



DOWNTOWN SAN MATEO ASSOCIATION

FISCAL YEAR 2025-26
ANNUAL REPORT
JULY 1, 2025 - JUNE 30, 2026

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DOWNTOWN SAN MATEO ASSOCIATION SUMMARY

The Downtown San Mateo Association (DSMA) remains steadfast in its mission to maintain and enhance the attractiveness and vibrancy of Downtown San Mateo. Since 1986, DSMA has managed the Downtown Business Improvement District, providing vital support to local merchants and fostering a thriving, connected community. Downtown San Mateo continues to serve as a center for business and leisure, attracting visitors from throughout the Bay Area with its history, diverse community, renowned culinary scene, and optimal location on the San Francisco Peninsula.

This fiscal year, Downtown San Mateo continued to feel active and energized, particularly on weekends and during community events. Under the leadership of the Board of Directors and Executive Director Mackenzie Jakoubek, DSMA strengthened collaboration, governance, and strategic oversight while continuing to prioritize community engagement as a key activation strategy. Increased participation in regional events, new family-friendly programming, and expanded partnerships helped further elevate Downtown's visibility and sense of place.

DSMA also focused on organizational health and sustainability in FY2025–26, completing a financial review with Pettinelli Financial Partners to support strong fiscal management and transparency. With new Board leadership in place and a continued emphasis on partnerships, marketing, and public space activation, DSMA is well-positioned to build on its momentum. Strategic investments in cleanliness, beautification, and business support will ensure Downtown remains a welcoming destination for residents, visitors, and businesses alike.

ACCOMPLISHMENTS AT A GLANCE



80+ Downtown merchants directly participated in DSMA sponsored events



More than 50 new businesses opened in Downtown San Mateo



Reached 10,000 Facebook followers



53,000 visits to DSMA.org



Facebook content was viewed 1.7 million times

Instagram reached 55,000 accounts



35 submissions to our online contact form used for safety and cleanliness requests and other needs



\$100k used for Downtown clean-up & beautification efforts

INTRODUCTION

Nestled in the heart of the San Francisco Peninsula, Downtown San Mateo has once again proven to be a vibrant intersection of history, innovation, and community. Over this past fiscal year, the district hasn't just maintained its unique character—it has deepened its impact, thriving as a welcoming, dynamic destination for residents and visitors alike.

At the center of this growth is the Downtown San Mateo Association (DSMA). Since 1986, when we were first designated by the City Council to manage the Downtown Business Improvement District, our mission has remained steadfast: to foster an environment where local merchants succeed and the community connects.

We take immense pride in the work accomplished throughout FY 2025-26. By focusing on intentional programming, robust business support, and community-driven events, we have amplified the energy in our streets. The vitality we experienced this year was no accident, it was the result of a commitment to collaboration, strategic activation, and the shared belief that a strong downtown is the heart of a strong San Mateo.



DOWNTOWN SAN MATEO OVERVIEW

Downtown San Mateo, as defined by our Business Improvement District charter, is made up of businesses located within Tilton Ave and 9th Ave and just past El Camino Real all the way to El Dorado. This footprint is approximately 7 square blocks, and includes approximately 600 businesses.

"There's a lot of vibes here."

- Overheard in Downtown San Mateo

This quote captures the pulse and attraction of Downtown San Mateo, and it's a sentiment we hear often, if not those exact words. As a central hub on the San Francisco Peninsula, our district remains a premier destination for commerce, leisure, and community connection.

Our district is evolving in exciting ways. Notably, this fiscal year saw the arrival of new, high-profile businesses like Molly Tea, Reposado, Whisper, Johnny's, Tai Er, and others that have boosted overall foot traffic. Perhaps most exciting is our growing entertainment options: the opening of two arcade venues (Nakoko and Clawesome) and an indoor children's play center (Kiddo Adventure) have added family-friendly fun to our already robust culinary scene. Overall, we saw more than 50 new businesses open in Downtown San Mateo over the past year.

Further anchoring this vibrancy is the continued success of the B Street pedestrian mall. It remains a beloved community centerpiece, serving as a social "living room" that proves how essential safe, walkable public spaces are to a thriving downtown. This vibrancy has not gone unnoticed;

DSMA's efforts to raise the levels of energy and community engagement is now attracting high-caliber partners and new events eager to be part of that success.

While we celebrate these wins, we remain clear-eyed about the challenges that define the current economic climate. FY2025-26 was marked by a mix of pressures. Broader economic uncertainty, specifically rising costs for groceries and food supplies, impacted our business community. We have heard from some merchants that revenue has fluctuated compared to the previous year, as the rising cost of living influences consumer spending habits and foot traffic patterns. In addition, we continue to see slower weekdays and busy weekends, a reflection of the hybrid work model.

Despite these headwinds, the outlook for Downtown San Mateo remains positive. When new entrepreneurs choose to open their doors here, they consistently cite our commitment to cleanliness and safety, our welcoming community spirit, and the undeniable "vibe" that makes this district a standout on the Peninsula and broader Bay Area.

DSMA OVERVIEW

The Downtown San Mateo Association (DSMA) continues to strengthen its role as a champion for Downtown's businesses and community. The updated Business Improvement District (BID) assessments, approved by City Council in 2022, have enabled DSMA to expand operations and better support the district. These resources remain essential to maintaining a clean, safe, and vibrant Downtown while fostering strong partnerships with the City of San Mateo and local organizations.

FY2025-26 also marked a year of transition and growth for DSMA's Board of Directors. This fall, the organization voted Mark Bartos (Bartos Architects), Rafat Haddad (3 Bees Coffee), Debbie Soon (Self Help for the Elderly), and Damon Zhao (Cathay Bank) in as new Board members. Colleen Rafferty (Christensen & Rafferty Fine Jewelry) served as Interim President for approximately three months, providing continuity and leadership ahead of Board elections in January 2026.

