

DOWNTOWN FRESNO

ANNUAL REPORT



STAFF

JIMMY CERRACCHIO
PRESIDENT & CEO (UNTIL 12.21.22)

JORDAN SANCHEZ
INTERIM CEO (FROM 12.18.22)

GLORIA VALDOVINOS
PROGRAM MANAGER

BRIAN KELLY
CLEAN TEAM AMBASSADOR/
HOMELESS OUTREACH

MARISSA ARREGUIN
EVENT COORDINATOR

ROWELL REYES
CLEAN TEAM AMBASSADOR

LARA AGULIAN
BUSINESS DEVELOPMENT
COORDINATOR

JOHNNY QUIROZ
CLEAN TEAM AMBASSADOR

BOARD OF DIRECTORS

OFFICERS

JESSICA ROUSH | CHAIR
ROUSH INVESTMENTS

JACKIE ANAYA | SECRETARY
JOE'S STEAKHOUSE AND GRILL
831 VAN NESS AVE.

BHAVNEET GILL | TREASURER
UNITED SECURITY BANK
2126 INYO ST.

SCOTT ANDERSON
PENSTAR GROUP
855 M ST.

CHANNELLE CHAREST
MARKETING & BUSINESS DEVELOPMENT
COMMITTEE CHAIR BITWISE INDUSTRIES
700 VAN NESS AVE.

CASSEY JAMES
CLEAN & GREEN COMMITTEE CHAIR
ROOT GENERAL
1424 FULTON ST.

DIRECTORS

RICHARD CAGLIA
1400 FULTON ST.

EDWARD FANUCCHI
QUINLAN, KERSHAW & FANUCCHI
2125 MERCED ST.

DEREK FRANKS
FRESNO GRIZZLIES

BOB GURFIELD
1108 FULTON ST.

MARIO GUTIERREZ
1250 FULTON ST.

SEVAK KHATCHADOURIAN
1060 FULTON AND OTHERS

PHIL KLIEWER
640 VAN NESS AVE.

CONRAD MOORE
CENTRAL VALLEY COMMUNITY BANK

ASHLEY WEBSTER
THE BUSINESS JOURNAL
1315 VAN NESS AVE.

JAYNI WONG
2055 SAN JOAQUIN ST.

JAMIN BRAZIL
DOWNTOWN DEVELOPER

MARLENE MURPHEY
SUCCESSOR AGENCY TO RDA

GREGORY BARFIELD
CITY OF FRESNO

PAUL NERLAND
FRESNO COUNTY

BUSINESS DEVELOPMENT

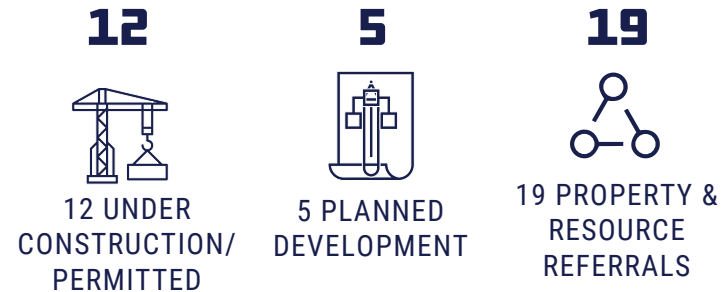
After Covid restrictions were lifted late in 2021, DFP was prepared to assist businesses now open full-time. We utilized targeted business to business advertising to drive economic growth downtown. We continued to provide support to existing businesses and to new businesses coming downtown.

We hosted the Create Here Business Plan Competition again, along with the Stay Here Grant assisting existing businesses. We also ran the Adopt-a-Planter Program to help beautify downtown and update façades.

