



Downtown San Mateo Association

Fiscal Year 2020 Annual Report

Overview

Fiscal year 2020 (FY2020) presented itself as the most difficult year for the Downtown San Mateo Association (DSMA) and the Bay Area economy at large. While the first two quarters of the fiscal year were positive, the third and fourth quarters have been devastating for businesses and the families they support. The COVID-19 event has had a huge fiscal impact upon the Downtown businesses as we have all had to adjust to the “new normal” dealing with hardship with the implementation of Shelter in Place. Despite the challenges, the DSMA has continued to operate through the efforts of an all-volunteer board and administrative assistance from City Hall. The DSMA has continued the tireless work of successfully promoting San Mateo’s unique and thriving Downtown before and during this event.

In FY2020, the DSMA accomplished the following:

- Monitored open restaurants and businesses in Downtown San Mateo and disseminated this information to the public through social media and weekly ads in the local newspaper to encourage public support for our small businesses with “take out” and online shopping.
- Completed a successful accounting review of the DSMA by local, non-profit specific CPA firm, Morton & Associates (see appendix for report)
- Created partnership the Public Works Downtown Coordinator, Lance Hall, making the response time and impact to Downtown issues more efficient
- Held ten monthly board meetings
- Participated in September Nights as a major sponsor (\$25,000)
- Sponsored North B Fiesta event with the North B Street Merchants
- Organized a well-attended holiday mixer for Downtown business owners
- Maintained a close working relationship with City Council members

- Updated and distributed 3,000 Downtown restaurant guides to businesses, hotels, and motels
- Created six full color Holiday ads in the San Mateo Daily Journal
- Continued walk-arounds with Board members and city staff to observe and fix issues Downtown
- Professionally produced a two full-page ad in Explore Magazine which is placed in 15,000 hotel rooms across San Mateo, Santa Clara, and Santa Cruz counties
- Produces two monthly e-newsletters (one to BID members and one to the community at large) announcing Downtown news and events
- Continued with the Downtown Cleaning Porter
- Recruited two board members – Janet Wagner, CEO of Mills Hospital and Katie Hansel, local business manager for Backhaus Bakery
- Commissioned a study of the existing the Downtown BID Fee Schedule and propose a modified fee schedule to reflect current composition of the Downtown and to create greater equity between retail and office fees. (The study is still a draft and will be revisited after the COVID-19 event is under control)
- Served as co-sponsor and administrative support for the MLK Day event at the CalTrain station

A large percentage of businesses have kept their operations going during the COVID-19 event. It has been both trying and difficult. The DSMA would like to recognize and thank these businesses for supporting a form of normalcy and crucial services to the Downtown area. The DSMA also recognizes the efforts of the City of San Mateo to help our Downtown businesses with recently enacted Eviction Ordinance and efforts to keep the Downtown alive.

As a reminder, each year since 1986, the DSMA has been designated by the City Council to manage the Downtown Business Improvement District. Originally activated to serve a largely retail-oriented district, the DSMA now manages a district with a much broader range of businesses.

Thanks to its regionally central location and proximity to CalTrain, Downtown San Mateo is an employment hub and a popular place to meet for both business and leisure purposes. Commuters and leisure visitors come from San Francisco, Santa Clara County and the East Bay, as well as nearby Peninsula communities. Downtown is known for its vast abundance and variety of restaurants, which comprise more than 20% of district businesses. It is also an important node in the Silicon Valley ecosystem, hosting the offices of start-ups and tech-based companies large and small. The presence of Mills Medical Center means that Downtown also includes many medical professionals and other healthcare uses. While there are traditional retailers in the district, the storefronts on most blocks are dominated by food purveyors, along

with services such as salons, fitness studios and banks. The blocks east of the railroad tracks also have a variety of automotive uses.

Downtown workers make up a sizable portion of Downtown customers, and the district buzzes with activity during the work week and into the evenings. Weekends are also busy both day and night with residents and visitors enjoying Downtown's offerings. The DSMA utilizes social media to promote Downtown's unique offerings on a daily basis. The DSMA's social media efforts have proven to be an extremely effective way to attract Downtown visitors, particularly appreciated by restaurants in the Downtown.

While many Downtown visitors have recently commented on improved cleanliness in the area, growth in the quick-service restaurant sector in recent years has contributed to ongoing issues, such as increased litter and the constant presence of overfilled waste bins on the sidewalks. Increased pedestrian traffic in this very popular district also adds to the need for services. The DSMA has addressed these issues by contracting with Universal Site Services. Under the current contract, the DSMA provides a 40-hour a week cleaning porter to wipe trash cans and newspaper racks, sweep sidewalks and gutters, and ensure Downtown is clean and attractive.

