

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

Date of Meeting:	03/21/19	Time:	4:00PM
Board Chair:	Fred Silva	Location:	1003 10 th Street, Ste. A.
1. Discussion Items			
#	Topics	Presenter	
1	Welcome and Introductions (5 min)	Fred S.	
2	Approval of Minutes (2 min)	Fred S.	
3	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	
4	Downtown Modesto Partnership Mission (10 min)	Josh B.	
5	Administrative Update (Recap of past month's activities and upcoming initiatives: Move into New Office Space, Downtown Experience Engineers, Downtown Property Owner Survey, New Events Webpage, Lucky Fest, Installation of New Trash Receptacles, 10 th Street Landscaping Project, First Fridays, Financials) (15 min)	Josh B.	
6	Executive Team Update (Recap of Executive Committee Meeting: Modesto Marathon Sponsorship, Hiring Needs) (5 min)	Fred S.	
7	Action: Audit Committee Recommendation – Discuss Annual Audit/Financial Statements (10 min)	Barrett L.	
8	Action: Executive Team Recommendation – Discuss Annual Action Plan (10 min)	Lynn D.	
9	Action: Executive Team Recommendation – Discuss Annual Report (10 min)	Rose L.	
10	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	
11	Adjourn Regular Meeting	Fred S.	

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

Description	Brought by
1/17/19 Board Meeting Minutes	Josh B.
Administrative Update Summary	Josh B.
Draft 2017-2018 Audit	Josh B.
Draft 2019 Annual Action Plan	Josh B.
Draft 2017-2018 Annual Report	Josh B.

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

Date of Meeting:	01/17/19	Time:	4:00 PM
Minutes Prepared By:	Susan Martin	Location:	1601 I Street Modesto

1. Attendance

Present	Rose Louis, Josh Bridegroom, Lynn Dickerson, Ann Endsley, Mike Goss, Greg Reed, Barrett Lipomi, Fred Silva, David Boring, Ryan Swehla, Mike Moradian
Absent	Saul Trujillo, Ted Brandvold
Others	Stephanie Burtch, Susan Martin, Jerome Murray

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 10/10/18 board meeting. <ul style="list-style-type: none"> o Board approved the minutes as presented (R. Swehla/D. Boring; 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 indicated that things were getting settled in the new office. Hope to have things settled so that the next board meeting can be held in the new space. - Josh reviewed how the transition to Street Plus has been going. Numbers were low in December, but we're hoping to see improvement once fully staffed. - The holiday decorations received very positive feedback. - The Discover DoMo Promo was a success this year. At least 850 tickets were sold. Jerome Murray from Modesto On Ice presented feedback to the group on the things that were great about the promo and things that can be improved. He indicated that the DoMo Promo was worth it and was positive for the skate year. - Josh discussed the C3 Brochure and Webpage. The website and brochure helps to point people to businesses and restaurants downtown. The brochures have been placed at multiple hotels throughout Modesto including the Double Tree and Best Western downtown. - Downtown Streets Team signed a lease to occupy two offices in our new location at 1003 10th Street. - Josh will be marking the location for the installation of the new trash receptacles next week. Susan will coordinate with the City staff to have the cans installed. 	Josh B.

Date of Meeting:	01/17/19	Time:	4:00 PM
Minutes Prepared By:	Susan Martin	Location:	1601 I Street Modesto
	<ul style="list-style-type: none"> - The landscaping for the 10th Street planter boxes has arrived and is ready to install. Installation should be occurring shortly. - Work will be starting on the annual report. It will be brought to the next Executive Team meeting for review and then to the next board meeting for final approval. - The current financials were provided and reviewed. 		
4	<p>Executive Team Update</p> <ul style="list-style-type: none"> - Fred recapped the Executive Team Meeting. He identified the Executive Team had reviewed and brought to this meeting their recommendations for the new board, which will be discussed under Section 5. He indicated that parking would be an additional cost to DoMo for the administration staff, however the sublease of space would assist with payment this. Fred indicated that we were asked for a late sponsorship Rockin' Holidays. He indicated that the Executive Team agreed to give the sponsorship but wanted to have discussions about making it more family friendly. Fred had a meeting planned the following week to discuss this. 		Fred S.
5	<p>Action: Executive Team Recommendation – Discuss Board Member Nominations</p> <ul style="list-style-type: none"> - Fred stated that the Executive Team had received four nominations to the board. One of the nominations was not eligible due to not meeting the requirements established by the bylaws. Jennifer Jackson Romero and Kristy Rupp were recommended as new board members. Lynn Dickerson was recommended for renewal as a board member. <ul style="list-style-type: none"> o The Board approved the Executive Team recommendation for new board members, with the following votes per appointee <ul style="list-style-type: none"> ▪ Jennifer Romero (L. Dickerson/B. Lipomi; unanimous) ▪ Kristy Rupp (R. Louis/L. Dickerson; unanimous) ▪ Lynn Dickerson (R. Swehla/D. Boring; unanimous; L. Dickerson Abstain) - Fred identified that the Executive Team also discussed maintaining the same members in the same positions for the Executive Team, but adding a new Member at Large, Mike Moradian. <ul style="list-style-type: none"> o The board approve the Executive Team recommendation for the makeup of the Executive Committee, with the following votes <ul style="list-style-type: none"> ▪ Mike Moradian – Member at Large for the Executive Team (R. Swehla/D. Boring; unanimous) ▪ Appoint the Executive as presented (Mike G./D. Boring; unanimous) 		Fred S.
6	<p>Action: Executive Team Recommendation – Discuss Modifications to 2018/2019 Operating Budget</p> <ul style="list-style-type: none"> - Barrett presented the modifications to the current budget. With the sublease occurring at a higher rate than expected, the funds will help with employee parking, office improvements, and office supplies. <ul style="list-style-type: none"> o The Board approved the Executive Team recommendation, to adjust the 2018/2019 Operating Budget (B. Lipomi/R. Swehla; unanimous G. Reed Abstain) 		Barrett L.
7	<p>Action: Executive Recommendation – Discuss Board Meeting Schedule</p>		Rose L.

