

DOWNTOWN PARTNERS SIOUX CITY

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INDEPENDENT AUDITOR'S REPORT

***Nichols, Rise &
Company, L.L.P.***

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We have audited the accompanying statement of financial position of Downtown Partners Sioux City as of June 30, 2009, and the related statements of activity and cash flows for the year then ended. These financial statements are the responsibility of Downtown Partners Sioux City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the 2008 financial statements; and in our report dated October 30, 2008, we expressed an unqualified opinion on those financial statements.

*P. K. Peters
C. R. Karver
E. J. Schubert*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Partners Sioux City as of June 30, 2009, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The budget information contained in the Schedule of Activities has not been subjected to the auditing procedures applied in the financial statements; and accordingly, we express no opinion on it.

Nichols, Rise & Company, L.L.P.

Sioux City, Iowa
September 11, 2009

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF FINANCIAL POSITION

June 30, 2009

With Summarized Information for June 30, 2008

	General	Facade Grants	Total	
			2009	2008
ASSETS				
Current Assets:				
Operating Cash	\$ 10,012	\$	\$ 10,012	\$ 34,971
Cash for Special Purposes	37,882	29,045	66,927	76,762
Receivables	260		260	1,760
Prepaid Expense	<u>1,294</u>	<u> </u>	<u>1,294</u>	<u>439</u>
	49,448	29,045	78,493	113,932
Equipment - Net of Depreciation	<u>17,916</u>	<u> </u>	<u>17,916</u>	<u>7,795</u>
Total Assets	\$ <u>67,364</u>	\$ <u>29,045</u>	\$ <u>96,409</u>	\$ <u>121,727</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 11,562	\$	\$ 11,562	\$ 23,173
Agency Accounts	<u>16,499</u>	<u> </u>	<u>16,499</u>	<u>9,429</u>
	28,061	0	28,061	32,602
Net Assets:				
Unrestricted	9,241		9,241	29,387
Temporarily Restricted	<u>30,062</u>	<u>29,045</u>	<u>59,107</u>	<u>59,738</u>
Total Net Assets	<u>39,303</u>	<u>29,045</u>	<u>68,348</u>	<u>89,125</u>
Total Liabilities and Net Assets	\$ <u>67,364</u>	\$ <u>29,045</u>	\$ <u>96,409</u>	\$ <u>121,727</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

With Summarized Information for Year Ended June 30, 2008

	<u>Unrestricted</u> General	Temporarily Restricted	<u>Total</u>	
			2009	2008
Operating Activities:				
Revenue:				
City of Sioux City.	\$ 277,000	\$	\$ 277,000	\$ 275,000
Event Fund.		18,685	18,685	18,922
Historic District Dues and Sponsorships.		23,475	23,475	19,995
Projects.		26,437	26,437	24,567
Interest.	634		634	4,181
Miscellaneous.	<u>14</u>		<u>14</u>	<u>73</u>
	277,648	68,597	346,245	342,738
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions.	<u>69,228</u>	<u>(69,228)</u>	<u>0</u>	<u>0</u>
Total Revenue	346,876	(631)	346,245	342,738
Expenses:				
Program Administration.	238,475		238,475	227,891
Program Expense.	<u>128,547</u>		<u>128,547</u>	<u>164,926</u>
Total Expenses	<u>367,022</u>	<u>0</u>	<u>367,022</u>	<u>392,817</u>
Change in Net Assets.	(20,146)	(631)	(20,777)	(50,079)
Net Assets - Beginning of Year.	<u>29,387</u>	<u>59,738</u>	<u>89,125</u>	<u>139,204</u>
Net Assets - End of Year	<u><u>\$ 9,241</u></u>	<u><u>\$ 59,107</u></u>	<u><u>\$ 68,348</u></u>	<u><u>\$ 89,125</u></u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

With Summarized Information for Year Ended June 30, 2008

	2009	2008
Cash Flows from Operating Activities:		
Change in Net Assets.	\$ (20,777)	\$ (50,079)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation.	4,778	2,463
Changes in Operating Assets and Liabilities:		
Accounts Receivable.	1,500	(1,760)
Prepaid Expense.	(855)	(439)
Accounts Payable.	(11,611)	10,334
Agency Accounts.	7,070	(3,054)
	<u> </u>	<u> </u>
Net Cash Used by Operating Activities.	(19,895)	(42,535)
Cash Flows Used by Investing Activities:		
Purchase of Equipment.	<u>(14,899)</u>	<u> </u>
Net Change in Cash.	(34,794)	(42,535)
Cash - Beginning of Year.	<u>111,733</u>	<u>154,268</u>
Cash - End of Year	\$ <u>76,939</u>	\$ <u>111,733</u>
Cash Consists of:		
Operating Cash.	\$ 10,012	\$ 34,971
Cash for Special Purposes.	<u>66,927</u>	<u>76,762</u>
	<u> </u>	<u> </u>
	\$ <u>76,939</u>	\$ <u>111,733</u>

