

**Downtown Modesto Partnership
Board of Directors
Meeting Agenda**

Date of Meeting:	4/11/18	Time:	4:00PM
Board Chair:	Fred Silva	Location:	1625 I Street

1. Discussion Items

#	Topics	Presenter
1	Welcome and Approval of Minutes (2 min)	Fred S.
2	Public Comments (The Board of Directors welcomes participation in meetings. This time on the agenda is provided for members of the public to address the Board of Directors of DMP on matters of concern that fall within the jurisdiction of the Board that are not on the agenda. Speakers are encouraged to consult with management prior to agenda preparation regarding any DMP operation or responsibility. As per the Brown act, no action can be taken on non-agenda issues. It is not required, but speakers may provide their name and address. Because these are non-agenda matters, no discussion or comment by the Board should be expected except to properly refer the matter for review or action as appropriate. Public Comments will be limited to five minutes per speaker.) (5 min)	Any
3	Administrative Update (Recap of past month's activities and upcoming initiatives: Downtown Experience Engineers; Pop-Up Activity Zones; First Friday; Love Modesto; Action Committees; J Street Project; Parking Project; Housing Project; Financials) (5 min)	Josh B.
4	Executive Team Update (Recap of March Executive Team Minutes: Sponsoring Love Modesto; Letter to Owners of Unkempt Properties; Letter to City on Train Noise Quiet Zone; Communication with City) (5 min)	Lynn D.
5	Video Recap of Peter Kageyama Presentation (10 min)	Stephanie B.
6	Discuss Downtown Activites (10 min)	Stephanie B.
7	Action: Audit Committee Recommendation – Accept Final Audit Report (10 min)	Barrett L.
8	Action: Executive Committee Recommendation – Discuss sending letter to downtown property owners regarding maintenance of unkempt properties (5 min)	Lynn D.
9	Board Members Forum (This is a time for board members to raise items of concern or make announcements. Per the Brown act, no discussion or action can take place on any issues raised.) (5 mins)	Any
10	Adjourn Regular Meeting	Fred S.

2. Closed Session – Government Code Section 54957(b)(1)

Discuss Interim Marketing and Events Manager Performance (10 min)	Josh B.
---	---------

3. Pre-work/Preparation (documents/handouts to bring, reading material, etc.)

Description	Brought by
3/14/18 Board Meeting Minutes	Josh B.
Administrative Update Summary	Josh B.
Peter Kageyama Presentation Recap Video	Stephanie B.
Final Audit Report	Barrett L.

**Downtown Modesto Partnership
Board of Directors
Meeting Minutes**

Date of Meeting:	03/14/18	Time:	4:00 PM
Minutes Prepared By:	Susan Martin	Location:	1625 I Street Modesto

1. Attendance

Present	Rose Louis, Josh Bridegroom, Ryan Swehla, Fred Silva, Mike Goss, Barrett Lipomi, Greg Reed, Saul Trujillo, Ted Brandvold
Absent	Lynn Dickerson, David Boring, Mike Moradian, Ann Endsley
Others	Stephanie Burtch, Jeremy Nelson (via tele-conference), Tomas Janusas (via tele-conference), Kristi Ah You, Dan Leavitt, Dale Good, Lois Freese, Robert Kimball

2. Discussion

#	Topics	Presenter
1	<p>Welcome and Approval of Minutes</p> <ul style="list-style-type: none"> - Fred opened the meeting at 4:05 p.m. - Fred asked for approval of minutes from the 2/14/18 board meeting. <ul style="list-style-type: none"> o Board approved the minutes as presented (Mike Goss/Greg Reed; unanimous) 	Fred S.
2	<p>Public Comments</p> <ul style="list-style-type: none"> - None 	Any
3	<p>Administrative Update (Recap of past month's activities and upcoming initiatives)</p> <ul style="list-style-type: none"> - Josh advised that Susan is out due to an accident and not able to come into the office for at least a month. - Josh presented the updates from the Clean and Safe Staff for the month of February. He advised that they are still down one clean and staff person. They currently have a total of 4. - Josh reviewed the security report from Rank Security and advised that they were doing spot checks around the downtown area. - Josh advised that 4 of the 5 utility boxes have been completed and the last one will be done by the due date of April 1st. There has been interest in doing more of the utility boxes. - First Friday Faire is in 3 weeks and things are shaping up. Stephanie has contacted some of the old vendors and there is an increasing interest. - Josh informed everyone that we are staying with Single Point as our H.R. company as the cost of the Workers Compensation is too high if we do the H.R. internally. - The current financials were provided there was a discussion initiated by Ryan Swehla regarding the board member donations. Josh indicated that Fred had sent out an invoice. However, many of the board members indicated that they had not received the invoice. Fred and Josh agreed to look into this, and resend as necessary. 	Josh B.