Date of Meeting:	01/17/19	Time:	4:00 PM
Minutes Prepared By:	Susan Martin	Location:	1601 I Street Modesto
	<ul style="list-style-type: none"> - Rose presented a new schedule for the upcoming board year. It was suggested to meet every other month with, no meeting in July, or December. <ul style="list-style-type: none"> o The Board approved the Executive Team recommendation to accept the proposed meeting scheduled for 2019 (R. Louis/M. Moradian; unanimous) <ul style="list-style-type: none"> ▪ February 13, 2019 ▪ March – No Meeting ▪ April 10, 2019 ▪ May – No Meeting ▪ June 12,2019 ▪ July – No Meeting ▪ August 14, 2019 ▪ September – No Meeting ▪ October 9, 2019 ▪ November 13, 2019 (only if needed) ▪ December – No Meeting 		
8	Action: Executive Team Recommendation – Discuss Annual Audit Committee <ul style="list-style-type: none"> - Lynn reviewed the Executive Team’s discussion over the makeup of the Audit Committee. After conversations with prospective members, the committee makeup is recommended as Fred Silva, Barrett Lipomi, Greg Reed and Ryan Swehla as an alternate <ul style="list-style-type: none"> o The Board approved Executive Team Recommendation as presented (L. Dickerson/M. Moradian; unanimous) 		Lynn D.
9	Board Member Forum <ul style="list-style-type: none"> - There was general discussion around the table. 		Any
8	Adjourn Regular Meeting <ul style="list-style-type: none"> - Fred adjourned the regular meeting at 5:30 p.m. 		Fred S.

3. Action Items			
Action	Owner	Due Date	
Work with City on the Downtown Vision Document	Josh	Ongoing	
5. Next Meeting (if applicable)			
Date: (MM/DD/YYYY)	03/21/19	Time:	4:00pm
Location:	1003 10 th Street Suite A		



By the Numbers – February

This statement only reflects a partial count of the work completed in February.

Pounds of Trash Collected: 15,746.88

Graffiti Spots Removed: 36

Business Interactions: 471

Calls for Service: 151

Homeless Engagements: 383

Homeless Referred to Services: 48

Anti-Social Behavior Abated: 73

Patron Interactions: 331

Patrons Referred to Businesses/Services: 199

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**Downtown Modesto Partnership
Budget vs. Actuals: FY 2018-2019
YTD February 28, 2019**

	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% of Annual Budget
Revenue					
31020 Board Donations	600	1,200	-600	1,200	50.00%
31030 CBD Income	406,511	406,511	0	680,000	59.78%
31040 Contracted Services	900	1,250	-350	5,000	18.00%
31060 Sublease	2,000	4,000	-2,000	22,000	9.09%
31070 Events Income	0	0	0	20,000	0.00%
31085 Sponsorship/Advertising	0	0	0	18,000	0.00%
31090 Misc. Donations	0	0	0	1,000	0.00%
Total Revenue	410,011	412,961	-2,950	747,200	99.29%
Expenditures					
41000 Advertising/Marketing	2,159	4,500	-2,341	18,000	11.99%
41010 Benefits					
Health Insurance	7,037	5,750	1,287	23,000	30.60%
Pension	3,206	3,033	172	12,133	26.42%
41020 Board Meetings & Convening	87	125	-38	500	17.40%
41031 Cell Phones	1,011	700	311	2,800	36.09%
41040 Dues, Subscriptions & Licenses	881	1,000	-119	4,000	22.02%
41041 Employee Parking	3,280	3,520	-240	3,520	93.18%
41050 Events/Activities	661	661	0	22,019	3.00%
41070 Liability Insurance	2,290	2,700	-410	2,700	84.81%
41080 Miscellaneous	300	625	-325	2,500	12.00%
41090 Office Improvements & Maintenance	1,918	2,250	-332	9,000	21.32%
41100 Office Supplies	2,708	2,708	0	6,000	45.13%
41110 Outside Services					
Admin Assist	1,200	1,200	0	5,000	24.00%
Auditor/CPA	0	0	0	7,500	0.00%
Motion Loft	0	1,780	-1,780	7,119	0.00%
Parking Consultant	0	1,750	-1,750	7,000	0.00%
Rank Security	6,004	5,925	79	23,700	25.33%
SinglePoint	1,957	1,750	207	7,000	27.96%
StreetPlus	26,650	58,850	-32,200	235,400	11.32%
41120 Payroll	64,110	57,500	6,610	230,000	27.87%
41130 Payroll Tax Expense	6,295	5,750	545	23,000	27.37%
41140 Postage & Delivery	0	125	-125	500	0.00%
41150 Professional Development	0	1,370	-1,370	5,480	0.00%
41155 Public Space Beautification	4,386	4,386	0	11,000	39.88%
41160 Rent	10,751	11,000	-249	44,000	24.43%
41170 Sponsorship	1,500	2,500	-1,000	10,000	15.00%
41170 Travel & Entertainment	863	2,000	-1,137	8,000	10.79%
41180 Utilities	1,232	1,500	-268	6,000	20.53%
41190 Vehicle Expenses	3,432	3,432	0	9,000	38.13%
41200 Workers Compensation	822	332	489	1,329	61.82%
Total Expenditures	\$ 154,739	\$ 188,722	\$ (33,983)	\$ 747,200	20.71%
Net Revenue	\$ 255,272				
Business Checking Balance As of 02/28/19	\$ 719,649				

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JOHNSON & ASSOCIATES CPAs, INC.