Following the elections, DSMA welcomed a new Executive Committee, with Rafat Haddad serving as President, Lorry Morales (La Pinata) as Vice President, and Cathy Levitt (Tri Counties Bank) as Treasurer.

We have re-energized our Beautification and Cleanliness Committee, now led by Chair Robert Anderson. The committee's mission is to monitor the aesthetics of Downtown San Mateo and identify areas where the DSMA, the City of San Mateo, and other stakeholders can improve.

To support strong governance and fiscal stewardship, DSMA completed a financial review of fiscal years 2023-24 and 2024-25 with Pettinelli Financial Partners (PFP). This review, included as an attachment to this report, analyzed our financial position, cash flow, and operating results. PFP found that DSMA remains financially stable with strong liquidity, declining liabilities, and positive operating cash flow. The report reflects our





organization's ongoing commitment to transparency and sound financial management.

In addition to organizational advancements, DSMA expanded its programming and community presence. Highlights included a Santa visit, creating a new family-friendly holiday tradition, and increasing participation and support for the San Mateo Area Chamber of Commerce's September Arts & Culture Fest. As part of this effort, DSMA introduced its new mascot, Mateo the Fox.

Looking ahead, DSMA remains committed to expanding marketing initiatives, activating public spaces, and fostering a thriving business environment through strong leadership, partnerships, and community-focused programming.

Collaboration remains a central strategy, with DSMA working closely alongside partners including San Mateo Parks & Recreation, the City Manager's Office, Self-Help for the Elderly, San Mateo County Office of Arts & Culture, Age-Friendly San Mateo, the San Mateo Area Chamber of Commerce, and many BID members to bring increased activity, events, and resources to Downtown.

DSMA BOARD

President, Rafat Haddad, 3 Bees Coffee

Vice President, Lorry Morales, La Pinata

Treasurer, Cathy Levitt, Tri Counties Bank

Robert Anderson, Downtown Resident and retired San Mateo PD

Mark Bartos, Bartos Architecture

Steve Carey, LifeMoves

Colleen Rafferty, Christensen & Rafferty Fine Jewelry

Debbie Soon, Self Help for the Elderly

Joe Sully, Downtown Property Owner

Jillian Thomas, Mills-Peninsula Medical Center

Susan Uzunoglu, Susan's European Beauty

Damon Zhao, Cathay Bank

Mackenzie Jakoubek, Executive Director, DSMA

DSMA FOCUS AREAS

DSMA activities focus on Community Engagement, BID Member Engagement, and Civic Partnership.

COMMUNITY ENGAGEMENT

Community engagement focuses on events and marketing. The goal is to drive traffic Downtown and connect the community with our wonderful and diverse businesses. The primary audiences for community engagement are Downtown workers, San Mateo and Peninsula residents, and visitors to local hotels and events.

Community Events & Activations, Fiscal Year 2025-26

- **HEAD WEST Marketplace** (Jul 20, Aug 17, Sep 21, Oct 19, Nov 30, Mar 21, Apr 18, May 16, Jun 20): HEAD WEST Marketplace, with the support of DSMA, brought 30-50 makers, crafter, artists, and other local vendors to B Street the third Sunday of every month. Downtown visitors were delighted with the variety of shopping opportunities in Downtown San Mateo.
- **Downtown Express** (Aug 3): DSMA and sponsor Florian Orthodontics brought kid-sized fun to the Farmer's Market with the San Mateo Express. The first 200 kids got an extra treat of free ice cream from Cold Stone Creamery or Chill Spot Rendezvous.
- **Reyna y su Trio** (Aug 16): Roving Mariachi, Reyna y su Trio, delighted North B businesses and customers with their beautiful traditional Mexican music.



- **September Nights on B** (Sep 11 & 18): A Downtown San Mateo favorite! DSMA supported these lively City sponsored concerts through funding, promotion, and participation.
- **San Mateo Arts & Culture Fest** (Sep 28): DSMA was proud to step up as a full partner in this San Mateo signature event along with the San Mateo Area Chamber of Commerce and the San Mateo County Office of Arts & Culture. The Fest offered a variety of live music, cultural entertainment, local arts, and even a live mural painting competition. This year, DSMA created a scavenger hunt for kids and brought out a real-life Mateo the Fox mascot.
- **Jazz on B Street with Swingatto** (Oct 4): Back by popular demand, Swingatto filled the B Street pedestrian mall with their lively acoustic tunes
- **BOOs and Brews on B Street & Trick or Treating** (Oct 25): A close collaboration between the City of San Mateo's Parks & Recreation Department and DSMA, BOOs and Brews on B Street welcomed hundreds of kids to the B Street and Cinema Plaza to enjoy games, a creepy-crawly petting zoo, crafts, a selfie station, and other Halloween activities. DSMA coordinated with 40 Downtown merchants who provided candy to adorable trick-or-treaters.
- **Small Business Saturday & Jazz on B Street with the Melodic Outreach Endeavor** (Nov 29): Aragon High School students coordinated our entertainment, bringing two jazz bands and one vocal ensemble to delight Small Business Saturday shoppers. DSMA was there to share information about Shop Small to Win Big! and talk all things small business with the community.



- **Sounds of the Season with Business Casual** (Dec 6): Award-winning a cappella group, Business Casual, brought their signature style, fusing holiday and contemporary favorites. Community organizers held the Santa Mateo scavenger hunt the same night, leading to an unmatched evening of holiday cheer in San Mateo.
- **Las Posadas** (Dec 7): The merchants of North B Street welcomed their loyal customers and Holiday Train visitors to their storefronts with warm cider, gift bags, and other treats. Spanish-language Christmas carolers sang throughout the block. The event was coordinated by the North B merchants with DSMA support.