There is always more that can be done to support and promote Downtown. Besides its own efforts to do so, the DSMA sees itself as an organization which helps to supplement City Hall's efforts as well. It is important to note that the DSMA has not seen an assessment increase in ten years. And, due to COVID-19 events, DSMA is proposing a one-year reduction of assessments by 50% for FY 2021 for all businesses.

When the time is right, DSMA will continue to explore a modification of assessments. The current assessment is out of date and does not reflect the current business composition. Furthermore, DSMA maintains that dedicated funds for the Downtown is necessary to deliver high-quality customer experience, implement beautification initiatives, promote Downtown businesses, and provide greater equity among the varied Downtown businesses.

DSMA FOCUS AREAS

DSMA activities for the past several years have addressed three focus areas:

- Civic Partnership
- Community Engagement
- BID Member Engagement

Each of these activities are detailed below.

Civic Partnerships

The DSMA routinely works with city staff from Public Works, Planning, Parks and Recreation, and the City Manager's office on projects affecting Downtown. Here is a summary from the past year.

Downtown Beautification and Cleanliness

- Provide daily oversight of private contractor for cleaning porter services
- Contracts a private contractor to install seasonal banners on light posts
- Cooperates with Downtown Post Office to ensure landscaping and sidewalks are kept clean
- Work with City to implement new trash ordinance Downtown

Additional civic partnership activities

- Work closely with the San Mateo Police Department on public safety downtown; the SMPD is represented on the DSMA Board of Directors.
- Business outreach for city initiatives including street tree lighting, trash enclosures, adopt-a-drain
- Support of Freedom Train event with CalTrain

Community Engagement

Public outreach builds interest among local audiences and invites them to explore Downtown San Mateo for a variety of experiences. Primary audiences are Downtown workers, San Mateo and Peninsula residents, and visitors to local hotels and events.

Public Events and Pop-ups

- Sponsored September Nights in partnership with the City of San Mateo, which drew 1,000+ people
- Sponsored North B Fiesta in collaboration with the North B Street merchants
- Supported/promoted Holiday Train, which drew 700+ attendees to Downtown station
- Supported the MLK Event at the train station with logistical and fiscal support
- Future events will have to be evaluated going forward.

Marketing Efforts

Print Materials

- Created, updated (weekly), and circulated a listing of businesses and restaurants that are operating during the COVID-19 event with 2-page print ads in the San Mateo Daily Journal every weekend while in Shelter in Place
- Updated and distributed over 3,000 Restaurant Guides in locations around San Mateo, including local hotels
- San Mateo Daily Journal Holiday Ad, Silicon Valley magazine, and Explorer Magazine, which is distributed to 15,000 rooms in 75 hotels in San Mateo, Santa Clara, and Santa Cruz counties

Social Media/Online

- Enables DSMA to share news about our businesses and extend the marketing reach of individual businesses. Our combined Facebook, Twitter, and Instagram audiences now exceed 11,000 followers
- Downtown San Mateo Monthly Update email blast goes to more than 1,400 community subscribers and business owners.
- Improved Media Content includes features of local restaurants and businesses, history, testimonials from visitors, business owners, familiar local stakeholders, events, City announcements, and media/news items
- Some updates to DSMA website for greater impact, timely content, and the ability to more easily gather data
- Images taken of Downtown locations
- Coordinated with the City of San Mateo on social media blasts

BID Member Engagement Milestones FY2020

While BID membership is automatic based on a district address, awareness and participation is always trying to be improved. The DSMA strives to engage BID members and add value to the varied businesses located Downtown. Examples of engagement by the DSMA include:

- Personal outreach visits by DSMA board members to new Downtown businesses
- Sponsoring September Nights in conjunction with the City of San Mateo
- Coordination of regular outdoor cleaning services to promote a Downtown in which people enjoy spending time

- Hosted holiday mixers to attract new members and engage existing members
- Regular features of new Downtown businesses via social media
- Held regular DSMA Board meetings, inviting businesses and the City to present topical presentations to the Board
- Increased consistency of board member attendance and participation
- Talked to businesses to clarify hours and days open during the COVID-19 event

Additional DSMA Milestones FY2020

- Strengthen economic development collaboration with local organizations as well as the City of San Mateo
- Added two Board Members: Janet Wagner, CEO of Mills Health Center and Katie Hansel, local business manager for Backhaus Bakery

DSMA Goals for FY2021

With the continued economic damage from COVID-19, the new fiscal year will be filled with unpredictable challenges. DSMA's role as an advocate, facilitator, and organizer of Downtown businesses will be mission critical in the post COVID economy.