631 15th Street Modesto, CA 95354

Phone (209) 236-1040 • Fax (209) 236-1068

CASEY G. JOHNSON, CPA, CVA, MBA

MICHELLE N. MATOS, CPA, MBA

March 20, 2019

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

In planning and performing our audit of the financial statements of Modesto Improvement Partnership, Inc. dba Downtown Modesto Partnership as of and for the year ended November 30, 2018 in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in Downtown Modesto Partnership's internal control to be material weaknesses:

1. Internal controls over financial reporting include the process to prepare accurate and complete financial statements and all accompanying information. While management has properly reviewed and accepted responsibility for the financial statements and related footnotes, assistance was needed to prepare the financial statements. While this is common for an entity of your size, this represents a material weakness in internal controls. This condition should be considered when the Board is exercising its oversight duties with respect to financial reporting.

Downtown Modesto Partnership
March 20, 2019
Page 2 of 2

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Johnson & Associates CPAs, Inc.

Johnson & Associates CPAs, Inc.
Modesto, California



JOHNSON & ASSOCIATES CPAs, INC.

631 15th Street Modesto, CA 95354

Phone (209) 236-1040 • Fax (209) 236-1068

CASEY G. JOHNSON, CPA, CVA, MBA
MICHELLE N. MATOS, CPA, MBA

March 20, 2019

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

We have audited the financial statements of Modesto Improvement Partnership, Inc. dba Downtown Modesto Partnership for the year ended November 30, 2018 and have issued our report thereon dated March 20, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 15, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Downtown Modesto Partnership are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended November 30, 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimate of the depreciation related to fixed assets. We evaluated the key factors and assumptions used to develop the estimation of the depreciation in determining the reasonableness in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 20, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a Consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements; our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
Downtown Modesto Partnership
March 20, 2019
Page 3 of 3

This information is intended solely for the use of the Board of Directors and management of Downtown Modesto Partnership and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Johnson & Associates CPAs, Inc.

Johnson & Associates CPAs, Inc.
Modesto, California

**MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
(A NONPROFIT CORPORATION)**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

NOVEMBER 30, 2018

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CASEY G. JOHNSON, CPA, CVA, MBA
MICHELLE N. MATOS, CPA, MBA

JOHNSON & ASSOCIATES CPAs, INC.

631 15th Street Modesto, CA 95354
Phone (209) 236-1040 • Fax (209) 236-1068

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Modesto Improvement Partnership, Inc.
dba Downtown Modesto Partnership
(A Nonprofit Corporation)
Modesto, California

We have audited the accompanying financial statements of Modesto Improvement Partnership, Inc. dba Downtown Modesto Partnership (a Nonprofit Corporation), which comprise the statement of financial position as of November 30, 2018, and the related statement of activities, and cash flow 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, 2018, and the change in net assets and cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Johnson & Associates CPAs, Inc.

Johnson & Associates CPAs, Inc.

March 20, 2019
Modesto, California

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
NOVEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	464,472	
Contributions Receivable		300	
Pread Expenses		<u>199</u>	
Total Current Assets	\$		464,971

NON CURRENT ASSETS

Security Deposit			2,108
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FIXED ASSETS (Net of Accumulated Depreciation of \$41,430)

115,080

Total Assets

\$ 582,159

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	225	
Accrued Wages and Benefits		6,263	
Accrued Compensated Absences		<u>14,590</u>	
Total Current Liabilities	\$		21,078

NET ASSETS

Unrestricted Net Assets		554,581	
Temporarily Restricted Net Assets		<u>6,500</u>	
Total Net Assets			<u>561,081</u>

Total Liabilities and Net Assets

\$ 582,159

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED NOVEMBER 30, 2018

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and Support:		
Contributions	\$ 10,802	
Community Benefit District Assessments	675,212	
Events Income	18,769	
Miscellaneous	<u>1,939</u>	
Total Revenues and Support		\$ 706,722
Expenses:		
Program Grants and Expenses	479,995	
Operating Expenses	<u>190,142</u>	
Total Expenses		<u>670,137</u>
TOTAL CHANGE IN NET ASSETS		36,585
Net Assets at Beginning of Year		<u>524,496</u>
Net Assets at End of Year		<u>\$ 561,081</u>

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
STATEMENT OF CASH FLOW
YEAR ENDED NOVEMBER 30, 2018

CASH FLOW FROM (USED BY) OPERATING ACTIVITIES		
Change in Net Assets		\$ 36,585
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	\$ 25,878	
Changes in Operating Assets and Liabilities:		
Decrease in Accounts Receivable	3,146	
Increase in Contributions Receivable	(43)	
Decrease in Prepaid Expenses	15,592	
Decrease in Accounts Payable	(10,236)	
Decrease in Accrued Wages and Benefits	(15,485)	
Increase in Accrued Compensated Absences	<u>3,591</u>	
Total Adjustments		<u>22,443</u>
Net Cash Flow From (Used By) Operating Activities		59,028
CASH FLOW FROM (USED BY) INVESTING ACTIVITIES		
Purchases of Fixed Assets		<u>(39,930)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		19,098
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>445,374</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>\$ 464,472</u>

See accompanying notes and accountant's report.

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Modesto Improvement Partnership, Inc. dba Downtown Modesto Partnership (the Organization), a California Nonprofit Community Benefit Corporation, is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code).

