San Jose Downtown Association

Financial Statements
and Supplementary Information

June 30, 2025

armanino

TABLE OF CONTENTS

	Page No.
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Revenue and Expenses	4 - 6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 16
Supplementary Information	
Schedule of Management and General Expenses	18

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
San Jose Downtown Association

We have reviewed the accompanying financial statements of San Jose Downtown Association (a California Nonprofit Mutual Benefit Corporation) (the "Association"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional revenue and expenses, and cash flows for the year 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included on page 18 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.

Armanino LLP

San Jose, California

October 27, 2025

San Jose Downtown Association
Statement of Financial Position
June 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	$ 505,427
Contracts receivable - BID	58,751
Contracts receivable - PBID	547,436
Accounts receivable	419,215
Prepaid expenses and other current assets	51,501
Total current assets	1,582,330
Property and equipment, net	137,573
Other assets	
Operating lease, right-of-use assets	1,116
Total other assets	1,116
Total assets	$ 1,721,019

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	$ 278,469
Accrued expenses	124,200
Deferred revenue	156,487
Mortgage payable, current portion	14,323
Operating lease liabilities, current portion	1,116
Total current liabilities	574,595
Long-term liabilities	
Mortgage payable, net of current portion	90,023
Total long-term liabilities	90,023
Total liabilities	664,618
Net assets	
Without donor restrictions	1,056,401
Total net assets	1,056,401
Total liabilities and net assets	$ 1,721,019

See accompanying notes and independent accountant's review report.

San Jose Downtown Association
Statement of Activities
For the Year Ended June 30, 2025

	Without Donor Restrictions				
	San Jose Downtown Association Fund	Business Improvement District Fund	City of San Jose (OED) Fund	With Donor Restrictions	Total All Funds
Revenues and support					
City (OED) contract	$ -	$ -	$ 1,248,443	$ -	$ 1,248,443
PBID Contracts	1,094,872	-	-	-	1,094,872
BID contract	-	764,998	-	-	764,998
Other contracts	28,983	-	-	-	28,983
Grants	615,387	-	-	-	615,387
Sponsorships	74,135	-	-	-	74,135
Other revenue	118,953	-	-	-	118,953
Total revenues, gains and other support	1,932,330	764,998	1,248,443	-	3,945,771
Functional expenses					
Program services					
Property Based Improvement District (PBID)	654,058	-	162,705	-	816,763
Foundation	102	-	-	-	102
Communications	-	251,707	25,000	-	276,707
Advocacy, Research, & Planning	-	75,350	25,001	-	100,351
Marketing - General	33,940	217,177	85,849	-	336,966
Downtown for the Holidays	25,891	-	10,000	-	35,891
DTSJ Real Campaign	-	5,476	3,450	-	8,926
St. Patrick's Day Promotion	-	-	21,567	-	21,567
Social Media	5,000	55,782	9,600	-	70,382
Partnerships/Sponsorships	15,000	9,194	-	-	24,194
Champions	74,166	-	120,000	-	194,166
Parking	10,000	-	51,140	-	61,140
Historic District	-	-	3,500	-	3,500
San Pedro Square	-	19,883	23,500	-	43,383
SoFA District	-	10,695	3,500	-	14,195
Farmers' Market	77	-	2,922	-	2,999
Dine Downtown	5,000	7,783	36,799	-	49,582
Starlight Cinemas	12,000	26,582	22,000	-	60,582
Music in the Park	31,210	-	-	-	31,210
Dia San Jose	9,705	-	-	-	9,705
Downtown Ice	89,862	-	200,000	-	289,862
SoFA Street Fair	10,398	5,560	-	-	15,958
Night Market	9,113	26,963	19,286	-	55,362
CityDance	12,735	-	5,000	-	17,735
Sonic Runway	-	-	5,000	-	5,000
Plaza Park Canopy	-	-	30,000	-	30,000
Membership Services	520	-	65,000	-	65,520
Sphere Tree	9,254	-	-	-	9,254
Equipment Storage	-	22,509	-	-	22,509
Pop-Up Retail PRogram	-	-	217,624	-	217,624
Downtown Lights	-	-	100,000	-	100,000
Total program services	1,008,031	734,661	1,248,443	-	2,991,135
Support services					
Management and general	843,105	30,337	-	-	873,442
Total support services	843,105	30,337	-	-	873,442
Total functional expenses	1,851,136	764,998	1,248,443	-	3,864,577
Change in net assets	81,194	-	-	-	81,194
Net assets, beginning of year	975,207	-	-	-	975,207
Net assets, end of year	$ 1,056,401	$ -	$ -	$ -	$ 1,056,401

See accompanying notes and independent accountant's review report.