Date of Meeting:	03/14/18	Time:	4:00 PM
Minutes Prepared By:	Susan Martin	Location:	1625 I Street Modesto
4	<p>Discussion on Tools for Giving to the Homeless</p> <ul style="list-style-type: none"> - Kristi Ah You presented her ideas on ways to help the homeless situation. She had an extensive list and advised Josh that she would send the list his way. 	Kristi A.Y.	
5	<p>Discussion of Downtown Housing</p> <ul style="list-style-type: none"> - Jeremy Nelson & Tomas Janusas (via video conference) presented their concept plan for downtown housing/retail with parking in Modesto. They showed their plan for a five story building with 33 housing units. They have already met with some of the City officials and will continue to work with the Downtown Partnership and the City of Modesto to pursue housing in the downtown. 	Jeremy N. Tomas J.	
6	<p>Discussion of ACE Train project</p> <ul style="list-style-type: none"> - Dan Leavitt, manager of the project to extend ACE rail service, presented information regarding the expansion of the ACE train into the Modesto area. The service is anticipated to be available in 2020. - He also discussed the Amtrak San Joaquins scheduling a train that will leave Modesto at 6am and reach Sacramento before 8am. This new train schedule will start on May 7th. 	Dan L.	
7	<p>Discussion of the Downtown Event</p> <ul style="list-style-type: none"> - The Annual State of the Downtown was well received by those who attended. Approximately 250 people attended, with sales of tickets covering approximately \$2500 of the cost of the event. There was further discussion of having next years event in the evening to accommodate those who could not come during the day. 	Josh B.	
8	<p>Discuss Annual Events and Activities Calendar</p> <ul style="list-style-type: none"> - Josh and Stephanie presented a list of the Activities and Events scheduled at this time for the 2018 year. This list will be on the Downtown Partnership website. 	Josh B. Stephanie B.	
9	<p>Board Member Forum</p> <p>This is a time for board members to raise items of concern or make announcements. Per the Brown act, no discussion or action takes place on any issue raised.</p> <ul style="list-style-type: none"> - Josh informed the board that Michael Moradian wanted to convey his concern regarding downtown properties that were not being adequately maintained/repared. (boards put over broken window instead of windows replaced, etc.) - Rose Louis said that she had not noticed any patrols cars parked downtown following our conversation with the police chief. She indicated that it would be good to have individual board members send emails to the chief encouraging him to do so in order to increase the perception of a public safety presence. 	F. Silva	
8	<p>Adjourn Regular Meeting</p> <ul style="list-style-type: none"> - Fred adjourned the regular meeting at 5:17 p.m. 	Fred S.	

3. Action Items

Action	Owner	Due Date
Resend the invoices for the board member "dues"	Fred	ASAP

Send the police chief's email address to board members		Josh	ASAP
4. Next Meeting (if applicable)			
Date: (MM/DD/YYYY)	04/11/18	Time:	4:00pm
		Location:	1625 I Street Modesto