- Holiday Train “Celebration Station”**
 (Dec 7): While community members waited to board Caltrain’s Holiday Train, DSMA hosted entertainment from Melodic Outreach Endeavor, the Peninsula Dance Academy, Core Taekwondo, and the Hillsdale High School Chamber Singers, plus balloon twisting from Joy in the Air Balloons.
- Santa in Downtown San Mateo** (Dec 21): Santa and his elf posed for photos with San Mateo families at Lions Den Shave Parlor and 3 Bees Coffee, thanks to a partnership with Izzo Family Therapy.
- Lunar New Year** (Jan 24): Our third annual Lunar New Year in Downtown San Mateo provided an opportunity to welcome the year of the horse with our community and collaborate with many local businesses and organizations. Sponsors and supporters included Florian Orthodontics, the City of San Mateo, San Mateo Parks and Recreation Department, and the San Mateo Area Chamber of Commerce. Booth participants included Self-Help for the Elderly, the Asian American Curriculum Project, Tri Counties Bank, CAM Edu, and the San Mateo Public Library. Our Lion Dance parade stops were Anton SV Patisserie, East West Bank, Kiddo Adventure, Taste of Sha Xian, Cathay Bank, Superstar Dim Sum, Y Salon, My Dumpling, Revolution Hair Studio, SimplyCake, Fanloli, Nakoko, Dough Zone, and Susan European Beauty.
- San Mateo Sports Warm Up** (Feb 7): The CSM Bulldogs football team (back-to-back state champs!), the Belmont Brass Wrists arm wrestling league, and our sponsor, Perform for Golf, helped the community enjoy some friendly, sporting competition on a beautiful Saturday in Downtown San Mateo.



- Downtown San Mateo Boba Day**
 (April 26): Boba fans from around the Bay Area enjoyed specials, giveaways, and treats at Downtown San Mateo boba shops and other retailers. Chef Martin Yan, Wendy Hsu, and Mayor Adam Lorraine selected the “Judges’ Choice” winner after tasting boba from around the district. DSMA and supporting partners provided fun activities on B Street for families and took votes for “Downtown San Mateo’s Favorite Boba 2026.”
- Mother’s Day pop up** (May 10): DSMA provided a beautiful backdrop for family photos on Mother’s Day.
- Love Local** (May 30): Celery Retail, with support from DSMA, brought local vendors and family-friendly activities to B Street to help kick off the summer.

COMMUNITY FEEDBACK

“
Going downtown today made me proud to be a San Mateo resident. B Street was packed, Central Park was buzzing, and it was full of diversity of all kinds.
”

“
Wow that's cool! Didn't realize we have So many great activities!
”

“
San Mateo. pleasant surroundings. good food and drink. walkable. lively. unpretentious.
”

“
So many wonderful events in Downtown San Mateo!
”

“
Due to your input the downtown mall is buzzing and I believe will only get to be more of an attraction in San Mateo.
”

-Charlie Chin
Resident & Musician

Marketing & Brand Engagement

In FY2025-26, the DSMA executed a multi-channel marketing strategy designed to amplify the Downtown San Mateo brand. By blending digital storytelling with physical placements, we ensured that our district remained a top-of-mind destination for residents and regional visitors.

Digital Strategy & Social Growth

- Our digital platforms serve as the "virtual front door" to the district. We reached a major milestone in February 2026, surpassing 10,000 Facebook followers. Our content strategy focused on information sharing and visual storytelling, utilizing professional photography and video to capture the "vibe" of our storefronts and public space while sharing important business updates.
- Audience Expansion: We saw remarkable year-over-year growth, gaining 2,800 Instagram followers and 2,100 Facebook followers. Facebook page visits increased by 47%, while Instagram engagement rose by 19%.
- Direct Communication: Our email outreach continues to be a vital tool for both the public and our merchants. Subscription rates for our community newsletter grew by 21%, while our business member newsletter saw an 8% increase.
- Web Performance: Between March 2025 and February 2026, our website remained a critical resource. The most-visited pages included our Home Page, the Restaurant Guide, and the 2025 Boba Day landing page. Most visits resulted from Google searches, but we were also pleased to see referrals from the City of San Mateo's website as well as other local digital resources like Klabbit and San Mateo Scoop.
- Impactful Campaigns: We introduced a successful recurring feature, "What's Happening Downtown this Weekend," which provided consistent, actionable value to our followers. Other recurring campaigns like "Reviewsday Tuesday" and "Sunday Blast from the Past" continue to appeal to our audiences.

Advertising & Outreach

Beyond the screen, we maintained a strong physical presence throughout the Peninsula. Our advertising efforts focused on meeting potential visitors where they live and play.