San Jose Downtown Association
Statement of Functional Revenue and Expenses
For the Year Ended June 30, 2025

	Property Based Improvement District (PBID)	Foundation	Communications	Advocacy, Research and Planning	Marketing - General	Downtown for the Holidays	DTSJ Real Campaign	St. Patrick's Day Promotions	Social Media	Partnerships/ Sponsorships	Champions	Parking	Historic District	San Pedro Square	SoFA District
Revenues, gains and other support															
City (OED) contract	$ 162,705	$ -	$ 25,000	$ 25,000	$ 85,850	$ 10,000	$ 3,450	$ 21,567	$ 9,600	$ -	$ 120,000	$ 51,140	$ 3,500	$ 23,500	$ 3,500
BID contract	-	-	251,707	75,351	217,177	-	5,476	-	55,782	9,194	-	-	-	19,883	10,695
PBID Contracts	1,094,872	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other contracts	-	-	-	-	-	-	-	-	-	-	-	10,000	-	-	-
Grants	23,852	-	-	-	77,750	25,891	-	-	5,000	15,000	74,166	-	-	-	-
Sponsorships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues, gains and other support	1,381,429	-	276,707	100,351	380,777	35,891	8,926	21,567	70,382	24,194	194,166	61,140	3,500	43,383	14,195
Functional expenses															
Personnel expenses	629,957	-	262,308	27,424	161,310	5,548	5,476	17,243	11,282	-	187,426	50,983	3,412	9,452	13,612
Technical support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Event production	-	-	-	-	200	-	-	-	-	-	-	-	-	-	-
Other expenses	24,100	102	7,874	71,719	17,075	7,155	-	1,207	36,516	5,980	1,840	7,732	-	(1,257)	495
Marketing	15	-	-	1,208	78,263	23,188	3,450	3,117	22,584	56	4,862	2,425	88	35,188	88
Subcontractors	-	-	6,525	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	118	-	-	-	-	-	38	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subgrants and awards	162,691	-	-	-	80,000	-	-	-	-	18,158	-	-	-	-	-
Total functional expenses	816,763	102	276,707	100,351	336,966	35,891	8,926	21,567	70,382	24,194	194,166	61,140	3,500	43,383	14,195
Change in net assets	$ 564,666	$ (102)	$ -	$ -	$ 43,811	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes and independent accountant's review report.

San Jose Downtown Association
Statement of Functional Revenue and Expenses
For the Year Ended June 30, 2025

	Farmers' Market	Dine Downtown	Starlight Cinemas	Music in the Park	Dia San Jose	Downtown Ice	SoFA Street Fair	Night Market	CityDance	Sonic Runway	Plaza Park Canopy	Membership Services	Sphere Tree	Equipment Storage	Pop-Up Retail Program
Revenues, gains and other support															
City (OED) contract	$ 2,921	$ 36,800	$ 22,000	$ -	$ -	$ 200,000	$ -	$ 19,286	$ 5,000	$ 5,000	$ 30,000	$ 65,000	$ -	$ -	$ 217,624
BID contract	-	7,782	26,582	-	-	-	5,560	26,961	-	-	-	-	-	22,509	-
PBID Contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other contracts	-	-	-	10,963	-	8,000	-	-	-	-	-	-	-	-	-
Grants	-	-	12,000	18,402	9,705	52,717	10,398	9,115	12,735	-	-	-	9,254	-	-
Sponsorships	-	5,000	-	1,575	-	65,000	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	270	-	12,459	-	-	-	-	-	520	-	-	-
Total revenues, gains and other support	2,921	49,582	60,582	31,210	9,705	338,176	15,958	55,362	17,735	5,000	30,000	65,520	9,254	22,509	217,624
Functional expenses															
Personnel expenses	-	26,464	30,454	13,742	-	-	2,560	41,532	5,548	4,538	9,169	45,778	2,774	2,774	40,000
Technical support	-	-	-	-	-	-	-	-	-	-	-	-	-	330	-
Event production	-	-	3,086	-	8,735	200,000	-	-	-	-	-	-	-	-	-
Other expenses	713	860	7,593	3,930	970	72,567	1,040	2,458	1,747	361	6,092	19,742	-	19,313	177,624
Marketing	2,286	22,258	18,226	-	-	2,032	-	8,872	10,440	101	-	-	-	-	-
Subcontractors	-	-	870	-	-	-	9,358	-	-	-	14,739	-	6,480	-	-
Supplies and materials	-	-	353	-	-	-	-	-	-	-	-	-	-	92	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	15,263	-	-	-	-	-	-	-	-	-
Subgrants and awards	-	-	-	13,538	-	-	3,000	2,500	-	-	-	-	-	-	-
Total functional expenses	2,999	49,582	60,582	31,210	9,705	289,862	15,958	55,362	17,735	5,000	30,000	65,520	9,254	22,509	217,624
Change in net assets	$ (78)	$ -	$ -	$ -	$ -	$ 48,314	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying notes and independent accountant's review report.