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION AND FUNDING

Downtown Partners Sioux City is a nonprofit corporation formed to aid in the redevelopment of the downtown district. Downtown Partners Sioux City has an agreement with the city of Sioux City whereby the City pays the proceeds from the Municipal Improvement District operating fund levy to Downtown Partners for redevelopment. The agreement expires June 30, 2013. The agreement can be renewed with the approval from property owners in the district and city council.

ACCOUNTING POLICIES

Accounting Method

The financial statements are presented using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and activities are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and activities of the Organization are classified as follows:

Unrestricted - Not subject to donor-imposed stipulations.

Temporarily Restricted - Subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time.

Equipment

Equipment is stated at cost and is being depreciated by the straight-line method over the estimated useful lives of the property.

Contribution and Grants

All contributions are available for unrestricted use unless restricted by the donor. Grants and other contributions are reported as temporarily restricted if they are received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services that create or enhance non-financial assets or that require specialized skills that would have to be purchased, if not donated, are recognized in the financial statements. A number of volunteers have donated significant amounts of their time to Downtown Partners Sioux City's activities. No amounts have been reflected in the statements for these services because they do not meet the requirements for recognition.

Functional Expenses

The cost of providing program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated to the programs and services benefited.

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's estimates and judgments.

EQUIPMENT

The cost, net investment, and estimated useful lives of equipment at June 30 are as follows:

	<u>Estimated Useful Lives</u>	
Cost.	5 years	\$ 53,192
Less Accumulated Depreciation.. . . .		<u>35,276</u>
Net Investment		<u>\$ 17,916</u>

NET ASSETS

Temporarily restricted net assets are as follows:

	<u>Beginning Balance</u>	<u>2009 Additions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Facade Grants..	\$ 29,045	\$ 31,097	\$ 37,363	\$ 22,779
Historical District.	0	23,475	23,475	0
Events..	26,821	18,685	16,255	29,251
Projects..	<u>3,872</u>	<u>26,437</u>	<u>23,232</u>	<u>7,077</u>
	<u>\$ 59,738</u>	<u>\$ 99,694</u>	<u>\$ 100,325</u>	<u>\$ 59,107</u>

INCOME TAXES

Downtown Partners Sioux City is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code.

LEASE COMMITMENTS

Downtown Partners Sioux City leases its office space at a monthly rate of \$935. The lease expires July 31, 2013. Total rent expense for 2009 is \$16,673.

Minimum future lease payments are as follows:

2009-2010.	\$ 11,220
2010-2011.	11,220
2011-2012.	11,220
2012-2013.	935

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject Downtown Partners Sioux City to a concentration of credit risk principally consist of cash. Downtown Partners Sioux City maintains bank accounts with balances which sometimes exceed FDIC insured limits.

SUMMARIZED FINANCIAL INFORMATION FOR 2008

The financial statements include certain prior-year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Downtown Partners Sioux City's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

RETIREMENT PLAN

Downtown Partners Sioux City has a SIMPLE retirement plan. The plan provides for voluntary employee contributions up to \$10,500 (\$13,000 for employees over 50). The Organization generally must match the employee contribution up to 3% of compensation. Contributions to this plan totaled \$4,614 for the year ended June 30, 2009.

SUBSEQUENT EVENT

Subsequent events have been evaluated through September 11, 2009, the date the statements are available to be issued.