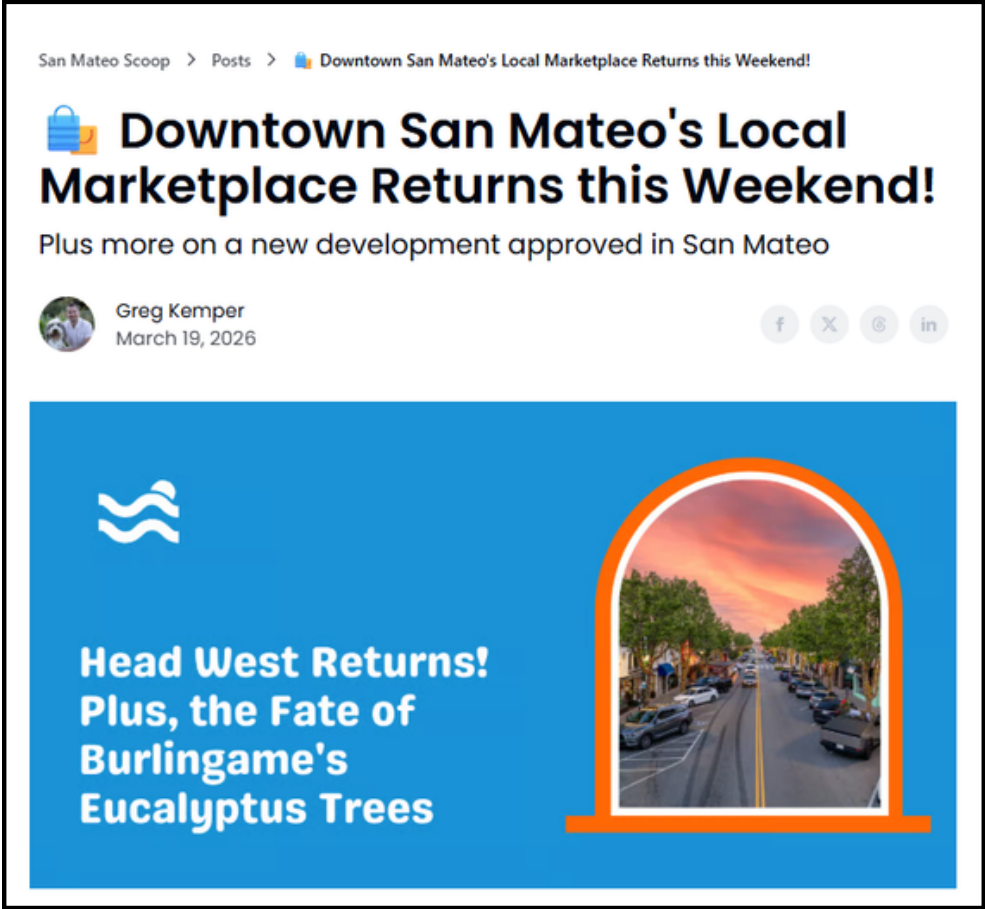
- Outdoor Marketing: We placed high-visibility posters and print ads at high traffic locations, including San Mateo On Ice, the Autumn Moon Festival, and Eggstravaganza. We also utilized a marquee ad during the San Mateo County Fair to capture peak seasonal crowds.
- The Restaurant Guide: Our premier physical asset, the Downtown San Mateo Restaurant Guide, was updated and distributed through local businesses, community events, and Peninsula hotels, reinforcing our status as a "foodie's paradise."
- Targeted Media Partnerships: To draw in neighboring communities, we secured paid advertisements and community features in the Palo Alto Daily Post (notably for the HEAD WEST Marketplace) and San Mateo Scoop.
- Event Promotion: Comprehensive flyer and poster campaigns were deployed throughout the district and surrounding cities to drive attendance for DSMA signature events.
- Face-to-face: DSMA Leadership spoke with groups such as the Assistance League to share exciting updates to our Downtown. Word of mouth continues to be a significant way to get the word out about the vibrancy of Downtown San Mateo.



Palo Alto Daily Post, Nov 2025



PIASC Pensogram, Mar 2026



San Mateo Scoop, Mar 2026

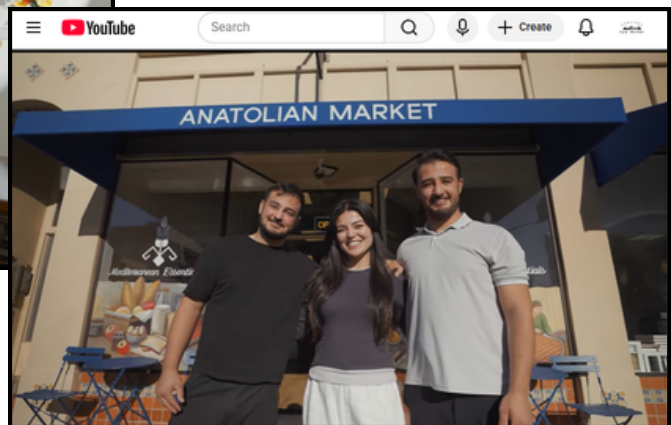
BID MEMBER ENGAGEMENT

While membership in the Business Improvement District (BID) is automatic for those with a district address, the DSMA worked throughout the year to ensure that awareness and participation translated into real value. In FY 2025–26, we focused on delivering results for our diverse business community through high-visibility campaigns, networking opportunities, and direct support.

Small Business Saturday & "Shop Small to Win Big!"

We collaborated with the San Mateo Area Chamber of Commerce on the second annual "Shop Small to Win Big!" campaign. By incentivizing local spending between November 28 and December 12, we successfully drove shoppers to our independent retailers and more importantly, helped build long-lasting excitement around shopping small.

- The Incentive: A coveted prize drawing featured donations from eight local favorites, including Golden Moon Gallery, Porterhouse, and Elements Massage.
- Digital Storytelling: We partnered with filmmaker Gary Magill to produce short-form videos featuring Anatolian Market and Golden Moon Gallery (plus two businesses outside of Downtown), which brought the human stories behind our storefronts to life on YouTube and DSMA.org.
- Community Presence: Small Business Saturday was further activated by our "Sounds of the Season" event, which featured live performances from student musicians from Aragon High School.