DSMA will continue help the City provide a high-level of customer service with enhanced cleaning services; attract visitors to shop and eat in Downtown businesses with promotional efforts; and convene Downtown business owners and property owners to support each other through the crises while helping the City understand the needs of the Downtown businesses.

Most of all DSMA will help Downtown businesses through this difficult time by being a resource to businesses, a sounding board for City policies, and an organization dedicated to keep the Downtown and attractive place for customers.

- Continue to support our Downtown through the COVID-19 event and its fallout through marketing, outreach, and public safety information
- Launch a new DSMA website to further market to and engage the public to visit Downtown businesses
- Develop a communications plan to further the DSMA brand

- Revitalize Marketing Committee as a member roundtable to implement focused marketing efforts
- Sponsor a storefront window Holiday lighting contest
- Strengthen economic development collaborations with local organizations
- Membership and public engagement online
- Surveys and polling via online tools for real-time feedback
- Targeted messaging campaigns throughout the year which will feature various Downtown attributes
- Create relationships with developers and tech companies coming into the area
- Continue plan to modify assessments and plan for public outreach
- Regular representation at Council and Commission meetings
- Update to council to inform and report on campaigns and progress
- Leverage local transit organizations for co-branding and marketing/PR opportunities (i.e. CalTrain, SAMTRANS, Uber, and Lyft)
- Expand board membership
- Improved board member participation
- Set up Board Committees to facilitate more participation
- Continue to partner with City staff to continue the support of Downtown

In summary, the DSMA seeks the continued support of the City Council. Even in the absence of an Executive Director, the organization still works to attract visitors, promote local businesses, and maintain a clean Downtown. We feel with more resources we can do an even better job. This is why we will review and propose equitable modifications to the current assessment structure, which has been in place since 2009, when the Downtown will be able to concentrate on this more fully. The DSMA will review plans to evaluate this modification in the second half of FY2021 due to the COVID-19 event,

The DSMA is proposing a reduction for member BID fees for members by 50% for a year's time. This will be reevaluated next year and is specific to the impact of the COVID-19 event. By making the timeframe a year, each participating business will receive the benefit of this effort.

Budget FY2021 Overview

There were difficult decisions to be made for the FY21 Budget. The DSMA needs to support its base and one of the ways to do that is to lower the BID fees for all Downtown businesses

by 50% for the whole fiscal year (July 1, 2020 through June 30, 2021). There are still essential services that need to be provided to further support our members, such as promotion and cleaning services. These issues have led the DSMA to propose a deficit budget for FY2021.

The DSMA FY2021 Budget has a planned overrun of \$100,000.00, or almost half of the cash reserves projected for the end of FY2020. This deficit is a reflection of the commitment of the DSMA to provide support and services to the Downtown area. Planned expenses for FY2021 are thoughtfully planned to continue services and encourage patrons for the Downtown businesses. The following are a summary of the major budget highlights (detailed the following Budget pages):

- Revenue is projected to decline \$103.5K in the FY2021 reflected by:
 - Decreasing the BID fees by 50% for all business for one year
 - A decrease in the annual revenue used to calculate their BID fees
 - Potential business closings
- Support of Program Services to benefit the Downtown area
 - Downtown cleaning service seven days a week to keep the area litter free so that visitors will enjoy their experiences and want to return
 - Marketing services to provide outreach
 - Website rebuild to better serve the Downtown with better promotion
 - Professional outside accounting review
 - A contingency fund for unplanned expenses at these uncertain times

The DSMA has the savings from operating on an all-volunteer administration for over the two and a half years to sustain this budget overage and to continue to offer the high level of services. While the volunteer administration is not sustainable as a model, the current savings can be used to support the DSMA services and the one-time BID rate reduction in the FY2021 budget year. The DSMA projects a cash balance of \$229.8K at the start of FY2021 and projects a cash balance of approximately \$129.8K at the end of this budgeted fiscal year.