San Jose Downtown Association
Statement of Functional Revenue and Expenses
For the Year Ended June 30, 2025

	Downtown Lights	Total Program Services	Management and General	Total
Revenues, gains and other support				
City (OED) contract	$ 100,000	$ 1,248,443	$ -	$ 1,248,443
BID contract	-	734,659	30,339	764,998
PBID Contracts	-	1,094,872	-	1,094,872
Other contracts	-	28,963	20	28,983
Grants	-	355,985	259,402	615,387
Sponsorships	-	71,575	2,560	74,135
Other revenue	-	113,249	5,704	118,953
Total revenues, gains and other support	100,000	3,647,746	298,025	3,945,771
Functional expenses				
Personnel expenses	54,300	1,665,066	385,991	2,051,057
Technical support	-	330	5,415	5,745
Event production	4,000	216,021	-	216,021
Other expenses	-	495,548	323,875	819,423
Marketing	-	238,747	1,595	240,342
Subcontractors	41,700	79,672	1,400	81,072
Supplies and materials	-	601	152	753
Insurance	-	-	84,682	84,682
Depreciation	-	15,263	18,081	33,344
Subgrants and awards	-	279,887	52,251	332,138
Total functional expenses	100,000	2,991,135	873,442	3,864,577
Change in net assets	$ -	$ 656,611	$ (575,417)	$ 81,194

See accompanying notes and independent accountant's review report.

San Jose Downtown Association
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities		
Change in net assets	$	81,194
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation		33,344
Reduction in carrying amount of operating lease, right-of-use assets		3,285
Changes in operating assets and liabilities		
Accounts receivable		(35,445)
Contracts receivable		(46,395)
Prepaid expenses and other current assets		(5,538)
Accounts payable		14,380
Accrued expenses		(51,021)
Deferred revenue		(158,877)
Operating lease liabilities		(3,285)
Net cash used in operating activities		(168,358)
Cash flows from financing activities		
Principal payments on mortgage payable		(13,705)
Net cash used in financing activities		(13,705)
Net decrease in cash and cash equivalents		(182,063)
Cash and cash equivalents, beginning of year		687,490
Cash and cash equivalents, end of year	$	505,427

Supplemental disclosure of cash flow information

Cash paid during the year for interest	$	4,933

See accompanying notes and independent accountant's review report.

San Jose Downtown Association
Notes to Financial Statements
June 30, 2025

1. NATURE OF OPERATIONS

The San Jose Downtown Association (the "Association") is a corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The Association is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The primary purposes of the Association are to:

- Encourage, stimulate and improve the business conditions in downtown San Jose for retailers, restaurants, entertainment establishments, service businesses and professionals, property owners and to promote retail and other commercial activities in that area.
- Establish new and improve existing parking facilities in downtown San Jose for the benefit of the area and to encourage the formation of local parking districts.
- Seek out public and private revenues to support its objectives.
- Beautify downtown San Jose.
- Promote public events and to obtain funding and programs for seasonal decorations of public spaces in the area.
- Promote a positive identity for the area through advertising and public relations programs and the sponsorship of public events, promotions and festivals.
- Promote the preservation and renovation of historical structures in downtown San Jose and to preserve the architectural heritage and historical character of the downtown San Jose area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Association are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis of presentation

In accordance with US GAAP, the Association reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. See Notes 3, 4 and 5 for descriptions of the funds.

