreement with Block by Block, LLC, which was initially executed in 2007, amended and extended through the years and currently expires on December 31, 2023. The cost of operations of the program for the year ended June 30, 2023 was \$756,484 and is included in operational services in the accompanying statements of activities and functional expenses.

### NOTE 8 - DEFERRED COMPENSATION AGREEMENT

On July 1, 2018, the Organization established a nonelective, nonqualified deferred compensation plan for the benefit of a key employee, the President of the Organization (the "Participant"), known as the Rosslyn Business Improvement Corporation, Section 457(f) Deferred Compensation Plan (the "Plan"). The Plan is intended to be an unfunded and unsecured, nonelective, nonqualified deferred compensation plan maintained by the Organization primarily for the purpose of providing deferred compensation for the Participant.

# ROSSLYN BUSINESS IMPROVEMENT CORPORATION

## Notes to Financial Statements

June 30, 2023

### **NOTE 8 - DEFERRED COMPENSATION AGREEMENT - CONTINUED**

In order to defer compensation under the Plan, Participant shall be required to perform five years of continuous service, beginning July 1, 2018 and extending through June 30, 2023. In accordance with the Plan provisions, the Organization shall establish an unfunded, bookkeeping account known as the "Deferred Compensation Account" in the name of the Participant. Neither the Plan nor the Deferred Compensation Account shall hold or be required to hold any actual funds or assets. The Organization shall credit the Deferred Compensation Account with an amount equal to a minimum of \$10,000 on June 30, 2019 ("Initial Credit Date") and on each of the succeeding four anniversaries of the Initial Credit Date, for a total minimum of \$50,000. The deferred compensation amounts are accrued when earned and distributable in cash in accordance with the Plan.

In accordance with the Plan, the Board of Directors of the Organization, may, at any time and from time to time, in its sole discretion, credit the Participant's Deferred Compensation Account with additional discretionary amounts. Participant shall be considered to be vested in amounts credited to the Deferred Compensation Account to the extent such amounts are not subject to a Substantial Risk of Forfeiture, as defined in the Plan, and in accordance with the Plan's vesting schedule. Participant shall be one-hundred percent vested following five years of continuous service. The amounts of Deferred Compensation vested on June 30, 2023 and \$75,000 was paid out to the Participant. For the year ended June 30, 2023, \$17,721 of the Deferred Compensation was expensed.

### **NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$1,538,501 available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$1,389,193, interest receivable of \$5,147 and amounts due from County of \$149,186. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Organization has a goal to maintain financial assets, which primarily consist of cash on hand to meet 30 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The majority of the Organization's funding comes from the County through the collection of annual assessments from property owners. Approximately 53 percent of the total billed by the County is remitted to the Organization in July of every fiscal year, with the remainder of the funds remitted in December. The Organization adheres to a strict annual operating budget. These factors make the Organization less susceptible to unanticipated liquidity needs.

### **NOTE 10 - SUBSEQUENT EVENTS**

On July 1, 2023, the Organization established new nonelective, nonqualified deferred compensation plans for the benefit of two key employees, the President and the Vice President, Operations & Finance of the Organization. In order to defer compensation under the Plan, the President and Vice President, Operations & Finance shall be required to perform five years and three years, respectively, of continuous service, beginning July 1, 2023 and extending through June 30, 2028. The Organization shall credit the President's Deferred Compensation Account with an amount equal to a minimum of \$10,000 on June 30, 2024 ("Initial Credit Date") and on each of the succeeding four anniversaries of the Initial Credit Date, for a total minimum of \$50,000. The Organization shall credit the Vice President, Operation & Finance's Deferred Compensation Account with an amount equal to a minimum of \$8,333 on June 30, 2024 ("Initial Credit Date") and on each of the succeeding two anniversaries of the Initial Credit Date, for a total minimum of \$25,000.