By The Numbers – March 2018

Pounds of Trash Collected: 33,118

Graffiti Spots Removed: 69

Business Interactions: 659

Calls for Service: 46

Homeless Engagements: 158

Homeless Referred to Services: 17

Anti-Social Behavior Abated: 40

Patron Interactions: 553

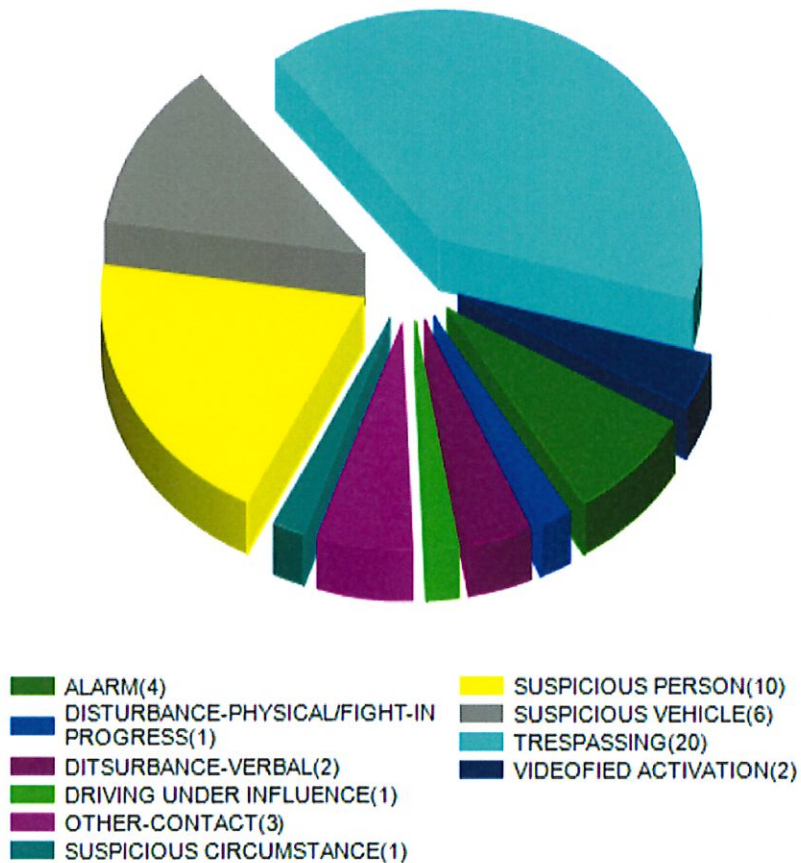
Patrons Referred to Businesses/Services: 64

Rank Security Calls Serviced: 50

March By the Numbers – Rank Security

Group	Security Call Type	Totals
RANK	ALARM	4
	DISTURBANCE-PHYSICAL/FIGHT-IN PROGRESS	1
	DITSURBANCE-VERBAL	2
	DRIVING UNDER INFLUENCE	1
	OTHER-CONTACT	3
	SUSPICIOUS CIRCUMSTANCE	1
	SUSPICIOUS PERSON	10
	SUSPICIOUS VEHICLE	6
	TRESPASSING	20
	VIDEOFIED ACTIVATION	2
	Total	50
Total		50

RANK



Downtown Modesto Partnership
Budget vs. Actuals: FY 2017-2018
YTD March 31, 2018

	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% of Annual Budget
Revenue					
31020 Board Donations	100	1,500	-1,400	1,500	6.67%
31030 CBD Income	436,486	436,486	0	680,000	64.19%
31070 Events Income	0	0	0	15,000	0.00%
31085 Sponsorship/Advertising	0	0	0	5,000	0.00%
31090 Misc. Donations	0	333	-333	1,000	0.00%
Total Revenue	436,586	438,319	-1,733	702,500	62.15%
Expenditures					
41000 Advertising	2,701	2,701	0	6,000	45.01%
41010 Benefits					
Health Insurance	10,578	12,813	-2,235	38,440	27.52%
Pension	3,289	4,667	-1,378	14,000	23.49%
41020 Board Meetings & Convening	50	333	-283	1,000	5.02%
41031 Cell Phones	860	1,600	-740	4,800	17.93%
41040 Dues, Subscriptions & Licenses	286	1,333	-1,047	4,000	7.15%
41050 Events/Activities	8,265	8,265	0	20,000	41.32%
41060 Field Equipment & Supplies	3,328	5,000	-1,672	15,000	22.19%
41070 Liability Insurance	2,411	2,700	-289	2,700	89.30%
41080 Miscellaneous	54	1,583	-1,529	4,750	1.13%
41090 Office Improvements & Maintenance	432	833	-401	2,500	17.28%
41100 Office Supplies	1,074	2,000	-926	6,000	17.90%
41110 Outside Services					
Admin Assist	1,200	1,667	-467	5,000	24.00%
Auditor/CPA	5,307	0	-5,307	0	0.00%
Marketing Firm	16,000	8,000	8,000	24,000	66.67%
Motion Loft	0	3,333	-3,333	10,000	0.00%
Parking Consultant	6,000	0	-6,000	0	0.00%
Rank Security	7,980	7,904	76	23,712	33.65%
SinglePoint	3,664	333	3,331	1,000	366.41%
41120 Payroll	88,361	122,253	-33,892	366,760	24.09%
41130 Payroll Tax Expense	9,252	12,225	-2,973	36,676	25.23%
41140 Postage & Delivery	191	167	24	500	38.16%
41150 Professional Development	1,390	1,390	0	2,000	69.50%
41155 Public Space Beautification	0	5,084	-5,084	15,253	0.00%
41160 Rent	8,000	8,000	0	24,000	33.33%
41170 Sponsorship	2,150	3,333	-1,183	10,000	21.50%
41170 Travel & Entertainment	1,498	1,667	-168	5,000	29.97%
41190 Vehicle Expenses	0	3,000	-3,000	9,000	0.00%
41200 Workers Compensation	3,015	5,095	-2,080	15,284	19.73%
Total Expenditures	\$ 187,337	\$ 227,281	\$ (62,559)	\$ 667,375	28.07%
Net Revenue	\$ 249,249				
Business Checking Balance As of 3/31/2018	\$ 682,527				

**MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP**

FINANCIAL STATEMENTS

November 30, 2017

Michael R. Baudler & Donna E. Flanders

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Modesto Improvement Partnership, Inc.
Dba Downtown Modesto Partnership

We have audited the accompanying financial statements of Modesto Improvement Partnership, Inc., dba Downtown Modesto Partnership (a nonprofit organization), which comprise the statement of financial position as of November 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Modesto Improvement Partnership, Inc., dba Downtown Modesto Partnership as of November 30, 2017, 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.

Baudler & Flanders, CPAs

Modesto, CA
March 13, 2018

1120 14th Street • Suite 2 • Modesto • CA • 95354

telephone • (209) 575-2653 • facsimile • (209) 575-0629 • e-mail • b_f@modestocpas.com

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
 STATEMENT OF FINANCIAL POSITION
 November 30, 2017

	2017
ASSETS	
Cash and cash equivalents	\$ 445,374
Accounts receivable	3,403
Prepaid expenses	15,791
Total current assets	464,568
Furniture and equipment	115,963
Accumulated depreciation	(15,119)
Total fixed assets	100,844
Deposits	2,108
TOTAL ASSETS	\$ 567,520
 LIABILITIES	
Accounts payable	\$ 10,277
Accrued payroll expense	21,748
Accrued vacation	10,999
Total current liabilities	43,024
 NET ASSETS	
Unrestricted	517,996
Temporarily restricted	6,500
Total net assets	524,496
TOTAL LIABILITIES AND NET ASSETS	\$ 567,520

See accompanying notes and accountants' report

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
STATEMENT OF ACTIVITIES
For the year ended 11/30/2017

REVENUES	Unrestricted	Temporarily Restricted	Total
CBD income	\$ 701,615	\$ -	\$ 701,615
Donations, Board	900	-	900
Donations, in-kind	34,430	-	34,430
Events income	4,289	-	4,289
Grants income	5,372	10,000	15,372
Net assets released from restrictions	3,500	(3,500)	-
	750,106	6,500	756,606
EXPENSES			
Advertising	4,865	-	4,865
Board meetings	515	-	515
Depreciation	14,339	-	14,339
Dues, subscriptions, and licenses	2,395	-	2,395
Events	23,456	-	23,456
Insurance, health	32,631	-	32,631
Insurance, liability	2,547	-	2,547
Insurance, worker's compensation	11,487	-	11,487
In-kind rent	34,430	-	34,430
Miscellaneous	56	-	56
Office maintenance	3,425	-	3,425
Office supplies	8,010	-	8,010
Outside services	136,156	-	136,156
Payroll	267,224	-	267,224
Payroll taxes	25,350	-	25,350
Pension	11,564	-	11,564
Postage and delivery	468	-	468
Professional development	998	-	998
Rent	3,433	-	3,433
Supplies and small tools	18,206	-	18,206
Travel and entertainment	3,219	-	3,219
Utilities	12,999	-	12,999
	617,773	-	617,773
CHANGE IN NET ASSETS	132,333	6,500	138,833
Beginning of the year	385,663	-	385,663
End of the year	\$ 517,996	\$ 6,500	\$ 524,496