NEW BUSINESS



DEVELOPMENT



B2B CAMPAIGN

Digital marketing campaign aimed at attracting new business and investment to Downtown Fresno

2.56M
2.56M (MAY-DECEMBER 22)

BUSINESS RESOURCES ON DOWNTOWNFRESNO.ORG

 COVID-19 RESOURCES PAGE

CREATE HERE GRANT

 **3** RECIPIENTS AWARDED
\$1-3K **\$25,000 GRANT MONEY TO GIVE**

STAY HERE GRANT

 **11** BUSINESSES AWARDED
\$1-3K **\$21,000 GRANT MONEY GIVEN**

PLANTER PROGRAM

 **25**
25 PLANTERS TO BE ADOPTED BY BUSINESSES

8 BUSINESSES AWARDED
1-10 PLANTERS PER BUSINESS

\$100 GRANT GIVEN PER PLANTER



MARKETING

DFP spent the year promoting businesses, events, and encouraging visitors to come to Downtown Fresno. DFP utilizes paid digital advertising, a variety of social media, and public relations efforts targeted at local regional visitors. Efforts were focused on sharing information with the public about what businesses were open downtown, what events were taking place, and encouraging the public to support the downtown business community. Additional information about grants and programs were shared with our business owners via e-blasts, in-person marketing efforts, and downtownfresno.org.

MARKETING INITIATIVES



GOOGLE AD GRANT

2022

28.3K IMPRESSIONS
2,129 CLICKS
\$4,300 VALUE

DIGITAL ADS



5.6M
 IMPRESSIONS

47K
 CLICKS

\$75K
 SPENT

SOCIAL MEDIA



713,602
 REACH



1,264
 STORIES



235,585
 REACH



307,800
 IMPRESSIONS

WEBSITE

TRAFFIC



156,556
 TOTAL USERS

155,542
 NEW USERS

191,044
 SESSIONS

351,078
 PAGEVIEWS

1.84
 PAGES PER SESSION



LOCATIONS

NON-CALIFORNIA

WASHINGTON **3.85%**
 OREGON **2.65%**
 VIRGINIA **1.47%**
 NEVADA **1.36%**
 TEXAS **1.23%**

CALIFORNIA

FRESNO **24.63%**
 SACRAMENTO **8.06%**
 NOT SET **7.41%**
 SAN FRANCISCO **6.96%**
 LOS ANGELES **6.94%**
 SAN JOSE **4.73%**
 CLOVIS **3.43%**
 VISALIA **1.11%**
 MADERA **0.99%**
 ASHBURN **0.58%**

CENTRAL VALLEY TODAY SHOW



36 GUESTS

PRESS RELEASE



9 RELEASES

NEWSLETTER

46

TOTAL SENT



13,243
 DELIVERED

EVENTS

In 2022, DFP had their first full year back with events since Covid-19 restrictions began in March 2020. DFP held stand alone events, as well as events in collaboration with the City of Fresno and other community members.



CHRISTMAS TREE AT MARIPOSA PLAZA

For the 3rd year, the Downtown Fresno Partnership and the Downtown Fresno Foundation installed the artificial, 30 ft, Christmas Tree at Mariposa Plaza throughout the holiday season. The 2nd Annual Tree Lighting Ceremony was held with City officials including Mayor Dyer and Council Member Arias.

EVENT NAMES	NUMBER OF RECURRENCES	APPROXIMATE # OF PEOPLE	ZONE
MARKET ON KERN	25	2,500	ZONE 1
ARTHOP FULTON/ MURAL DISCTRICK STREET CLOSURE	3	6,000	ZONE 2/3
ARTHOP MARIPOSA PLAZA	12	16,000	ZONE 3
ARTHOP KERN PLAZA	10	10,000	ZONE 3
DOWNTOWN CLEAN-UP EVENTS	9	516	ZONE 1,2,3
REC ROOM FUNDRAISER	1	50	ZONE 1
NO LOVE	1	500	ZONE 1
FIESTAS PATRIAS	1	2,000	ZONE 3
FULTON STREET PARTY	1	3,500	ZONE 3
TREE LIGHTING CEREMONY	1	100	ZONE 3

ENVIRONMENTAL

As the first full year after Covid-19 restrictions, 2022 saw an increase in activity and patrons in Downtown Fresno. With this, came challenges of keeping downtown clean and safe. DFP created a system to track and remove graffiti, coordinated repairs to public areas, and coordinated homeless outreach with the HART Team at the City of Fresno. They remain in contact with businesses, property owners, Police, and private security, relaying security reports when necessary. DFP continues trash removal services and keeping up with important information downtown.