The purpose of the Organization is to revitalize the image of Downtown Modesto and increase patronage and business to the downtown area by highlighting the various products, services, and events occurring in the 47 block area identified as making up Downtown Modesto. The Organization was formed to operate and manage the Community Benefit District by contracting with the City of Modesto and is funded primarily through an approved Community Benefit District (CBD) assessment on property owners within the 47 blocks being served by the Organization.

The Organization pursues its goals by taking action necessary to ensure that the downtown area remains clean and inviting. Additionally, the Organization sponsors, hosts, and promotes various events in the downtown area to encourage more public interest and interaction in Downtown Modesto.

Classification of Net Assets

Generally accepted accounting principles requires the Organization to report information regarding its financial position and activities in three classes of net assets - unrestricted, temporarily restricted and permanently restricted - based upon the existence or absence of donor-imposed restrictions.

Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time, are designated as temporarily restricted. Permanently restricted net assets are subject to donor-imposed restrictions that will be maintained in perpetuity. The Organization did not have any permanently restricted net assets as of November 30, 2018.

Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase.

The Organization maintains cash deposits at one financial institution. The National Credit Union Administration (NCUA) provides insurance coverage per depositor per financial institution. The maximum coverage as of November 30, 2018 was \$250,000. At November 30, 2018, the Organization's uninsured cash balance was \$220,359.

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

Unconditional promises to give are recorded as contributions when received at the net present value of the amounts expected to be collected. At November 30, 2018, the Organization had \$300 of uncollateralized contributions receivable, all of which will be received within one year. In the unlikely event all contributions were not paid, the maximum recognized loss would be \$300.

Revenue Recognition

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

Fixed Assets

Fixed assets, consisting of the assets noted below, are carried at cost, net of accumulated depreciation. Asset acquisitions in excess of \$1,000 with a life in excess of one year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture	7 years
Office Equipment	5 years
Computer Equipment and Software	3 years

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and California income tax, except on net income derived from unrelated business activities, if any.

The Organization's information returns for years 2014 to current remain open to examination from taxing authorities.

Estimates and Assumptions

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

MODESTO IMPROVEMENT PARTNERSHIP, INC.
 dba DOWNTOWN MODESTO PARTNERSHIP
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Full-time employees of the Organization are entitled to paid vacation and paid absences. The Organization's policy is to accrue and report a liability for these amounts in the financial statements. Accrued Compensated Absences as of November 30, 2018 was \$14,590.

Advertising

Advertising costs are expensed as incurred. The Organization does not have any direct response advertising. Total advertising expense for the year ended November 30, 2018 was \$31,317.

NOTE 2 NATURAL CLASSIFICATION OF EXPENSES

Operating expenses incurred in the fiscal year ended November 30, 2018, were as follows:

	<u>Operating</u>
Salaries, Wages, and Benefits	\$ 47,401
Auto Expense	249
Depreciation	25,878
Insurance	2,411
Office Expense	5,077
Operating Expense	13,388
Outside Services	59,827
Professional Development	4,840
Rent	24,000
Repairs and Maintenance	2,379
Telephone	<u>4,692</u>
 Total Operating Expenses	 <u>\$ 190,142</u>

MODESTO IMPROVEMENT PARTNERSHIP, INC.
 dba DOWNTOWN MODESTO PARTNERSHIP
 NOTES TO FINANCIAL STATEMENTS
 NOVEMBER 30, 2018

NOTE 3 OPERATING LEASES

The Organization sub -leases the office space located at 1625 I Street in Modesto under a memorandum of understanding with Opportunity Stanislaus expiring December 31, 2018. The monthly lease payment is \$2,000. Total lease payments for the year ended November 30, 2018 were \$24,000.

The Organization leases office space located at 1003 10th Street in Modesto from G&K Enterprises, Inc. non-cancelable operating lease expiring August 31, 2020. The monthly lease payments is \$300. Total lease payments for the year ended November 30, 2018 were \$3,600.

Minimum future lease payments to be paid each year and in the aggregate for the remainder of the lease are as follows:

<u>Period Ended November 30,</u>	
2019	\$ 5,600
2020	<u>2,700</u>
Total	<u>\$ 8,300</u>

NOTE 4 FIXED ASSETS

The Organization's fixed assets consisted of the following as of November 30, 2018:

Furniture and Equipment	\$ 128,314
Vehicles	<u>28,196</u>
Total Fixed Assets	156,510
Less: Accumulated Depreciation	<u>(41,430)</u>
Net Fixed Assets	<u>\$ 115,080</u>

Total depreciation expense for the year ended November 30, 2018 was \$25,878.

NOTE 5 RELATED PARTY TRANSACTIONS

The Organization rents office space from a company which is owned by one of the members of the Board of Directors. During the year ended November 30, 2018, the Organization paid \$3,600 in rent to this related party.

Several members of the Board of Directors periodically donate their time or use of facilities for the benefit of the Organization.

MODESTO IMPROVEMENT PARTNERSHIP, INC.
dba DOWNTOWN MODESTO PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018

NOTE 6 RETIREMENT PLAN

During a prior year, the Organization adopted a defined-contribution Retirement Plan covering all eligible employees of the Organization who have 1,000 hours of service, except collective bargaining employees. The Organization may make matching contributions and profit-sharing contributions to the plan each year at their discretion. Employees may contribute to the 401(k) feature through salary reductions up to the maximum permitted by law. For the year ended November 30, 2018 the Organization made matching contributions of \$15,060.

NOTE 7 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2019, which is the date the financial statements were available to be issued.