Connecting Businesses to the Community

The DSMA focused on connecting merchants with the community through creative, event-based partnerships:

- Santa Visit: Lions Den Shave Parlor and Izzo Therapy collaborated with us to host Santa Claus for photos, while 3 Bees Coffee served as the vital hub for children's letters to the North Pole.
- Lunar New Year: Our third annual Lunar New Year festivities saw 14 businesses participate as official parade stops. Lion Dancers performed at their storefronts and businesses engaged visitors through dedicated booth participation.
- The Downtown Express: Sponsored by Florian Orthodontics, this kids' train event integrated Cold Stone Creamery and Chill Spot Rendezvous, driving families directly to their doors for complimentary treats.
- San Mateo Sports Warm Up: Perform for Golf served as a sponsor, bringing a putting green to B Street and successfully converting event-goers into in-store visitors.
- Trick or Treat Spots: 40 businesses participated in Boos and Brews on B Street, bringing potential customers right to their storefronts.

Business Support & Recognition

Our year-round support initiatives included:

- One-on-one Support: DSMA leadership met with both prospective and current Downtown businesses to address specific needs and issues. The topics covered a wide range, including searching for available storefronts, proposing collaborations, troubleshooting inconsistent foot traffic, and assisting with outreach to social media content creators.
- New Business Outreach: New businesses received a welcome packet and a direct line to DSMA support, ensuring they were invited to participate in meetings and district events.
- Celebrating Vibrancy: We recognized holiday spirit with the "Best Holiday Decorating 2025" awards, with top honors going to Espetus, Lions Den Shave Parlor, and Bay Watch.
- Networking & Advocacy: In partnership with the San Mateo Area Chamber of Commerce, we co-hosted the "Mix & Mingle" to foster essential business-to-business connections.
- Direct Communication: Our monthly Member News email reached over 600 subscribers and maintained a consistent 50%+ open rate, serving as a critical resource for business tools, resources, and news.



CIVIC PARTNERSHIP

The DSMA served as a vital liaison between the district and the City of San Mateo. By working routinely with Public Works, Parks & Recreation, the San Mateo Police Department, and the City Manager's Office, we helped to ensure that the needs of Downtown were heard. Additionally, we were able to disseminate important messages from the City of San Mateo to our members.

Downtown Beautification, Cleanliness, and Safety

In FY 2025–2026, we took a proactive approach to maintaining the district's "curb appeal" and ensuring a welcoming environment for all visitors:

- **Dedicated Maintenance:** We funded daily porter services seven days a week to address litter and immediate cleanliness issues and as-needed "hot spot" power washing.
- **Targeted Sanitation:** The DSMA Beautification & Cleanliness Committee conducted regular district "walk-arounds" to identify maintenance gaps. We coordinated extra power washings for identified "hot spots" to supplement standard City services.
- **Community Feedback:** We maintained an online reporting tool on DSMA.org, allowing the community to submit real-time cleanliness and safety suggestions and concerns.
- **Safety Coordination:** We held regular communications with the San Mateo Police Department to enhance the security and safety of the district.
- **Visual Enhancements:** To boost holiday vibrancy, we expanded our festive banner program beyond B Street to include 3rd and 4th Avenues and hosted the "Best Holiday Decorating" awards.
- **Future Aesthetics:** We initiated high-level discussions with stakeholders regarding the creation of art murals on private property to further activate our streetscape.

Advocacy

Beyond maintenance, the DSMA acted as a strategic partner in regional and city initiatives:

- **Regional Event Planning:** We met regularly with stakeholders to prepare for the excitement of large-scale Bay Area sporting events in 2026.
- **Resource Facilitation:** We led business outreach for City programs, including Age-Friendly San Mateo, small business grant opportunities, flood prevention, and emergency preparedness.
- **Promotional Support:** We served as a marketing megaphone for City-sponsored events such as the Central Park Music Series, Winter Wonderland, Eggstravaganza, and September Nights on B.
- **Problem Solving:** We acted as a first point of contact for business concerns, resolving issues directly or facilitating connections with the appropriate civic departments to find solutions.
- **Stakeholder Buy-in:** We hosted monthly discussions during DSMA Board meetings. Discussions included representatives such as SamTrans, Public Works, and the Police Department to ensure our members had a seat at the table for decisions that impact them directly.

GOALS

PERFORMANCE AGAINST GOALS: FY 2025–26

The nature of the DSMA's work is one of continuous improvement; even tasks marked "Successful" need ongoing attention and maintenance. Below is a status report on the strategic priorities established for the 2025–2026 fiscal year.

Successful:

- Completed a third-party financial review to ensure transparency and fiscal responsibility.
- Provided supplemental power washing and daily porter services to maintain a standard of cleanliness beyond baseline city services.
- Executed a robust calendar of pop-ups and signature events on the B Street Pedestrian Mall, driving energy and visibility to the district.
- Maintained deep partnerships with City staff and conducted regular "walk-arounds" with the Board and stakeholders to identify and resolve maintenance issues.
- Refreshed and distributed the Downtown San Mateo Restaurant Guide and the Your Role in a Clean Downtown brochure.
- Provided financial and promotional support for regional highlights, including Music in the Park, San Mateo County Pride, and September Nights on B Street.
- Maintained a consistent print advertising schedule in the San Mateo Daily Journal.

Continuing Efforts:

- We are actively recruiting new Board members and refining participation guidelines to ensure diverse and engaged leadership.
- Work continues on campaigns to broaden the Downtown brand's reach beyond the immediate San Mateo area.
- We are focused on strengthening collaborations with local organizations and building relationships with developers and tech companies entering the district.
- Efforts to expand digital advertising and introduce new features to DSMA.org are ongoing, with success measured via Google Analytics.
- Maintaining regular representation at City Council, Commission meetings, and other meetings to advocate for Downtown San Mateo remains a priority.

Delayed:

- The exploration of a college internship or other part time help for DSMA operations has been deferred to a future cycle.
- Downtown Specific Plan support will begin when the City kicks off this initiative.