AMBASSADORS

HOSPITALITY PATROLS

Welcome visitors to downtown during daytime hours and assist with events, directions, and accompanying guests to vehicles.

CLEAN & SAFE PATROLS

Patrolling, monitoring, cleaning, and coordinating responses for encampments, trash build-up, graffiti, break-ins, and vandalism (All Zones).

CLEAN REPORT ANNUAL



717

GRAFFITI REMOVED & REPORTED



1,085

BAGS OF TRASH, INCLUDING DEBRIS & PLANT WASTE

COORDINATED SECURING/REPAIRS FOR LOCKABLE DUMPSTERS



33

DUMPSTERS LOCKED
OUT OF 70 LOCKED

HOMELESS OUTREACH

Aimed at connecting homeless individuals with available service agencies while helping to remove them from private property (All Zones)



20

CONTACTS MADE

TRASH CANS

Monitored all street trash cans for overflows and needed service.

DFP has contracted with Mid-Valley Disposal to maintain 40 street cans in zone 2 (Amador to Inyo Streets) and 10 street cans in zone 1 (Kern St)

ZONE 2

40

ZONE 1

10

POLICE

Coordinating communication with police & stakeholders in response to criminal activity and concerns about vandalism in area. Fresno Police have added overnight Police Cadet patrols between 4pm and 8am in the downtown area



ENVIRONMENTAL CONT.

PRIVATE SECURITY



MAINTAINED PRIVATE SECURITY PATROL HOURS AT 8 HOURS PER NIGHT

8 HOURS PER NIGHT • 10PM-6AM
7 DAYS A WEEK

PARKING



24/7 ACE MAINTAINED 24/7 SECURITY IN PARKING GARAGES



8PM-4AM DEDICATED SECURITY GUARD AT SPIRAL GARAGE FRIDAY - SUNDAY

M-F CLEANING 6AM-6PM

ROUNDTABLE MEETING FOR PARKING CONCERNS

ENVIRONMENTAL ENHANCEMENTS



12 SECURITY ROUNDTABLE MEETINGS



5 CLEAN & GREEN COMMITTEE MEETINGS



3 STAKEHOLDER

- PBID UPDATES
- SAFETY AND SECURITY WITH FRESNO POLICE
 - PRIVATE SECURITY
 - HART TEAM

POLICE DEPARTMENT DOWNTOWN CRIME

1,596
GRAFFITI

429
PROPERTY
DAMANGE

59
TAMPERING

30
DOOR FOUND
OPEN

16
EMERGENCY
VEHICLE (POLICE)

10
VANDALISM

3
THEFT

114
TRESPASSING

16
ILLEGAL DUMPING

6
ALARM RESPONSE

2
HOMICIDE

10
SEX OFFENSE

41
ROBBERY

109
ASSAULT

72
BULGLARY

207
LARCENY

152
VEHICLE BULGLARY

59
STOLEN VEHICLE

ADMINISTRATION

The PBID was renewed in 2022 for another 10 years. DFP worked with the City of Fresno for a new baseline services agreement. There have been increased efforts by DFP to personally connect with business and property owners coming out of the Covid-19 restrictions.



Working with partners to increase cleaning throughout downtown including alleys and garages



Spoke at City Council about homelessness and the need for a shower and restroom trailer downtown



Reported broken lights in Mariposa Plaza and made sure they were fixed for the safety of events in the plaza in the evenings.



Fixed up informational Kiosk on Van Ness and put up a downtown directory and other information for the public.