The revenues recorded in the statement of activities regarding the Business Improvement District ("BID") and City of San Jose ("OED") Fund are restricted as to their use per the respective contracts. Since the restrictions were met in the same period as the revenues were recorded, these revenues are classified as without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Receivables

Receivables represent amount due from grants, contracts and fees that are carried at the original invoice amount less allowance for credit losses based on a review of all outstanding amounts. Receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received. No allowance for credit losses has been presented since all amounts are deemed to be collectible.

Prepaid expenses

Prepaid expenses result from advances or deposits on goods or services that will be received in the following year. Direct event expenses are recorded in the year the event takes place.

Deferred revenue

Deferred revenue results from contracts or sponsorship revenue received for a specific event scheduled in the following year. Revenue is recognized in the period that the related expenses are incurred.

Donated materials and services

Donated materials and services, which management estimates at $109,638 have not been recognized in the accompanying financial statements since the recognition requirements were not met. A number of volunteers have donated significant amounts of their time in the Association program services and administrative support. Also, media and service donations were received as part of event sponsorships.

Property and equipment

The Association's policy is to capitalize fixed asset purchases in excess of $3,000. Any furniture, equipment or other assets purchased under a grant or a service contract are considered the property of the granting agency and will not be capitalized. Depreciation is computed using straight-line depreciation methods based on the estimated useful lives of the assets, which range from 3 to 46 years. Depreciation expense for the year ended June 30, 2025 totaled $33,344.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease

The Association determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment and other long-term liabilities on the statement of financial position. The Association does not have any finance leases.

ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Association's lease does not provide an implicit rate, the Association uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Association's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Association has elected the short-term lease exemption for the lease terms are not exceeding 12 months.

Personal time off

Personal time off, representing vacation and sick days earned, but not taken as of June 30, 2025, is included in "accrued expenses" in the statement of financial position. The balance as of June 30, 2025 totaled $50,650.

Revenue recognition

The Association recognizes revenue and support on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided. The Association follows the following steps to determine revenue recognition:

- Identifying the contract(s) with a customer,
- Identifying the performance obligations in the contract(s),
- Determining the transaction price,
- Allocating the transaction price to the performance obligations in the contract(s), and
- Recognizing revenue when, or as, the Association satisfies a performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

Costs of providing the Association's activities have been allocated between program services and management and general based upon estimates of time and costs incurred by the Association.

Income tax status

San Jose Downtown Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements.

The Association files information returns in the U.S. federal jurisdiction and state of California. The Association's federal returns for the years ended June 30, 2022 and beyond remain subject to possible examination by the Internal Revenue Service. The Association's California returns for the years ended June 30, 2021 and beyond remain subject to possible examination by the Franchise Tax Board.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and support and expenses during the period. Accordingly, actual results could differ from those estimates.

Subsequent events

Management of the Association has evaluated events and transactions subsequent to June 30, 2025 for potential recognition or disclosure in the financial statements. On July 23, 2025, a new line of credit was opened to replace the old line of credit. See note 11 for more details. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 27, 2025.

3. BID FUND - DOWNTOWN SAN JOSE BUSINESS IMPROVEMENT DISTRICT

In October 1988, San Jose City Ordinance #22960 established and defined the Downtown San Jose Business Improvement District ("BID"). BID is funded by an assessment levied on the businesses located within its boundaries and approved annually by the San Jose City Council through a public hearing process.

In 1989, the San Jose City Council appointed the Association as the Advisory Board for BID, to advise the Council on the levy of assessments of BID and the expenditure of revenues derived from those assessments.

3. BID FUND - DOWNTOWN SAN JOSE BUSINESS IMPROVEMENT DISTRICT (continued)

The BID is required to be reauthorized annually by the City of San Jose through a public hearing process. For the fiscal year ending June 30, 2025, the BID was reauthorized by the City Council on June 25, 2024.

For the year ended June 30, 2025, a budget of $680,000 was approved by the City of San Jose. During the year ended June 30, 2025, the City collected $489,485 of BID assessments, $58,751 of which had not been reimbursed by the City as of June 30, 2025. During the year, $764,998 was expended by the Association.

There was a balance of funds remaining in the Association's BID account as of June 30, 2024 in the amount of $275,513. The deferred revenue balance is recognized as revenue in the year ending June 30, 2025.

4. OED FUND - CITY OF SAN JOSE

The Association received revenues under a service contract with the City of San Jose Office of Economic Development ("OED"). The scope of services include downtown place promotion, office retention and attraction, downtown events, and parking program.