PLANS FOR FY 2026-27 AT A GLANCE



Increase budget for cleanliness and beautification by 25%



Encourage Downtown business participation in cleanliness and other community initiatives



Update by-laws and enhance board participation through clear communication and defined goals



Increase marketing & activation budget, magnifying the Downtown San Mateo brand

LOOKING AHEAD: GOALS FOR FY 2026–27

Under the leadership of our new Board President, Rafat Haddad, the DSMA mission for the coming year is crystal clear: To ensure Downtown San Mateo is clean, safe, and vibrant. To achieve this vision, we have established the following priorities for FY 2026–27:

Governance & Leadership Excellence

- Implement clear communication regarding the specific roles and responsibilities of Board members as ambassadors for the DSMA.
- Enhance Board meeting structures to further streamline information-sharing and accelerate decision-making while encouraging participation.
- Update the DSMA bylaws to reflect the current best practices and the evolving needs of a 2026 business environment.

Community & Committee Reinvigoration

- Reenergize the Cleanliness and Beautification Committee and build specialized task forces to tackle specific district goals.
- Increase direct touchpoints between the Board and BID members to ensure our initiatives remain aligned with merchant needs.
- Encourage storefront owners to take an active role in Downtown's appeal through a "lead by example" sidewalk maintenance initiative and sharing professional cleaning resources.





PROPOSED DOWNTOWN EVENT CALENDAR FISCAL YEAR 2026-27

Events supported by, not co-sponsored or hosted by DSMA are in italics

- July 11 & 12: *Bay Area Fit Fest*
- July 18: HEAD WEST Marketplace
- July 19: Bay Area Moms Back to School Bash
- August 1 & 2: Clawesome Family Fest
- August 15: HEAD WEST Marketplace
- September 10 & 17: September Nights on B
- September 19: HEAD WEST Marketplace
- September 26: San Mateo Arts & Culture Fest (with San Mateo Area Chamber & SMC Office of Arts & Culture)
- October 17: HEAD WEST Marketplace
- October 24: BOOs on B Street (with Parks & Rec)
- November 21: HEAD WEST Marketplace
- November 28: Small Business Saturday pop up
- (Tent) December 5: Las Posadas (North B Merchants event with DSMA support)
- December 5: Winter Wonderland (DSMA supporting)
- December 5: Santa Mateo (DSMA supporting)
- December 19: HEAD WEST Marketplace
- January 23 (tentative date): Lunar New Year
- *January: Peninsula Restaurant Week (SF Peninsula campaign)*
- February 14: Valentine’s Day pop up
- February (date TBD): Pop up event
- March (date TBD): Pop up event
- March (date TBD): HEAD WEST Marketplace
- April (date TBD): HEAD WEST Marketplace
- Late April (date TBD): Downtown San Mateo Boba Day
- May 10: Mother’s Day pop up
- May (date TBD): HEAD WEST Marketplace
- June (date TBD): HEAD WEST Marketplace
- June (date TBD): Pop up event

Additional pop up events may be added as budget and schedules allow.

BUDGET

ESTIMATED INCOME AND EXPENSES FOR FY 2026-27

Fiscal Year 2025–26 marked DSMA's third year operating under the updated assessment structure approved by the City Council. Revenue in FY2023–24 (\$443k) came in higher than budgeted, due in part to an \$11,000 grant and adjustments related to assessment billing. Revenue in FY2024–25 declined as those assessments were reconciled. The final revenue collected in FY2025–26 is expected to more closely reflect the intended assessment levels.

Event sponsorships were another source of revenue this year. Since gifts to DSMA are not tax-deductible, we keep sponsorship fees low and use them more as a marketing tool and way to engage our BID members. They help to subsidize events, but do not cover costs entirely.

Less than one percent of DSMA income came from interest on one savings account and one CD. Interest had not previously been included in the revenue reporting. We expect interest income to remain relatively insignificant in the next fiscal year.

The expense highlights are:

- Marketing and Activation
 - Community events: Budget is increasing from \$35k to \$40k to improve on recurring events and give some room for additional pop up events.
 - Advertising and Promotion: Increasing this budget to \$60k to build digital and print advertising
 - Banners: The large expense in FY2025–26 was due to printing new holiday banners for 3rd and 4th Aves. Going forward, we will only have to pay for banner storage and installation each year.
- Civic Partnership
 - Downtown Cleaning & Beautification: The porter and power washing budget will increase slightly for next year, and we are adding a line item for beautification projects to improve the appeal of our Downtown.
- Payroll & Professional Services: The budget includes a small increase, allowing for a cost of living raise for the Executive Director.
- A contingency fund for unplanned expenses

We maintain a cash reserve of approximately \$350,000 (as of March 27, 2026) held in a money market account and a CD. DSMA has historically used reserves to support Downtown businesses during periods when assessment levels were intentionally reduced, such as during COVID-19. Given the current economic uncertainty with rising costs, maintaining a healthy reserve provides flexibility to respond to future challenges and continue supporting the business community as needed.

DSMA is incredibly grateful for the use of office space granted by the City of San Mateo. We redirect that savings towards programs that support our mission. While DSMA doesn't utilize any city equipment, the shared space fosters a closer relationship between DSMA, the City, and Downtown businesses. We would like to express our sincere gratitude to the City for providing the shared space and for its ongoing support and partnership.