**DOWNTOWN PARTNERS SIOUX CITY
SCHEDULE OF ACTIVITIES**

Year Ended June 30, 2009

With Summarized Information for Year Ended June 30, 2008

	<u>Budget*</u>		<u>Actual</u>	
	2010	2009	2009	2008
Operating Activities:				
Revenue:				
City of Sioux City.	\$ 287,000	\$ 277,000	\$ 277,000	\$ 275,000
Event Fund.	20,000	25,465	18,685	18,922
Historic District Dues and Sponsorships.	16,000	20,000	23,475	19,995
Project Sponsorships.	1,000	1,000	26,437	24,567
Interest.	1,000	4,000	634	4,181
Miscellaneous.	<u>500</u>	<u>500</u>	<u>14</u>	<u>73</u>
Total Revenue	325,500	327,965	346,245	342,738
Program Administration:				
Salaries.	154,260	149,905	155,226	143,796
Employee Benefits.	17,000	17,000	17,006	16,718
Payroll Taxes.	11,200	11,000	11,896	11,102
Workers' Compensation.	<u>1,210</u>	<u>1,210</u>	<u>1,149</u>	<u>1,073</u>
	183,670	179,115	185,277	172,689
Liability Insurance.	1,800	2,100	2,101	1,568
Accounting and Auditing.	7,700	7,500	8,366	7,744
Advertising.	1,000	1,000	1,090	1,501
Dues and Subscriptions.	2,400	2,000	2,033	2,530
Postage.	1,800	1,800	2,059	2,330
Printing.	750	750	364	677
Rent and Utilities.	16,500	17,000	16,673	16,321
Repairs and Maintenance.	1,000	1,000	692	1,049
Supplies.	1,700	1,700	1,303	2,231
Telephone.	1,500	2,000	1,442	2,131
Training and Meetings.	5,000	5,000	8,213	3,992
Office Expense.	4,400	4,000	3,896	3,847
Legal/Professional.	500	500	188	6,818
Depreciation.	<u> </u>	<u> </u>	<u>4,778</u>	<u>2,463</u>
	229,720	225,465	238,475	227,891
Program Expenses:				
Development Grants (Project Fund).	53,780	60,000	81,016	105,866
Event Fund.	16,000	11,000	16,255	21,931
Historic District.	16,000	15,000	23,475	19,995
West 7 th Street Association and Farmers' Market.				320
Retail and Business Recruitment.	10,000	9,000	7,801	9,314
Mall Maintenance.	<u> </u>	<u>7,500</u>	<u> </u>	<u>7,500</u>
	<u>95,780</u>	<u>102,500</u>	<u>128,547</u>	<u>164,926</u>
Total Expense	<u>325,500</u>	<u>327,965</u>	<u>367,022</u>	<u>392,817</u>
Change in Net Assets.	<u>\$ 0</u>	<u>\$ 0</u>	<u>(20,777)</u>	<u>(50,079)</u>
Net Assets - Beginning of Year.			<u>89,125</u>	<u>139,204</u>
Net Assets - End of Year			<u>\$ 68,348</u>	<u>\$ 89,125</u>

*Unaudited

**DOWNTOWN PARTNERS SIOUX CITY
SCHEDULE OF EVENTS AND PROJECTS**

Year Ended June 30, 2009

	Revenue	Expenses	Balance
Events:			
Downtown Holidays.	\$ 6,500	\$ 5,905	\$ 595
Chili Cookoff.	2,200	2,492	(292)
Rockin in Summer.		4,916	(4,916)
Barstool Open.	1,725	1,725	0
Art Walk.	2,685	1,061	1,624
Underwriting Contributions.	<u>5,575</u>	<u>156</u>	<u>5,419</u>
 Total	 <u>\$ 18,685</u>	 <u>\$ 16,255</u>	 2,430
 Unspent Balance, Beginning of Year.			 <u>26,821</u>
 Unspent Balance, End of Year			 <u>\$ 29,251</u>

	Beginning Balance	Revenue	Expenses	Net Project	Unspent Balance
Projects:					
Flags.	\$	\$	\$ 1,000	\$ (1,000)	\$
Downtown Holiday Lighting.			5,048	(5,048)	
Planter Project.			17,637	(17,637)	
Trees.		12,281	9,095	0	3,186
Downtown Trash Cans.			150	(150)	
Downtown Cultural District.		5,700	15,840	(10,140)	
Downtown Streetscape Vision.			134	(134)	
Downtown Magazine.		1,500	4,500	(3,000)	
Warrior Redevelopment.	200			0	200
Sculpt Siouxland.			3,000	(3,000)	
Facade Grants.	29,045		6,266	0	22,779
Skywalk Map.	1,673	2,075	1,838	0	1,910
Strategic Plan.			7,691	(7,691)	
Smokers Posts.		2,521	5,497	(2,976)	
Artspace.			422	(422)	
PDI Conference.		2,360	2,680	(320)	
Miscellaneous.	<u>1,999</u>		<u>218</u>	<u>0</u>	<u>1,781</u>
	<u>\$ 32,917</u>	<u>\$ 26,437</u>	<u>\$ 81,016</u>	<u>\$ (51,518)</u>	<u>\$ 29,856</u>