Creation and in-person distribution to businesses of monthly events calendars.



Worked to update the decorative banners on Fulton Street light poles.



Webinars on business plan preparation, marketing, and funding businesses.



DOWNTOWN FRESNO FOUNDATION

In 2022, the Downtown Fresno Foundation worked with DFP to give out grants to existing businesses in order to enhance and expand their operations. DFF meets regularly and focuses on fundraising and new programs that will benefit Downtown Fresno.

CHRISTMAS TREE



\$2,250

Contributed to Christmas Tree at Mariposa Plaza

GRANTS



CREATE HERE
SECURED AND AWARDED

\$25,000

STAY HERE GRANT
SECURED AND AWARDED

\$21,000

DOWNTOWN ACADEMY



29

Graduated 29 students
IX in July



16

DTA Class X began in
August with 16 students



\$3,600

Raised \$3,600 in scholarships to
present to multiple students



8

8 full scholarships

EVENT PARTICIPATION



Christmas Tree Lighting with
Downtown Fresno Partnership



559 Night Markets partnered
with Fresno Street Eats



ArtHop in Kern Plaza with
the Alley in the Valley



DOWNTOWN ASSOCIATION OF FRESNO

FINANCIAL REPORT

DECEMBER 31, 2022

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Hills, Renault, Homen & Hughes

ACCOUNTANCY CORPORATION

7040 NORTH MARKS, SUITE 111 / FRESNO, CA 93711 / FAX (559) 447-4515 / (559) 447-4500

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Downtown Association of Fresno
Fresno, California

We have reviewed the accompanying financial statements of the Downtown Association of Fresno (the "Association") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, and 2021, and the related statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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 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.

Accountants' 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.

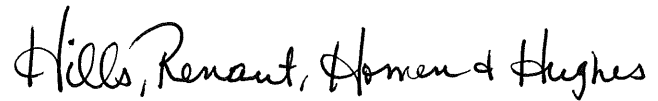
We are required to be independent of Downtown Association of Fresno and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' 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.

Supplemental Information

The supplemental information included in the Schedule of Program Services Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, do not express an opinion on such information.



Hills, Renaut, Homen & Hughes
Fresno, California
February 13, 2023

**DOWNTOWN ASSOCIATION OF FRESNO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31**

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash	\$ 1,234,057	\$ 645,107
Accounts receivable	10	365
Prepaid expenses	400	2,166
Total current assets	<u>1,234,467</u>	<u>647,638</u>
RIGHT-OF-USE ASSETS - OPERATING LEASES, NET OF ACCUMULATED AMORTIZATION - see Note 7	17,616	0
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION - see Note 2	19,745	25,315
OTHER ASSETS, NET OF ACCUMULATED AMORTIZATION - see Note 3	<u>118,820</u>	<u>99,206</u>
	<u>\$ 1,390,648</u>	<u>\$ 772,159</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 24,194	\$ 17,102
Current portion of operating leases liabilities - see Note 7	13,375	0
Accrued expenses	18,420	34,927
Total current liabilities	<u>55,989</u>	<u>52,029</u>
OPERATING LEASES LIABILITIES - NON-CURRENT - see Note 7	<u>4,241</u>	<u>0</u>
Total liabilities	60,230	52,029
NET ASSETS:		
Without donor restrictions - see Note 5	<u>1,330,418</u>	<u>720,130</u>
Total net assets	<u>1,330,418</u>	<u>720,130</u>
	<u>\$ 1,390,648</u>	<u>\$ 772,159</u>

See Independent Accountants' Review Report.
The accompanying notes are an integral part of the financial statements.