2019 Annual Action Plan

1. Assist City of Modesto with Downtown Vision Document
2. Partner with other organizations to proactively address downtown nuisance behavior
3. Develop DoMo Scavenger Hunt
4. Expand Discover DoMo Program
5. Develop Second International Mural Festival

DoMo / Downtown
Modesto
Partnership



2

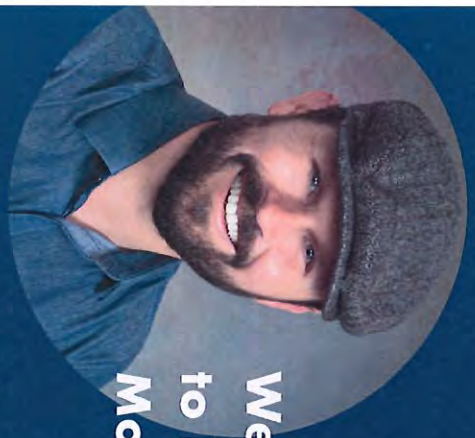
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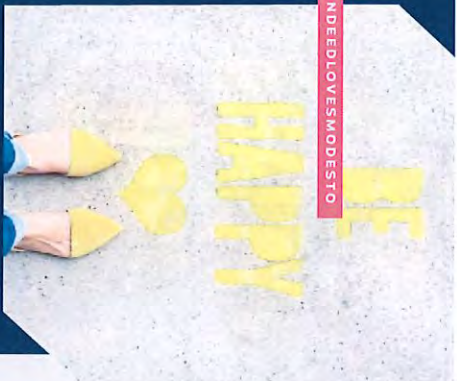
**ANNUAL REPORT
ONE SQUARE MILE.
ENDLESS POSSIBILITY.**

22



Welcome to Downtown Modesto!

#LOVELYNDEEDLOVESMODESTO



There's something different about downtown Modesto these days. There's more energy, more business and more people. It's a downtown in resurgence, and we'd like to think that our efforts over the last three years have played a big role. We continue to see an upward trend in pedestrians counted by our heat-mapping cameras, important because there is a strong correlation between the number of people on the sidewalk and the overall health of a downtown.

With more people out and about, not only is public safety improved, but it also feels more comfortable. Imagine this scenario: You're walking alone down a sidewalk at night, and you have an uncomfortable encounter with a stranger approaching from the opposite direction. Now, take that same scenario and imagine there are fifty more people on the sidewalk – couples, families, working professionals. Suddenly, that encounter feels a lot less intimidating. Beyond this, business sales potential goes up with more people on the sidewalk, as do property values and the likelihood of reinvestment and new development.

Along these lines, we are excited to be able to partner with the City of Modesto on a Downtown Vision document this year that will lay the groundwork for an even brighter future for our downtown. The process includes heavy community participation to ensure that the document is owned by all of us, so that we're all moving in the same direction and mutually accountable for its successful implementation. Please be sure to look for opportunities to participate in this critically important effort for the future health of our downtown.

We are so grateful for the many great partners who have helped us improve the quantity and quality of human experiences in downtown over the past year. We look forward to continuing to build on that momentum in 2019!

Sincerely,

Josh Bridgroom
Chief Executive Officer

Board of Directors

- Josh Bridgroom | President and CEO
- Fred Silva | Board Chair/Damrell, Nelson, Schrimp, Pallios, Pacher & Silva
- Lynn Dickerson | Gallo Center for the Arts
- Rose Louis | Century 21 M&M
- Barett Lipomi |
- Pires, Lipomi & Navarro Architects
- Saul Trujillo | Brenden Theatre
- Ted Brandvold | City of Modesto
- Mike Moradian |
- MCherry Mansion Foundation
- Ann Endsley | Greens on Tenth
- Jennifer Jackson Romero | The Denn Power Plates
- Kristy Rupp | Centerra Capital
- David Boring | Never Boring Design
- Ryan Swehla | NAI Benchmark

Mission Statement

To create a vibrant community through activities and partnerships designed to improve the quantity and quality of experiences in downtown Modesto.