FY2021 Budgeted Income and Expense

Downtown San Mateo Association FY 2021

Projected Income

Estimated Collection of Business Assessments	\$ 75,200
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MLK Event at Train Station Support	<u>\$ 250</u>
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Total Projected Income	\$ 75,450
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Projected Expenses

Management and General	\$ 9,150
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Program Services

Civic partnership: cleaning and beautification	\$ 80,000
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Marketing and community outreach	\$ 41,500
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Website Consultant	\$. 25,000
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BID & Outreach Consultant	\$ 5,000
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Holiday Banners	\$ 4,800
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Contingency	<u>\$ 10,000</u>
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Total Projected Expenses	\$ 175,450
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Total Projected Net Income	(\$100,000)
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Appendix: Budget Comparative Overview



Budget Highlights - DSMA Annual Budgets FY2018-FY2021

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020 (Est)</u>	<u>FY2021 (Bud)</u>
FY Beginning Cash	\$ 147,657	\$ 198,362	\$ 249,068	\$ 229,827
Total Income	\$ 199,646	\$ 199,646	\$ 178,925	\$ 75,450
Total Expenses	\$ 148,940	\$ 148,940	\$ 198,165	\$ 175,450
Net Income	\$ 50,705	\$ 50,705	\$ (19,240)	\$ (100,000)
FY Remaining Cash	\$ 198,362	\$ 249,068	\$ 229,827	\$ 129,827

<u>Major Budget Items</u>				
Total Payroll	\$ 87,004	\$ -	\$ -	\$ -
% of Income	43.6%	0.0%	0.0%	0.0%
Downtown Clean up	\$ 10,331	\$ 85,645	\$ 95,000	\$ 80,000
% of Income	5.2%	42.9%	53.1%	106.0%
Marketing	\$ 10,888	\$ 32,959	\$ 34,812	\$ 41,500
% of Income	5.5%	16.5%	19.5%	55.0%
Professional Services	\$ 2,000	\$ 3,104	\$ 3,000	\$ 4,500
% of Income	1.0%	1.6%	1.7%	6.0%
Consulting	\$ 640	\$ 1,000	\$ 26,000	\$ 30,000
% of Income	0.3%	0.5%	14.5%	39.8%
Holiday Banner	\$ 5,162	\$ 5,172	\$ 4,800	\$ 4,800
% of Income	2.6%	2.6%	2.7%	6.4%
Event Expense	\$ 6,086	\$ 3,096	\$ 26,909	\$ -
% of Income	3.0%	1.6%	15.0%	0.0%
Total of Major Items	\$ 125,207	\$ 130,976	\$ 190,521	\$ 160,800
% of Income	62.7%	65.6%	106.5%	213.1%
% of Expenses	84.1%	87.9%	96.1%	91.7%

Appendix: DSMA Board of Directors

Robert Anderson – Downtown Resident

Steve Carey – LifeMoves

Lew Cohen, President – B Street Books

Todd Han – Dynadot

Martin Kent – Draper University

Colleen Rafferty, Vice President – Christensen & Rafferty Fine Jewelry

Joe Sully – Downtown Building Owner

Susan Uzunoglu – Susan's European Beauty Therapy

Janet Wagner – Mills Health Center

Seamus Whitley, Treasurer – Nutanix

Appendix: Accounting Review

DOWNTOWN SAN MATEO ASSOCIATION
REVIEWED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DOWNTOWN SAN MATEO ASSOCIATION

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ACCOUNTANTS' REVIEW REPORT

Morton
& Associates
INCORPORATED
CERTIFIED PUBLIC ACCOUNTANTS
2479 E. Bayshore Rd., Suite 285
Palo Alto, CA 94303

To the Board of Directors of
Downtown San Mateo Association
San Mateo, CA

We have reviewed the accompanying statement of financial position of Downtown San Mateo Association as of June 30, 2019, and the related statement of activities and changes in net assets, functional revenue and expense for the year then ended and cash flows for the years ended June 30, 2019 and 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's 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, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are 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.

Morton & Associates, Inc.
Morton & Associates Inc.
Certified Public Accountants

January 15, 2019

DOWNTOWN SAN MATEO ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2019

(With Summarized Financial Information for the Fiscal Year Ended June 30, 2018)