**DOWNTOWN ASSOCIATION OF FRESNO
STATEMENTS OF ACTIVITIES AND NET ASSETS
YEARS ENDED DECEMBER 31**

	<u>2022</u>	<u>2021</u>
REVENUES:		
Property-based Business Improvement District revenue	\$ 1,303,200	\$ 837,852
Special events revenue	30,539	34,361
Donations	0	10,600
California Small Business COVID-19 Relief Grant	0	15,000
Interest income	<u>1,058</u>	<u>105</u>
Total revenue	1,334,797	897,918
EXPENSES:		
Program services	630,179	599,082
Management and general	<u>94,330</u>	<u>92,672</u>
Total expenses	<u>724,509</u>	<u>691,754</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	610,288	206,164
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING	<u>720,130</u>	<u>513,966</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, ENDING	<u>\$ 1,330,418</u>	<u>\$ 720,130</u>

See Independent Accountants' Review Report.
The accompanying notes are an integral part of the financial statements.

**DOWNTOWN ASSOCIATION OF FRESNO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Functional Expenses</u>
Employee compensation			
Salaries	\$ 241,841	60,461	\$ 302,302
Employee benefits	17,363	4,341	21,704
Payroll taxes	21,523	5,381	26,904
Total employee compensation	<u>280,727</u>	<u>70,183</u>	<u>350,910</u>
Other expenses			
Advertising and promotion	93,895	0	93,895
Bank charges	178	44	222
Board and committee meetings	165	41	206
Conferences and seminars	708	177	885
Dues and subscriptions	1,157	0	1,157
Entertainment	17,650	0	17,650
Garbage disposal	12,554	0	12,554
Information technology	11,010	2,753	13,763
Inspections and permits	4,532	0	4,532
Insurance	13,379	3,345	16,724
Licenses and permits	358	89	447
Miscellaneous	63	0	63
Occupancy	0	0	0
Office expenses	1,657	414	2,071
Operating leases expense	29,290	7,323	36,613
Outside services	1,955	0	1,955
Payroll service charges	811	203	1,014
Postage and shipping	78	20	98
Printing and publications	1,024	256	1,280
Professional fees	14,871	3,718	18,589
Recruitment	667	166	833
Rental of equipment	0	0	0
Repairs and maintenance	1,167	0	1,167
Security	94,142	0	94,142
Software and internet	10,231	2,558	12,789
Supplies and equipment	25,753	0	25,753
Telephone	5,515	1,379	6,894
Travel	1,414	354	1,768
Total other expenses	<u>344,224</u>	<u>22,840</u>	<u>367,064</u>
Expenses before amortization and depreciation	624,951	93,023	717,974
Amortization expense	772	193	965
Depreciation expense	4,456	1,114	5,570
Total functional expenses	<u>\$ 630,179</u>	<u>\$ 94,330</u>	<u>\$ 724,509</u>

See Independent Accountants' Review Report.

The accompanying notes are an integral part of the financial statements.

**DOWNTOWN ASSOCIATION OF FRESNO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Functional Expenses</u>
Employee compensation			
Salaries	\$ 245,178	\$ 61,295	\$ 306,473
Employee benefits	15,278	3,820	19,098
Payroll taxes	21,566	5,392	26,958
Total employee compensation	<u>282,022</u>	<u>70,507</u>	<u>352,529</u>
Other expenses			
Advertising and promotion	83,276	0	83,276
Bank charges	99	25	124
Board and committee meetings	0	0	0
Conferences and seminars	1,320	330	1,650
Dues and subscriptions	0	0	0
Entertainment	15,425	0	15,425
Garbage disposal	9,830	0	9,830
Information technology	9,625	2,406	12,031
Inspections and permits	1,571	0	1,571
Insurance	9,381	2,345	11,726
Licenses and permits	16	4	20
Miscellaneous	810	0	810
Occupancy	24,796	6,199	30,995
Office expenses	1,886	472	2,358
Operating leases expense	0	0	0
Outside Services	0	0	0
Payroll service charges	814	204	1,018
Postage and shipping	240	60	300
Printing and publications	1,272	318	1,590
Professional fees	12,774	3,194	15,968
Recruitment	305	76	381
Rental of equipment	1,539	0	1,539
Repairs and maintenance	5,825	0	5,825
Security	95,144	0	95,144
Software and internet	9,078	2,269	11,347
Supplies and equipment	14,979	0	14,979
Telephone	6,092	1,523	7,615
Travel	1,497	374	1,871
Total other expenses	<u>307,594</u>	<u>19,799</u>	<u>327,393</u>
Expenses before amortization and depreciation	589,616	90,306	679,922
Amortization expense	3,558	889	4,447
Depreciation expense	5,908	1,477	7,385
Total functional expenses	<u>\$ 599,082</u>	<u>\$ 92,672</u>	<u>\$ 691,754</u>