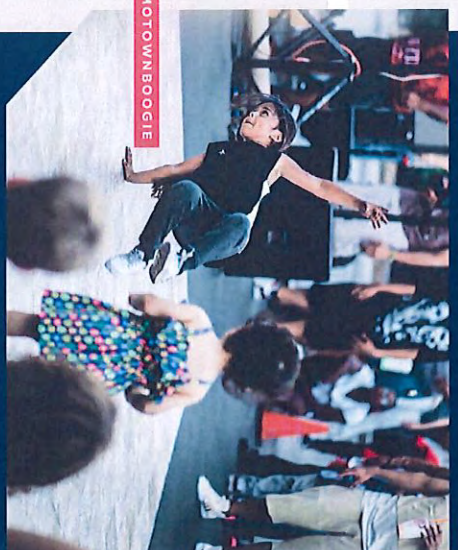
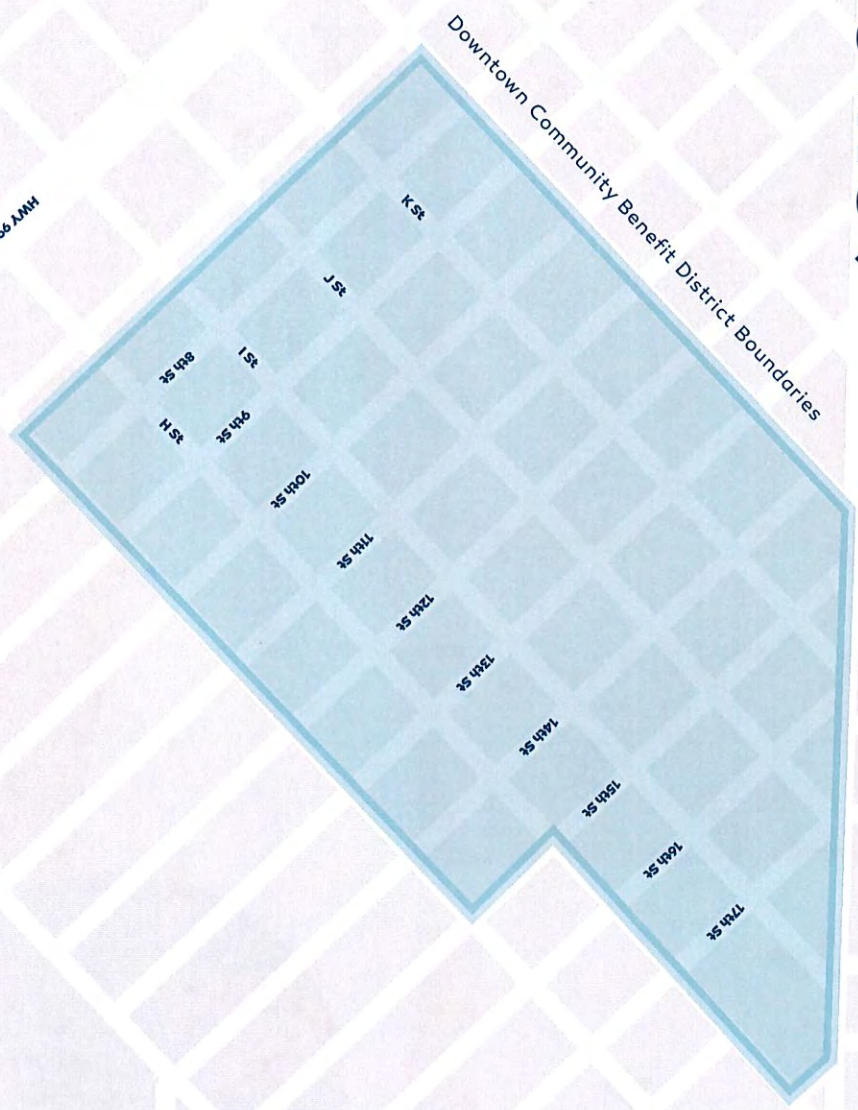


2019 Annual Action Plan

- Assist City of Modesto with Downtown Vision Document
- Partner with other organizations to proactively address downtown nuisance behavior
- Develop DoMo Scavenger Hunt
- Expand Discover DoMo Program
- Develop Second International Mural Festival

DoMo

Downtown Modesto Partnership



The Downtown Modesto (DoMo) Partnership is a non-profit 501(c)(3) community benefit corporation that's managed by the DoMo Partnership staff and its 13 member, property owner-based board.

The DoMo Partnership's goal is to improve Downtown Modesto by highlighting all the great things the community has to offer and bolstering services that improve the user experience.

THE PARTNERSHIP HAS THE
Tools to Measure
Activity and Potential

4

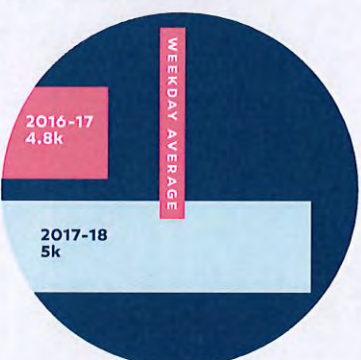
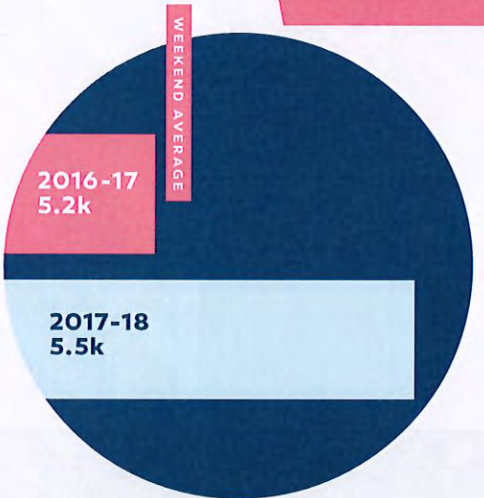
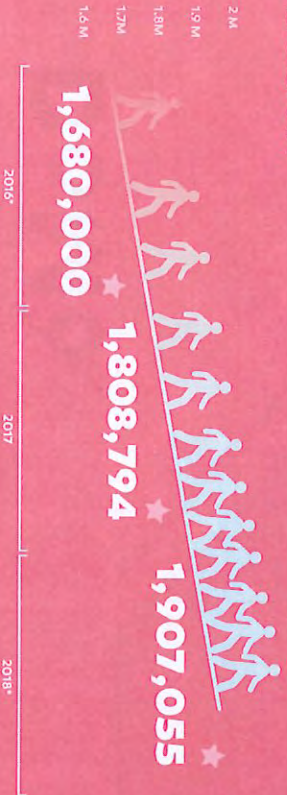
HEAT-MAPPING CAMERAS MEASURING PASSERSBY
 STRATEGICALLY POSITIONED AT 2 LOCATIONS OF PATRONS
 VISITING DOWNTOWN MODESTO.