		Total All Funds June 30	
	Unrestricted	2019	2018
ASSETS			
Current Assets			
Cash & Equivalents	\$ 246,942	\$ 246,942	\$ 194,841
Inventory			1,308
Prepaid Expenses			16
Total Current Assets	<u>246,942</u>	<u>246,942</u>	<u>196,165</u>
Property & Equipment	5,604	5,604	5,604
Less: Accumulated Depreciation	<u>(5,604)</u>	<u>(5,604)</u>	<u>(5,085)</u>
Book Value of Fixed Assets			519
Total Assets	<u>\$ 246,942</u>	<u>\$ 246,942</u>	<u>\$ 196,684</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 414	\$ 414	\$ 644
Total Current Liabilities	<u>414</u>	<u>414</u>	<u>644</u>
Net Assets			
Operating Fund	<u>246,528</u>	<u>246,528</u>	<u>196,040</u>
Total Net Assets	<u>246,528</u>	<u>246,528</u>	<u>196,040</u>
Total Liabilities & Net Assets	<u>\$ 246,942</u>	<u>\$ 246,942</u>	<u>\$ 196,684</u>

The Accompanying Accountant's Review Report and the Attached Notes
are an Integral Part of These Financial Statements.

DOWNTOWN SAN MATEO ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(With Summarized Financial Information for the Fiscal Year Ended June 30, 2018)

		Total All Funds June 30	
	Unrestricted	2019	2018
SUPPORT			
Dues	\$ 183,798	\$ 183,798	\$ 192,571
Contributions In-Kind	<u>7,875</u>	<u>7,875</u>	<u>7,875</u>
Total Support	<u>191,673</u>	<u>191,673</u>	<u>200,446</u>
REVENUE			
Event Revenue	3,325	3,325	6,013
Other Income	211	211	941
Interest & Dividends	<u>215</u>	<u>215</u>	<u>224</u>
Total Revenue	<u>3,751</u>	<u>3,751</u>	<u>7,178</u>
Total Increases in Net Assets	\$ <u>195,424</u>	\$ <u>195,424</u>	\$ <u>207,624</u>
EXPENSES			
Program Services			
Program Services	\$ <u>138,520</u>	\$ <u>138,520</u>	\$ <u>140,916</u>
Total Program Services	<u>138,520</u>	<u>138,520</u>	<u>140,916</u>
Support Services			
Management & General	3,094	3,094	11,511
Events & Services	<u>3,322</u>	<u>3,322</u>	<u>6,086</u>
Total Support Services	<u>6,416</u>	<u>6,416</u>	<u>17,597</u>
Total Expenses	<u>144,936</u>	<u>144,936</u>	<u>158,513</u>
Net Increase (Decrease) In Assets	50,488	50,488	49,111
Net Assets Beginning	<u>196,040</u>	<u>196,040</u>	<u>146,929</u>
Net Assets Ending	\$ <u>246,528</u>	\$ <u>246,528</u>	\$ <u>196,040</u>

The Accompanying Accountant's Review Report and the Attached Notes
are an Integral Part of These Financial Statements.

DOWNTOWN SAN MATEO ASSOCIATION
STATEMENT OF FUNCTIONAL REVENUE AND EXPENSE

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(With Summarized Financial Information for the Year Ended June 30, 2018)

	Program Services	Management & General	Events & Services	Total Support Services	Total 2019	Total 2018
SUPPORT & REVENUE						
SUPPORT						
Dues	\$ 183,798	\$	\$	\$	\$ 183,798	\$ 192,571
Contributions In-Kind	<u>5,906</u>	<u>1,969</u>		<u>1,969</u>	<u>7,875</u>	<u>7,875</u>
Total Support	189,704	1,969		1,969	191,673	200,446
REVENUE						
Event Revenue			3,325	3,325	3,325	6,013
Other Income		211		211	211	941
Interest & Dividends		<u>215</u>		<u>215</u>	<u>215</u>	<u>224</u>
Total Revenue		<u>426</u>	<u>3,325</u>	<u>3,751</u>	<u>3,751</u>	<u>7,178</u>
Total Support & Revenue	189,704	2,395	3,325	5,720	195,424	207,624
EXPENSES						
Salaries						74,353
Benefits						5,273
Payroll Taxes						<u>6,802</u>
Total Salaries & Benefits						86,428
Professional Fees	2,007	223		223	2,230	3,537
Business Development	30,359				30,359	12,888
Office Expense	2,659	295		295	2,954	6,857
Telephone	1,877	209		209	2,086	1,701
Occupancy						9,107
Contributed Space	5,906	1,969		1,969	7,875	7,875
License & Fees	2,881				2,881	225
Downtown Clean-Up	89,090				89,090	18,262
Travel & Transportation						24
Conferences & Meetings	1,002				1,002	1,068
Insurance	2,321	258		258	2,579	2,481
Miscellaneous	11	4		4	15	630
Cost of Events			3,322	3,322	3,322	6,086
Bank Charges	3	1		1	4	
Depreciation	389	130		130	519	1,256
Taxes & Fees	<u>15</u>	<u>5</u>		<u>5</u>	<u>20</u>	<u>88</u>
Total Expense	<u>138,520</u>	<u>3,094</u>	<u>3,322</u>	<u>6,416</u>	<u>144,936</u>	<u>158,513</u>
Increase (Decrease) Assets	\$ <u>51,184</u>	\$ <u>(699)</u>	\$ <u>3</u>	\$ <u>(696)</u>	\$ <u>50,488</u>	\$ <u>49,111</u>

The Accompanying Accountant's Review Report and the Attached Notes
are an Integral Part of These Financial Statements.