See Independent Accountants' Review Report.

The accompanying notes are an integral part of the financial statements.

**DOWNTOWN ASSOCIATION OF FRESNO
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 610,288	\$ 206,164
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization	965	4,447
Depreciation	5,570	7,385
(Increase) decrease in:		
Accounts receivable	355	14,157
Prepaid expenses	1,766	56
Increase (decrease) in:		
Accounts payable	7,092	(4,180)
Accrued expenses	(16,507)	11,127
	<u>609,529</u>	<u>239,156</u>
CASH FLOWS FROM INVESTING ACTIVITY:		
Purchases of other assets	<u>(20,579)</u>	<u>(60,200)</u>
	<u>(20,579)</u>	<u>(60,200)</u>
NET INCREASE (DECREASE) IN CASH	588,950	178,956
CASH AT BEGINNING OF YEAR	<u>645,107</u>	<u>466,151</u>
CASH AT END OF YEAR	<u>\$ 1,234,057</u>	<u>\$ 645,107</u>

See Independent Accountants' Review Report.

The accompanying notes are an integral part of the financial statements.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

The Downtown Association of Fresno (the “Association”) was created in 1955 to enhance the vitality of downtown by improving, promoting and developing the historic Central Business District (the “District”). Beginning January 1, 2011, a Property-based Business Improvement District (PBID) was instituted. A PBID is a property and business owner collaborative forming a partnership between the public and private sector organized for the improvement of a specific commercial area. All funds raised are returned to the private nonprofit corporation governing the District, which is responsible for managing the District and delivering District services. PBID Partners of Downtown Fresno serves the City of Fresno, the business community, Fulton Mall and other downtown merchants, public and private agencies, and the community at large through leadership, partnership and advocacy. The PBID was renewed in July 2022 for another 10 years beginning January 1, 2023 until December 31, 2032.

Management has evaluated subsequent events through February 13, 2023, the date at which the financial statements were available to be issued. No significant subsequent events were discovered by management.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States, which requires the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets with Donor Restrictions – The part of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net Assets without Donor Restrictions – The part of net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and the board of directors.

Board-Designated Net Assets – The part of net assets without donor restrictions that are subject to self-imposed limits by action of the Association’s Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

See Independent Accountants’ Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Assets, liabilities, income and expenses are recognized on the accrual basis of accounting for financial statement purposes and, accordingly, reflect all significant receivables, payables and other liabilities, except for PBID revenue.

PBID revenue is recorded on the cash basis method of accounting whereby revenue is recorded when the cash is received from the City of Fresno. There is no accurate method to determine the amount or timing of unpaid additional PBID revenue at each year end. Since the Association prepares a cash basis budget each year using the PBID cash received to estimate the annual cash expenses to be paid, this method is the most reasonable method available.

Concentration of Credit Risk

The Association maintains cash balances which can be in excess of the \$250,000 amount insured by the Federal Deposit Insurance Corporation. Management does not consider there is a significant risk, since there have not been any losses experienced in dealing with the financial institution. The Association has a balance of \$733,647 and \$395,518 in excess of the \$250,000 limit for 2022 and 2021, respectively.

Accounts Receivable

Accounts receivable are stated at their net realizable value and are deemed fully collectible. Bad debts have been infrequent and, accordingly, the Association does not provide a reserve for bad debts. Instead, the Association records such losses as they occur.