LOCATED AT 10TH & J AND 11TH & I STREETS

1,907,055

PASSED IN FRONT OF OUR
 CAMERAS IN THE LAST YEAR

AVERAGE DAILY PEDESTRIAN COUNTS
 DOWNTOWN MODESTO IS ON A POSITIVE
 TRAJECTORY



WEEKDAYS AND WEEKENDS ARE SEEING MORE
 PEDESTRIAN ACTIVITY YEAR OVER YEAR

Noteworthy

JUNE
 Busiest month
 of the year



FRIDAY
 Busiest day
 of the week



12PM-1PM
 Busiest hour
 you can bank on



THE PARTNERSHIP HAS THE

Tools to Measure Activity and Potential

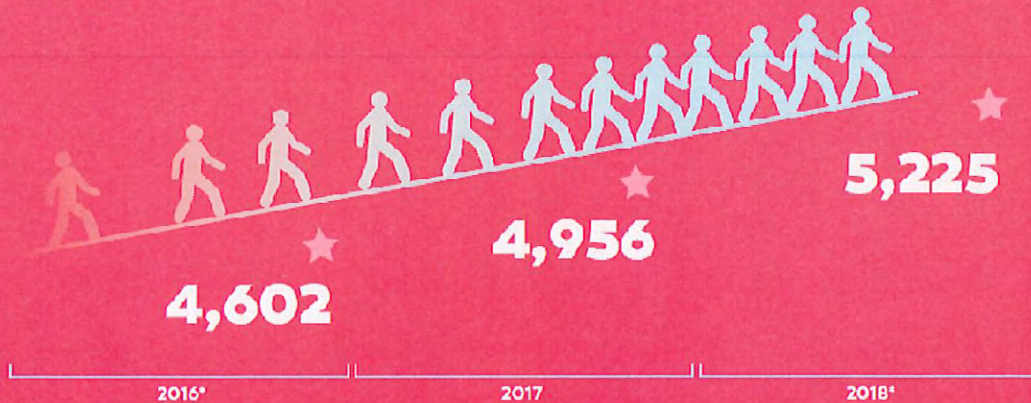


4 HEAT-MAPPING CAMERAS MEASURING PASSERSBY STRATEGICALLY POSITIONED AT 2 LOCATIONS OF PATRONS VISITING DOWNTOWN MODESTO.

LOCATED AT 10TH & J STREETS AND 11TH & I STREETS

1,907,055 PASSED IN FRONT OF OUR CAMERAS IN THE LAST YEAR

AVERAGE DAILY PEDESTRIAN COUNTS
DOWNTOWN MODESTO IS ON A POSITIVE
TRAJECTORY



DECEMBER 2017 - NOVEMBER 2018

Enhancing Downtown



Our Downtown Experience Engineers are just a click away! dompartnership.org/services



TOTAL PATRON INTERACTIONS **7,063**

1,387 PATRONS REFERRED TO BUSINESSES OR SERVICES



751 CALLS FOR SERVICE



1,064 GRAFFITI REMOVALS



454,535 POUNDS OF GARBAGE COLLECTED



370 HOMELESS REFERRED TO SERVICES*

BRAND NEW GREEN GARLANDS WERE INSTALLED ON ... **56** LIGHTPOSTS



1,066 ANTI-SOCIAL BEHAVIOR ABATED*

2,667 INTERACTIONS WITH HOMELESS PERSONS*



STAYING CONNECTED AND GROWING

Relationships With the Community

DECEMBER 1, 2017
FOLLOWERS

4,073

712

112

NOVEMBER 30, 2018
FOLLOWERS

4,667

2,172

188



608
AVERAGE
VISITS
MONTHLY

Average monthly visits are up 60% from previous year. 77.7% are new users

55
WEEKLY
NEWSLETTERS

Received by 2,386 recipients per week.

14

Stories about DoMo Partnership in local media

Events in Downtown

We partnered with several community members to bring quality activities and promotions to downtown Modesto, including:



**DISCOVER
DOMO PROMO**

Discover **DoMo Promo** with Modesto On Ice, a coordinated program which expanded the market by improving the customer experience & bringing 1,000 people to downtown for entertainment, restaurants and retail. 80% of patrons were new to DoMo.



Power Pilates on the Gallo Green with The Denn Power Pilates, a series that activated outdoor space with vibrant, positive activity followed by brunch.



Plogging with Karla Gregg series. Plogging, an international phenomenon combining jogging and litter pick-up



Pop-Up Fun Zones with our Downtown Experience Engineers featuring giant street games and more

DoMo International Mural Festival

Sept 7-8, 2018

Partnered with Fasm Creative Battle to bring seven artists from around the world to compete in a street-art mural battle, yielding seven world-class murals in the heart of downtown. Patrons now visit and enjoy these public art installations every day.



DoMo First Fridays

10th Street and sometimes beyond to J Street! 6-10 pm First Fridays April-October

The rainbow brand for First Fridays is like an umbrella for any community members who wish to activate space with positivity, creativity and culture. Everyone fits under the First Friday rainbow. Small business entrepreneurs line the streets and demonstrate potential use of vacant brick and mortar spaces. Culture, cuisine and community connect in the downtown, and DoMo First Fridays continue to drive that connection to people all over the region.



FIRST FRIDAY
PEDESTRIAN
COUNT

2016
300*

2017
1.5 k /EVENT

2018
3.5 k /EVENT

* DoMo First Friday Market nightly averages

**Record
Breaking
Year!**



First Friday included

- Breakdance workshops with Motown Getdown and Motown Boogie
- Salsa dance workshops with Rueda Time
- Season Finale with Four Friends Market
- Pop-up performances with Ballet de Folclórico Anahuac
- Outdoor figure drawing class with Mistin Gallery
- Plus buskers, beat boxers, art installations, live art and more!

Supporting Downtown Events

We partner to bolster community events in the downtown year-round.