The contract with the City of San Jose (OED) provided up to $1,248,443 of reimbursements for the year ended June 30, 2025.

5. SJDA FUND - SAN JOSE DOWNTOWN ASSOCIATION

This fund accounts for resources under the discretionary control of the Association's Board of Directors for use in carrying on the general operations of the Association. The balance in this fund as of June 30, 2025 was $1,056,401.

6. SAN JOSE DOWNTOWN PROPERTY OWNERS' ASSOCIATION

In August 7, 2007, City of San Jose City Resolution No. 73937 established and defined the San Jose Downtown Property-Based Improvement District ("PBID"). The San Jose Downtown Property Owners' Association ("SJDPOA") was incorporated as a California Nonprofit Mutual Benefit Corporation to provide oversight of the District, to contract on behalf of the District, to review and provide leadership and guidance to the members of the District. The District was renewed by City Council on June 14, 2022 for an additional 10 years through December 31, 2032.

On January 28, 2008, the Association entered into an agreement with SJDPOA to provide management services. The agreement has been extended several times, most recently June 27, 2022, and continues through June 27, 2027. The entities have separate boards of directors and operate as separate entities. As compensation for the management services, the Association receives a fee determined by PBID. The fee is payable semi-annually. Including the management fee, the Association was reimbursed a total of $586,670 in relation to this arrangement for the year ended June 30, 2025.

6. SAN JOSE DOWNTOWN PROPERTY OWNERS' ASSOCIATION (continued)

The Association also has an arrangement with SJDPOA in which salaries for four and half Association employees who work directly on PBID projects are paid through the Association and reimbursed by SJDPOA. For the year ended June 30, 2025 , the Association was reimbursed $508,202 for personnel-related costs from this arrangement.

On January 15, 2013, the Association on behalf of the SJDPOA, entered into an Environmental and Maintenance and Supplemental Security Services agreement with Block by Block. The original agreement was for a period of three years and expired January 14, 2016. The amended and renewed agreement expired on January 14, 2024. The Association's contract with Block By Block was extended through January 14, 2025, which was further extended for a period of three years through January 14, 2028. In consideration of the services, the maximum annual amount of payments to Block by Block shall not exceed $3,408,833.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Office condominium	$ 370,612
Office and computer equipment	175,723
Machinery and equipment	10,942
Furniture and fixtures	5,220
Ice rink equipment	1,255,639
	1,818,136
Accumulated depreciation	(1,680,563)
	$ 137,573

For the year ended June 30, 2025, depreciation expense was $33,344.

8. DEFERRED REVENUE

Deferred revenue consisted of the following:

Deferred Revenue	$ 10,240
Adobe grant	25,000
Pop-up Program rent	121,247
	$ 156,487

9. CONCENTRATIONS AND RISKS

The Association earned $2,124,229 through contracts with and grants from the City of San Jose, including its agencies and the BID, which represented approximately 54% of the total revenues. Activities of the Association take place in and for the benefit of the downtown San Jose, California geographic area.

10. MORTGAGE PAYABLE

On April 28, 2009, the Association entered into a loan agreement with Wells Fargo Bank for $250,000. Management refinanced the mortgage payable on January 20, 2012, and then on January 20, 2017. The interest rate is fixed at 4.35% per annum for the term of the loan, 179 payments of principal and interest of $1,553 are due monthly and a final payment of $468 is due on December 20, 2031. The note is secured by a deed of trust on 28 North First Street, Suite 1000.

Total principal outstanding is $104,346 at June 30, 2025.

The future maturities of the mortgage payable are as follows:

Year ending June 30,	
2026	$ 14,323
2027	14,968
2028	15,634
2029	16,345
2030	17,081
Thereafter	25,995
	104,346
Current portion	(14,323)
	$ 90,023

11. LINE OF CREDIT

On September 18, 2020, the Association entered into agreement for an unsecured revolving line of credit with Wells Fargo Bank for a maximum amount of $100,000. Interest is computed at the Bank's prime rate plus 4.35% for cash and purchases plus an annual fee of $175. The line of credit will mature in December 2031, and was not accessed during the year ended June 30, 2025. This line of credit is terminated on July 23, 2025.