See accompanying notes and accountants' report

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
STATEMENT OF CASH FLOWS
For the year ended 11/30/17

Increase(decrease) in cash and cash equivalents

	2017
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 138,833
Adjustments to reconcile change in net assets to net cash provided by operations:	
(Increase) decrease in accounts receivable	(3,403)
(Increase) decrease in prepaid expenses	(15,791)
(Increase) decrease in security deposits	(300)
Increase (decrease) in accounts payable	(6,470)
Increase (decrease) in accrued payroll	8,691
Increase (decrease) in pension payable	(1,761)
Increase (decrease) in accrued vacation	10,999
Depreciation expense	14,339
Total adjustments	6,305
NET CASH PROVIDED BY OPERATIONS	145,138
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of furniture and equipment	(95,792)
Deposits	21,746
NET CASH USED BY INVESTING ACTIVITIES	(74,046)
CASH FLOWS FROM FINANCING ACTIVITIES	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,092
BEGINNING CASH AND CASH EQUIVALENTS	374,282
ENDING CASH AND CASH EQUIVALENTS	\$ 445,374

See accompanying notes and accountants' report

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
November 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Modesto Improvement Partnership, Inc. a California not for profit corporation was established in 2015 as a nonprofit public benefit corporation to build a positive image of downtown Modesto by highlighting all the great things the community has to offer and bolstering services that improve the user experience.

The organization, dba Downtown Modesto Partnership (DoMo), has a contract ending 12/31/30 with the City of Modesto to operate and manage the 47 block Downtown Modesto Community Benefit District (CBD) in accordance with the CBD Management District Plan. The CBD is funded through an assessment of property owners within the 47 block area, which is collected by the Stanislaus County Tax Collector through annual property tax bills and passed on to DoMo through the City.

The Downtown Modesto Partnership settled on a vision that provides a sense of purpose and direction, while providing flexibility in how it is implemented, to ensure the organization stays focused but nimble. The three-part vision is as follows:

- Downtown Modesto is a safe, inviting and beautiful place that inspires a powerful sense of community pride
- Downtown Modesto is a vibrant destination for community connection, with world-class cuisine, arts and entertainment – indisputably the place to be
- Downtown Modesto is bursting with business growth and new development; the place for shopping, high quality urban living and innovative enterprise

The Downtown Modesto Partnership adopted a Strategic Direction that is intended to enhance the downtown experience through a series of systemic upgrades to the downtown management model, which are designed around collaboration and collective impact.

- Bridging structural gaps
 - Community organizations work as a collective
 - Downtown is perceived as a safer and more secure environment
 - Downtown is attractive to businesses and developers
- Enhancing our image
 - A shared community vision for downtown
 - A great media/communications program
 - Downtown is the center of top-drawer community events

Basis of accounting and financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). DoMo reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
November 30, 2017

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (through the passage of time or because the purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as *net assets released from restrictions*.

At November 30, 2017, the organization had unrestricted and temporarily restricted net assets, but no permanently restricted net assets. The temporarily restricted net assets consist of funds designated for a study of on-street parking on J Street.

Revenue recognition

DoMo receives a percentage of the CBD assessment based on funds collected, less an administrative fee, as scheduled in its management agreement with the City of Modesto. The organization considers assessment revenue earned when received. These funds are the organization's primary source of support. Any other revenue is recognized in the period it is earned.

Donated services

DoMo is governed by a volunteer Board of Directors. Additionally, a number of volunteers have donated significant amounts of time to advance the organization's program objectives. No amounts have been reported in the accompanying financial statements for donated services since no objective basis is available to measure the value of such services.

Income taxes

DoMo is exempt from federal and state income taxes on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. DoMo's tax returns are subject to examination by federal and state taxing authorities generally for three and four years, respectively, after they are filed. Management is unaware of any current or pending examinations.

The organization would be taxed on 'unrelated business income', income that is not related to its exempt purpose. There was no unrelated business income on the accompanying financial statements.

Fixed Assets

Acquisitions of equipment having an estimated useful life of more than one year with a cost of \$1,000 or more are capitalized at cost. Donated equipment having an extended useful life is capitalized at fair market value. Depreciation is computed by the use of the straight-line method over the estimated useful life of an asset. Expenditures for maintenance and repairs are charged to expense as incurred.