MUSIC IN THE PLAZA
MAY-SEP

MAKERS
JUNE - 30
100

ART WALK AT CHARTREUSE MUSE
NOV-DEC



FESTIVAL OF LIGHTS PARADE
DEC - 2
10K



MAY THE FOURTH AT DOMO FIRST FRIDAYS
MAY - 4
2.9K



MODESTO PATIO FEST
JUNE - 30
700



DOWNTOWN SAMPLER
OCT - 2
2.5K

TRUNK OR TREAT
OCT - 28
2.9K



MODESTO MARATHON
MAR - 11
2K+

LOVE MODESTO DOWNTOWN BEAUTIFICATION PROJECT - GOLD SPONSOR
APRIL - 21

FAMILY CYCLING FESTIVAL
MAY - 12
700



MODESTO CERTIFIED FARMERS MARKET
MARCH-DECEMBER

GRAFFITI PARADE
JUNE - 9
4.6K

4TH OF JULY PARADE
JULY - 4
5K



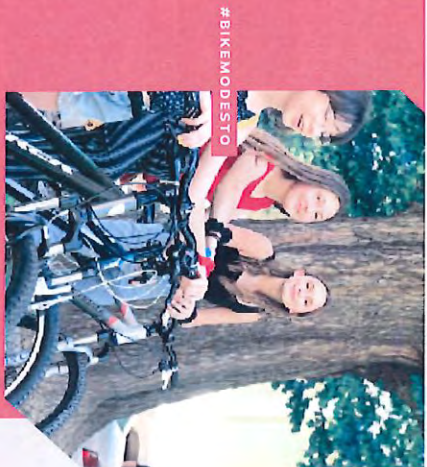
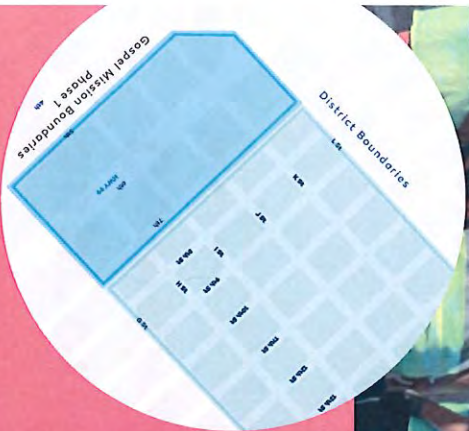
MOTOWN BOOGIE
OCT - 27
240

MOD SHOP
NOV - 24
5K



ROCKIN' HOLIDAYS
DEC - 2-23

PARTNERING TO Expand our Services



PARTNERING with the Modesto Gospel Mission's New Life Program

- Five individuals participating in the program volunteer with the DoMo. Partnership once a week to help keep downtown clean & maintaining the area adjacent to the freeway and the streets leading into downtown.
- Bolsters the image of downtown from its primary entry points
- Is simultaneously good for the downtown community and individuals going through the rehabilitative process
- Expands our services to an area outside of the Community Benefits District.

EXPERIENCE THE Culture, Cuisine and Community

NEW BROCHURE Driving Visitors to Downtown Modesto

- Drives visitors to the website that is constantly updated to provide current info about downtown Modesto
- Modern simplistic design
- Distributed to local hotels

NEW WEBPAGE Connecting the Community to DoMo

- The first definitive directory of all downtown retail-oriented and entertainment & cuisine.
- Interactive, with filters to guide users to the destinations they seek



FINANCIALS

The Partnership is on Solid Financial Footing



#LOVELYINDEE BLDG&SMODSTG
@LOVELYINDEE

Graph in the works.

Revenue

Property Owner Assessments :
\$706,722.00

95.5%

Other Income :
\$31,510.00

4.5%

METHOD OF FINANCING:

The financing of the Downtown Modesto Partnership is based primarily upon the levy of special assessments of properties that receive special benefits from the improvements and activities provided. There are four factors used in the determination of proportional benefit to the parcels:

- Linear frontage
- Lot size or footprint
- Building square footage (excluding parking structures built within the building that predominantly serve the tenants of the building and are not open to the public)
- Future residential condos that will be constructed within the District.

Expenditures



Cleaning & Safety Programs: 54%

Administration: 11%

Downtown Image Enhancement Services: 35%

STATEMENT OF Financial Position

Nov. 30, 2017
End of Fiscal Year

Page in the works.

ASSETS:	
Current Assets	
Bank Accounts	\$445,348.92
Business Checking	\$25.00
Savings - VFCU	\$445,373.92
Total Bank Accounts	\$464,568.18
Total Current Assets	\$116,580.00
Fixed Assets	(\$22,870.33)
Accumulated Depreciation	\$93,709.67
Total Fixed Assets	\$560,389.85
TOTAL ASSETS	
LIABILITIES & EQUITY:	
Liabilities	
Current Liabilities	
Accounts Payable	\$10,276.89
Accounts Payable (A/P)	\$10,276.89
Total Accounts Payable	\$43,024.10
Total Current Liabilities	\$43,024.10
Equity	
Retained Earnings	\$0.00
Unrestricted Assets	\$385,662.86
Net Revenue	\$131,698.89
Total Equity	\$517,361.75
TOTAL LIABILITIES AND EQUITY	\$560,389.85

Information from Statement of Financial Position are pre-audit. Final, audited numbers will be complete in May 2018.

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#DOMOFIRSTFRIDAY



#DOWNTOWNEXPERIENCEENGINEERS



#LOVELYINDEEDLOVESMODESTO
@LOVELYINDEED

**Downtown Modesto
Partnership Administration:**

Josh Bridegroom,
President/CEO
josh@domopartnership.org

Stephanie Burtch,
Marketing and Events Manager
stephanie@domopartnership.org

Phone:
209.303.0411

Location and Mailing Address:
1003 10th Street Suite A

Domopartnership.org   