On July 23, 2025, the Association entered into new agreement for an unsecured revolving line of credit with Wells Fargo Bank for a maximum amount of $100,000, replacing the previous revolving line of credit. Interest is computed at the Bank's prime rate plus 6.75% for cash and purchases plus an annual fee of $175, not charged for the first year. This line of credit is an evergreen line, automatically renews every year with no set expiration date, and was not accessed during the year ended June 30, 2025.

12. EMPLOYEE BENEFIT PLAN

The Association established a defined contribution 401(k) pension plan (the "Plan") effective January 1, 2010. All employees are eligible to participate in the Plan. Employees participating in the Plan may elect to defer a percentage of their annual compensation to the Plan subject to applicable limits. The Association matches employee contributions at the rate of 100% not to exceed 4% of employee compensation. The match is 100% vested upon contribution. Administrative expenses for the Plan are paid by the Association; however there are some management and expense fees based on Plan assets that are deducted from participant assets proportionately. The Association's management has the right to terminate the Plan at anytime.

The Association's matching contribution for the year ended June 30, 2025 totaled $37,976.

13. OFFICE CONDOMINIUM

The Association, through its ownership of its office condominiums located at 28 North First Street, Suites 1000 and 200, is a member of the Commercial Building Owners' Association ("CBOA"). Members pay monthly dues to CBOA to cover the property management and common area expenses (such as elevator, security, utilities and janitorial expenses). CBOA, on an as needed basis, can request special assessments from members for major improvements or renovations to common areas of the property. No special assessments for the year ending June 30, 2025 were assessed.

14. LEASES

In July 2022, the Association leased one equipment, and it will expire in October 2025. Upon adoption of ASC 842, this lease has been recognized as right-of-use asset ("ROU") on the accompanying statement of financial position, and it resulted in the recognition of ROU assets and operating lease liabilities of $10,697. For the year ended June 30, 2025, the total lease expense was $3,360.

The equipment lease information as of June 30, 2025 is detailed as follows:

Right-of-use assets	$ 1,116
Operating lease liabilities as of June 30, 2025:	
Operating lease liabilities, current portion	$ 1,116
	$ 1,116

Weighted-average discount rate - operating lease	2.86 %
Weighted average remaining lease term	0.33

14. LEASES (continued)

The following table sets forth the future minimum lease payments under operating lease liabilities as of June 30, 2025:

Year ending June 30,	
2026	$ 1,120
Less: imputed interest	(4)
Lease liability, current, net of imputed interest	$ (1,116)

15. LITIGATION DISCLOSURE

In the normal course of operations, the Association is involved in various legal discussions. The Association's management does not expect any of these discussions to lead to legal proceedings resulting in material adverse effect on the Association's financial statements.

16. LIQUIDITY

The following is a quantitative disclosure describing financial assets that are available within one year of June 30, 2025 to fund general expenditures and other obligations when they become due:

Cash and cash equivalents	$ 505,427
Contracts receivable - BID	58,751
Contracts receivable - PBID	547,436
Accounts receivable	419,215
Financial assets available to meet cash needs for general expenditures within one year	$ 1,530,829

The Association had $1,530,829 of financial assets available at June 30, 2025 to meet the needs for general expenditures in the next 12 months and none of them are subject to donor or other contractual restrictions. The Association manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

As part of the Association's liquidity management it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Association expects that receivables from program revenue and City contracts will be collected and available within 60 days of the fiscal year end. As disclosed in Note 11, the Association could also draw upon its available line of credit of $100,000 in the event of an unanticipated liquidity need.

SUPPLEMENTARY INFORMATION

San Jose Downtown Association
Schedule of Management and General Expenses
For the Year Ended June 30, 2025

	Total	San Jose Downtown Association Fund	Business Improvement District Fund
Salaries and payroll taxes	$ 370,021	$ 339,684	$ 30,337
Employee benefits	15,970	15,970	-
Professional services	145,415	145,415	-
Subgrants and awards	52,251	52,251	-
Subcontractors/interns	1,402	1,402	-
Building expense	59,416	59,416	-
Office equipment	42,238	42,238	-
Meeting/hospitality	22,879	22,879	-
Depreciation	18,081	18,081	-
Dues and conferences	26,742	26,742	-
Utilities	15,066	15,066	-
Office supplies	5,280	5,280	-
Insurance	84,682	84,682	-
Miscellaneous	13,236	13,236	-
Postage/mailing service	763	763	-
	$ 873,442	$ 843,105	$ 30,337