DOWNTOWN SAN MATEO ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018

	TOTAL CURRENT YEAR	TOTAL PRIOR YEAR
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 50,488	\$ 49,111
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	519	1,256
Increase (Decrease) in Assets:		
Accounts Receivable		15,709
Prepaid Rent	16	132
Inventory	1,308	105
Increase (Decrease) in Liabilities:		
Accounts Payable	(230)	503
Payroll & Related Liabilities	<u> </u>	<u>(1,236)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	52,101	65,580
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>52,101</u>	<u>65,580</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>194,841</u>	<u>129,261</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 246,942</u>	<u>\$ 194,841</u>
Contributions In-Kind	<u>\$ 7,875</u>	<u>\$ 7,875</u>

The Accompanying Accountant's Review Report and the Attached Notes
are an Integral Part of These Financial Statements.

DOWNTOWN SAN MATEO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1: ORGANIZATION

The Downtown San Mateo Association (DSMA) is a coalition of San Mateo businesses who promote business and civic activity and work to improve the downtown experience for all. It is a 501(c)6 non-profit corporation. Businesses located within the Downtown Business Improvement District geographic boundaries are automatically enrolled through a fee on their business license. Associate members, community partners, and sponsors also support the DSMA in a variety of ways.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DSMA follows standards of accounting and financial reporting for non-profit entities as prescribed by the American Institute of Certified Public Accountants. In accordance with FASB ASC subtopic 958-205-05-6, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted Net Assets include those assets over which the Board of Directors has discretionary control in carrying out the Organization operations. Under this category, DSMA maintains an Operating Fund. Any net assets designated by the Board for specific purposes would also be categorized as unrestricted net assets. DSMA has elected to report as an increase in unrestricted net assets any restricted revenue received in the current period for which the restrictions have been met in the current period.
- Donor Imposed Restrictions include those assets which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting period. They also include assets which are subject to a non-expiring donor restriction such as donor contributions to an endowment fund.

Revenue derives from membership fees and event proceeds and is recognized in accord with the accrual basis of accounting.

Cash and Cash Equivalents include highly liquid investments and those investments with a maturity of three months or less.

Contributions, when made, are recorded as cash is received and are considered to be available for unrestricted use unless specifically restricted by the donor.

Expenses are allocated between Program Services and Management based on an estimate of personnel time.

DOWNTOWN SAN MATEO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates in the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Income Taxes are not provided for in the financial statements since the corporation is exempt from federal and state income taxes under section 501(c)(6) of the Internal Revenue Code and similar state provisions.

NOTE 3: CONCENTRATION OF CREDIT RISK

At June 30, 2019, DSMA's cash balances were below the FDIC insurance coverage of \$250,000.

NOTE 4: LIQUIDITY

DSMA has \$246,942 of financial assets available within one year of June 30, 2019 to meet cash needs for general expenditure consisting of cash of \$246,942. There is no cash that are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of June 30, 2019.

DSMA has a goal to maintain cash on hand to meet normal monthly operating expenses, which on average approximate \$11,500.

NOTE 5: DONATED FACILITIES

Use of the administration office space located at 380 1st Avenue is donated by the City of San Mateo at no charge. Values for the donated space are set by the City. During the fiscal year ended June 30, 2019, the contributed rent amounted to \$7,875.

NOTE 6: CONTRIBUTED SERVICES

The success of DSMA program crucially depends on the time contributed by its dedicated volunteers. During the fiscal years ended June 30, 2019 unpaid volunteers donated an estimated 780 hours. While generally accepted accounting principles preclude recording an amount in the financial statements for volunteer hours, a value can be estimated based on the rate provided by the Independent Sector of \$29.95 for 2019. For the fiscal year, the respective values of contributed services are \$23,361.

DOWNTOWN SAN MATEO ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7: DATE OF MANAGER'S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through January 15, 2019, the date that the financial statements were available to be issued.