Budget Highlights - DSMA
Annual Budgets FY2023-24 - FY2026-27

	<u>FY23-24</u>	<u>FY24-25</u>	<u>FY25-26 (Est)</u>	<u>FY26-27 (Bud)</u>
Total Income	\$443,000	\$396,500	\$417,000	\$420,000
Total Expenses	\$294,000	\$332,400	\$383,500	\$420,000
Net Income	\$149,000	\$ 64,100	\$ 33,500	\$ -
<u>Major Budget Items</u>				
Total Payroll, Taxes & Fees	\$144,000	\$151,000	\$151,000	\$155,408
% of Income	32.5%	38.1%	36.2%	37.0%
Clean Up & Beautification	\$86,746	\$99,400	\$100,000	\$125,000
% of Income	19.6%	25.1%	24.0%	29.8%
Marketing & Activation	\$47,500	\$56,000	\$75,000	\$100,000
% of Income	10.7%	14.1%	18.0%	23.8%
Professional Services	\$2,500	\$5,000	\$5,500	\$5,500
% of Income	0.6%	1.3%	1.3%	1.3%
Consulting	\$ -	\$ -	\$ 8,000	\$ -
% of Income	0.0%	0.0%	1.9%	0.0%
Banners	\$7,500	\$9,000	\$24,000	\$13,000
% of Income	1.7%	2.3%	5.8%	3.1%
Total of Major Items	\$288,246	\$320,400	\$363,500	\$398,908



Attachment

555 Veterans Boulevard, Suite 100
Redwood City, CA 94063-1193
650.595.4600 pettinellifp.com

Downtown San Mateo Association

REVIEWED FINANCIAL STATEMENTS AND SUMMARIZED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2024 & 2025

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INDEPENDENT FINANCIAL REVIEW REPORT

Overview of Financial Review

Pettinelli Financial Partners has reviewed the accompanying financial statements of the Downtown San Mateo Association (“DSMA”), which include the Statement of Financial Position as of June 30, 2025, and the related Statements of Activities and Cash Flows for the fiscal years ended June 30, 2025 and June 30, 2024.

This management financial review was conducted for the purpose of providing DSMA’s Board of Directors and key stakeholders with a clear, accurate, and transparent overview of the organization’s financial position, operating performance, and liquidity. This review is substantially less in scope than an audit or accountant’s review and does not express an opinion or provide assurance regarding the financial statements.

Management’s Responsibility for the Financial Statements

Management of the Downtown San Mateo Association is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

This responsibility includes:

- The design, implementation, and maintenance of internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- The selection and consistent application of appropriate accounting policies
- The preparation of accounting estimates that are reasonable in the circumstances



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Pettinelli Financial Partners' Responsibility

Our responsibility as the financial review team is to perform a management-level financial review of DSMA's financial statements and supporting schedules based on information provided by management.

Our review procedures consisted primarily of:

- Reviewing internally prepared financial statements for consistency across reporting periods
- Comparing year-over-year financial results to identify material variances and trends
- Evaluating the reasonableness of reported balances based on historical patterns and supporting documentation
- Reviewing cash activity and balance sheet changes to ensure internal consistency across statements

This financial review does not include performing audit procedures, testing internal controls, confirming balances with third parties, or expressing an opinion or any level of assurance on the financial statements.

Based on our review, we are not aware of any material misstatements that require modification to the accompanying financial statements in order for them to be presented fairly, in all material respects, for the periods reviewed.

EXECUTIVE FINANCIAL SUMMARY

Financial Position

As of June 30, 2025, the Downtown San Mateo Association reported total assets of \$409,243, consisting primarily of cash and cash equivalents. Total liabilities declined significantly to \$401, resulting in total net assets of \$408,842. The organization continues to maintain a strong liquidity position with minimal liabilities.

Operating Results

Total income decreased to \$393,342 in fiscal year 2025 compared to \$443,174 in fiscal year 2024. Total expenses increased to \$332,408 from \$293,976 over the same period. Net income totaled \$64,038 in fiscal year 2025, reflecting a year-over-year decrease of approximately 57% following a strong surplus in fiscal year 2024.

Liquidity and Cash Flow

Net cash provided by operating activities totaled \$63,904 in fiscal year 2025. Despite lower operating cash flow compared to fiscal year 2024, DSMA continued to generate positive cash from operations, supporting ongoing programs and administrative activities.

Summary

Overall, DSMA remains financially stable with strong liquidity, declining liabilities, and positive operating cash flow. The organization is well positioned to meet its ongoing operational needs while managing revenue variability and expense trends.



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STATEMENT OF ACTIVITIES

Financial Overview

The Statement of Activities summarizes DSMA's operating performance for the fiscal years ended June 30, 2025, and June 30, 2024.

Total income decreased from \$443,174.19 in fiscal year 2024 to \$393,342.24 in fiscal year 2025, driven primarily by sponsorship and program-related revenues. Total expenses increased from \$293,975.52 to \$332,408.21, reflecting higher overall operating costs. The increase in operating costs is primarily related to marketing, business development, and downtown clean-up expenses.

Net income declined from \$149,886 in fiscal year 2024 to \$64,038 in fiscal year 2025, representing a decrease of approximately 57% year over year. This decline reflects normalization following a strong prior-year surplus rather than deterioration in core operations.