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
November 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Cash and cash equivalents

For purposes of the statement of cash flows, DoMo considers all bank accounts, money market accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Costs

The cost of providing the organization's programs have been summarized by natural classification in the financial statements. The following table lists the functional allocation of costs for the year based on estimates developed by management.

Program expenses			
Image enhancements services	\$	174,974	28%
Cleaning and safety programs	\$	381,193	61%
General and administrative costs	\$	68,740	11%
Fundraising	\$	0	0%

Employee Benefits

Full-time employees are eligible for vacation time and insurance benefits. DoMo contributes towards employee health, dental and vision insurance. Part-time employees are not eligible for these benefits. For all employees, DoMo complies with the State of California minimum wage, overtime, and sick leave requirements.

Employee benefits are managed through DoMo's payroll and HR provider, SinglePoint Outsourcing, Inc. Employees have deductions withheld from their paychecks to cover their share of the insurance benefits.

SinglePoint also handles the organization's 401(k) plan. All employees are eligible to participate in the plan. In the current year DoMo elected to make a profit sharing contribution equal to 5% of each employee's pay. Contributions made by the organization vest over 5 years.

If an employee leaves prior to 5 years of service, then the unvested amounts are subject to potential forfeiture. Unvested amounts are forfeited after a 5 year break in service. Forfeit amounts are available to DoMo to reduce administration fees and future contributions.

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
November 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred.

Bad Debts

Outstanding receivables are written off as bad debt expense in the period management determines that they have become uncollectible.

NOTE 2 – FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short-term maturity of these instruments.

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- *Level 1* – quoted prices in active markets for identical assets
- *Level 2* – quoted prices in active or inactive markets for the same or similar asset
- *Level 3* – estimates using the best information available when there is little or no market

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

NOTE 3 - TRANSACTIONS WITH RELATED PARTIES

DoMo has a written conflict of interest policy that requires, among other things, that no member of the Board of Directors can participate in any decision in which he or she may have a material financial interest.

Various Board Members provided pro bono work out of their respective offices including legal research. A Board Member is the CEO of the Gallo Center; the Gallo Center donated the use of space for a DoMo event. Another Board Member is the Executive Director of the State Theatre; the State Theatre donated the use of space for a DoMo event.

A Board Member is President of the local credit union where the organization maintains its bank account. Another Board Member owns the building where DoMo sub-leases office space (see note 4). The CEO is the son of a former Board Member.

DoMo leases storage space from a company owned by a Board Member. Rent expense for the year ended November 30, 2017 was \$600 (see note 4).

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
November 30, 2017

NOTE 3 - TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

In the year ended November 30, 2017, DoMo incurred expense of \$4,118 for the purchase of uniforms and supplies from a company owned by a Board Member.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

During most of the year, DoMo used office space under a month to month lease (in-kind \$3,000 per month). The fair value of the donated office space was measured using level 2 inputs. The lease required that DoMo pay \$825 per month for its share of the utilities. In June 2017 the lessor notified DoMo that the lease would be terminated at the end of October 2017.

Starting November 1, 2017, DoMo subleased office space from Opportunity Stanislaus at 1625 I Street for \$2,000 per month. The sublease runs through December 31, 2018 and includes additional services such as administrative support, Wi-Fi, telephone, janitorial services, utilities, parking, and the use of office equipment.

Starting October 1, 2017, DoMo leases storage space at 1003 10th Street from G&K Enterprises, LLC for \$300 a month. This location will help ensure a faster response for calls in the core of downtown.

Future minimum obligations under these leases total \$ 35,900 and are due as follows:

2017-2018	\$ 27,600
2018-2019	\$ 5,600
2019-2020	\$ 2,700
2020-2021	\$ 0
2021-2022	\$ 0

NOTE 5 - CONCENTRATION OF RISK AND UNCERTAINTIES

DoMo maintains a cash account with Valley First Credit Union, which is insured by NCUSIF up to \$250,000. At the reporting date the organization had deposits in excess of the insured limit. Management does not believe that this concentration constitutes a significant credit risk.

NOTE 6 – EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 13, 2018 the date on which the financial statements were available to be issued.