Property and Equipment

Property and equipment are recorded at cost at the date of purchase less accumulated depreciation. Improvements that extend an asset's life or increases an asset's value are capitalized. Repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the useful lives of 5 years for office furniture and equipment and 10 years for event assets.

Other Assets

Other assets consist of an external website, a firewall and PBID renewal fees.

The external website was developed over the course of 2018 and 2019. The website went live in January 2019. Amortization is computed using the straight-line method over the useful life of 3 years for website development costs.

See Independent Accountants' Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The firewall was purchased in January 2022 and will be amortized using the straight-line method over the useful life of 3 years for software.

As mentioned at the start of this note, the Association is a PBID. The current PBID was set to expire on January 1, 2023, but the PBID was renewed in July 2022 for a period of 10 years from January 1, 2023, through December 31, 2032. The Association entered into an agreement with a consulting company for assistance with the renewal process. The agreement called for fees and costs estimated at \$70,000 to be paid over a 12-month period from when the agreement was signed in mid-2020. The renewal process took longer than anticipated and cost more than originally planned. See Note 3 for renewal fees. The total amounts paid for the renewal will be amortized using the straight-line method over the 10 years that the renewed PBID covers starting in 2023. In the meantime, the amounts will be classified as other assets.

Income Taxes

The Association is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The income tax returns for the three prior years for federal and the four prior years for state income tax purposes are subject to examination by appropriate tax authorities. Interest and penalties, if imposed from tax positions, are recognized in the financial statements as general and administrative expenses.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Certain categories of expenses that are attributable to both program and management and general expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimated time and effort.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

See Independent Accountants' Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

New Accounting Standard

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASU's, which amend and clarify Topic 842: ASU 2018-10, *Codification Improvements to Topic 82, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Association elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Association's balance sheet but did not have a material impact on the income statement. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. Adoption of the standard required the Association to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of \$52,887, an increase in operating lease liabilities of \$17,558, and an increase in other current liabilities of \$35,329. See Note 7.

Change in Accounting Principle

The Association adopted FASB Topic 842, *Leases*, using the effective date method approach with January 1, 2022, as the date of initial adoption. The Association elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Association to carry forward the historical lease classification. In addition, the Association elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases.

Leases

The Association leases a building and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

See Independent Accountants' Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Operating leases are included in operating right-of-use (“ROU”) assets, other current liabilities, and operating lease liabilities in the balance sheet. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the balance sheet.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease effective date based on the present value of lease payments over the lease term. The lease assets and liabilities were calculated utilizing the risk-free discount rates (4%), according to the Association’s elected policy. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. See Note 7.

2. PROPERTY AND EQUIPMENT:	<u>2022</u>	<u>2021</u>
Office furniture and equipment	\$ 10,744	\$ 10,744
Event assets	<u>30,660</u>	<u>30,660</u>
	41,404	41,404
Less accumulated depreciation	<u>21,659</u>	<u>16,089</u>
	<u>\$ 19,745</u>	<u>\$ 25,315</u>

There was depreciation expense of \$5,570 and \$7,385 for years ended December 31, 2022, and 2021, respectively.

See Independent Accountants’ Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022, AND 2021**

	<u>2022</u>	<u>2021</u>
3. OTHER ASSETS:		
Website	\$ 13,343	\$ 13,343
Firewall	2,448	0
PBID renewal fees	<u>116,780</u>	<u>98,649</u>
	132,571	111,992
Less accumulated amortization	<u>13,751</u>	<u>12,786</u>
	<u>\$ 118,820</u>	<u>\$ 99,206</u>

There was amortization expense of \$965 and \$4,447 for years ended December 31, 2022, and 2021, respectively.

The PBID renewal fees will be amortized over the renewed PBID period of 10 years once it starts in January 2023. Also, see Note 1.