Downtown San Mateo Association
Statement of Activities
Fiscal Year End June 30

Support & Revenue	2024	2025	Change
Bid Income/ Assessments	\$ 431,225.53	\$ 389,723.58	\$ (41,501.95)
Donations	\$ 11,350.00	\$ -	\$ (11,350.00)
Sponsorships/Events	\$ 500.00	\$ 3,618.66	\$ 3,118.66
Unapplied Cash payment Income	\$ 98.66	\$ -	\$ (98.66)
Total Income	<u>\$ 443,174.19</u>	<u>\$ 393,342.24</u>	<u>\$ (49,831.95)</u>
Cost of Sales	\$ -	\$ -	
Gross Profit	<u>\$ 443,174.19</u>	<u>\$ 393,342.24</u>	<u>\$ (49,831.95)</u>
Expenses			
Administration Expense	\$ 3,660.61	\$ 3,922.26	\$ 261.65
Banners	\$ 7,473.73	\$ 8,987.23	\$ 1,513.50
Board Expense	\$ 1,126.13	\$ 954.69	\$ (171.44)
Depreciation Expense	\$ 287.00	\$ -	\$ (287.00)
Downtown Clean-Up	\$ 79,518.89	\$ 99,397.71	\$ 19,878.82
Event Expense	\$ 12,433.85	\$ 21,086.85	\$ 8,653.00
Gifts	\$ 767.90	\$ -	\$ (767.90)
Insurance Expense	\$ 1,312.00	\$ 5,759.00	\$ 4,447.00
Online Marketing	\$ 16.98	\$ -	\$ (16.98)
Meals & Entertainment	\$ 649.83	\$ -	\$ (649.83)
Marketing & Business Development	\$ 18,406.44	\$ 35,038.61	\$ 16,632.17
Education Expense	\$ 150.00	\$ 750.00	\$ 600.00
Taxes & Licenses	\$ 836.82	\$ 1,048.00	\$ 211.18
Payroll Expense	\$ 144,330.34	\$ 150,851.36	\$ 6,521.02
Professional Services Expense	\$ 18,885.00	\$ 4,612.50	\$ (14,272.50)
Repair & Maintenance	\$ 1,620.00	\$ -	\$ (1,620.00)
Sponsorship	\$ 2,500.00	\$ -	\$ (2,500.00)
Total Expenses	<u>\$ 293,975.52</u>	<u>\$ 332,408.21</u>	<u>\$ 38,432.69</u>
Net Operating Income	<u>\$ 149,198.67</u>	<u>\$ 60,934.03</u>	<u>\$ (88,264.64)</u>
Other Income	\$ 687.50	\$ 3,104.24	\$ 2,416.74
Other Expenses	\$ -	\$ -	\$ -
Net Income	<u>\$ 149,886.17</u>	<u>\$ 64,038.27</u>	<u>\$ (85,847.90)</u>



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STATEMENT OF FINANCIAL POSITION

Financial Overview

The Statement of Financial Position presents the financial condition of DSMA as of June 30, 2025, and June 30, 2024.

Total assets increased to \$409,530 as of June 30, 2025, compared to \$355,167 as of June 30, 2024. Assets consist primarily of cash and cash equivalents.

Total liabilities declined from \$10,363 in fiscal year 2024 to \$401 in fiscal year 2025. Total net assets increased accordingly to \$408,842.

Cash and cash equivalents are maintained across two Heritage Bank of Commerce (HBOC) accounts and one TCBK account.

Downtown San Mateo Association
Statement of Activities and Changes in Assets & Liabilities
Fiscal Year End June 30

<u>Assets</u>	2024	2025	Change
Current Assets			
Cash and Cash Equivalents	\$ 317,871.16	\$ 381,774.95	\$ 63,903.79
Accounts Receivable	\$ 36,155.48	\$ 26,327.96	\$ (9,827.52)
Inventory	\$ 1,427.28	\$ 1,427.28	\$ -
Prepaid Expenses	\$ -	\$ -	\$ -
Total Current Assets	\$ 355,453.92	\$ 409,530.19	\$ 54,076.27
Property & Equipment			
Depreciation	\$ (287.00)	\$ (287.00)	\$ -
Total Assets	\$ 355,166.92	\$ 409,243.19	\$ 54,076.27
 <u>Liabilities</u>			
Current Liabilities			
Accounts Payable	\$ 10,363.20	\$ 100.00	\$ (10,263.20)
Total Accounts Payable	\$ 10,363.20	\$ 100.00	\$ (10,263.20)
Credit Cards			
TCBK Visa	\$ -	\$ 301.20	\$ 301.20
Total Credit Cards	\$ -	\$ 301.20	\$ 301.20
Total Liabilities	\$ 10,363.20	\$ 401.20	\$ (9,962.00)
 <u>Equity</u>			
Unrestricted	\$ 194,917.55	\$ 344,803.72	\$ 149,886.17
Net Income	\$ 149,886.17	\$ 64,038.27	\$ (85,847.90)
Total Equity	\$ 344,803.72	\$ 408,841.99	\$ 64,038.27
Total Equity & Liabilities	\$ 355,166.92	\$ 409,243.19	\$ 54,076.27

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

The Downtown San Mateo Association (“DSMA”) is a nonprofit organization organized as a California public benefit corporation and operates as a 501(c)(6) nonprofit entity. DSMA is a coalition of San Mateo businesses whose mission is to promote business activity, community engagement, and economic vitality within the Downtown San Mateo Business Improvement District. Businesses located within the district’s geographic boundaries are automatically enrolled through an assessment fee on their business license. DSMA is additionally supported by associate members, community partners, sponsorships, and programmatic initiatives.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

Financial Statement Presentation

DSMA reports its financial position and activities within one class of net assets: Net Assets Without Donor Restrictions, representing resources over which the Board of Directors has discretionary control.

Revenue Recognition

Revenue consists primarily of membership assessments, sponsorships, program revenues, and other operating income. Revenue is recognized when earned and collection is reasonably assured.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments and operating cash balances with original maturities of three months or less.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts. Actual results may differ from those estimates.



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LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2025, DSMA had financial assets of \$409,530, substantially all of which consisted of cash and cash equivalents available for general operating expenditures within one year.

The organization maintains sufficient liquidity to support ongoing operations and has no material donor-imposed or contractual restrictions limiting asset availability.

CONCENTRATION OF CREDIT RISK

DSMA maintains cash balances at financial institutions that may, at times, exceed federally insured limits. Management does not believe the organization is exposed to significant credit risk related to these balances.

SUBSEQUENT EVENTS

Management evaluated subsequent events and transactions for potential recognition or disclosure through the date this management financial review was completed. No subsequent events were identified that would materially affect the financial statements.

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