4. LIQUIDITY:

The Association’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, are as follows:

Cash	\$ 1,234,057	\$ 645,107
Accounts receivable	<u>10</u>	<u>365</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,234,067</u>	<u>\$ 645,472</u>

As part of its liquidity plan, excess cash is invested in short-term investments, including a money market account.

See Independent Accountants’ Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

	2022	2021
5. NET ASSETS AND RESTRICTIONS:		
The Association has no net assets with donor restrictions for 2022 and 2021.		
Net assets without donor restrictions include board-designated net assets for the following purposes at December 31, 2022 and 2021:		
Subject to expenditure for specified purpose:		
Computer workstation replacements	\$ 12,000	\$ 10,500
Website update	13,492	11,492
Sub-total board-designated net assets	25,492	21,992
Not subject to any designation:		
General operations	1,304,926	698,138
Total net assets without donor restrictions	\$ 1,330,418	\$ 720,130

6. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets and liabilities include investments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

See Independent Accountants' Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

6. FAIR VALUE MEASUREMENTS (CONTINUED):

The inputs and methodology used for valuing the Association’s financial assets and liabilities are not indicators of the risks associated with those assets and liabilities. The Association accounts for its financial instruments at fair value or considers fair value in their measurements. The carrying amounts reported on the accompanying balance sheets are categorized as level 1 for cash and cash equivalents, accounts receivable and payable, and other current assets and liabilities qualify as financial instruments and reflect reasonable estimates of fair value because of the short period of time between the origination of these financial instruments and their expected realization, and if applicable, the stated interest rates are similar to those currently available.

7. LEASING ACTIVITIES:

The Association has two operating leases, including for office space in a building and for a copier.

The operating lease for the office space in a building started in May 2019 for a four-year period through April 2023. This lease calls for monthly rent of \$2,708 at the start of the lease term with escalations periodically, so that the monthly rent is \$2,874 in calendar year 2022 through the end of the lease term.

The operating lease for the copier started in February 2021 for a five-year period through February 2026. This lease calls for monthly rent of \$177 plus charges for the number of copies each month.

The following summarizes the line items in the balance sheet which includes amounts for the operating leases as of December 31, 2022:

Operating Leases	
Right-of-use assets – operating leases	\$ 52,887
Accumulated amortization – operating leases	<u>35,271</u>
Right-of-use assets – operating leases, net of accumulated amortization	<u>\$ 17,616</u>
Current portion of operating lease liabilities	\$ 13,375
Operating lease liabilities – non-current	<u>4,241</u>
Total operating lease liabilities	<u>\$ 17,616</u>

See Independent Accountants’ Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

7. LEASING ACTIVITIES (CONTINUED):

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted Average Remaining Lease Term	
Operating leases	3.42 years
Weighted Average Discount Rate	
Operating leases	4.0%

The following is a schedule of future maturities of leases liabilities as of December 31, 2022:

2023	\$	13,620
2024		2,125
2025		2,125
2026		<u>177</u>
Total lease payments		18,047
Less: interest		<u>431</u>
Present value of leases liabilities	\$	<u><u>17,616</u></u>

The following summarizes the line items in the income statements which include the components of leases expense for the year ended December 31, 2022:

Operating leases expense included in Other Expenses	\$	<u>36,613</u>
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The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Lease assets obtained in exchange for lease obligations:

Operating leases	\$	<u><u>52,887</u></u>
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See Independent Accountants' Review Report.

**DOWNTOWN ASSOCIATION OF FRESNO
 SUPPLEMENTAL INFORMATION
 PROGRAM SERVICES EXPENSES
 YEARS ENDED DECEMBER 31**

	<u>2022</u>	<u>2021</u>
EXPENSES:		
Special events	\$ 201,544	\$ 148,560
Environmental enhancements	200,414	240,766
Marketing and business development	<u>228,221</u>	<u>209,756</u>
	<u>\$ 630,179</u>	<u>\$ 599,082</u>

See Independent Accountants' Review Report.