

DOWNTOWN PARTNERS SIOUX CITY

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

***Nichols, Rise &
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Report on the Financial Statements

We have reviewed the accompanying financial statements of Downtown Partners Sioux City, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, cash flows, and functional expenses 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 Agency 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 the 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 the financial statements that are free from misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of 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 report.

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 conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our reviews were made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Schedules of Operating Activities and Events and Projects are presented only for purposes of additional analysis and have been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made to such information.

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

Sioux City, Iowa
September 20, 2016

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF FINANCIAL POSITION

June 30, 2016

With Summarized Information for June 30, 2015

	2016	2015
ASSETS		
Current Assets:		
Operating Cash.	\$ 114,992	\$ 204,744
Equipment - Net of Depreciation.	<u>280</u>	<u>701</u>
Total Assets	<u>\$ 115,272</u>	<u>\$ 205,445</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses.	\$ 24,939	\$ 31,604
Net Assets:		
Unrestricted.	<u>90,333</u>	<u>173,841</u>
Total Liabilities and Net Assets	<u>\$ 115,272</u>	<u>\$ 205,445</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

With Summarized Information for Year Ended June 30, 2015

	2016	2015
Operating Activities:		
Revenue:		
City of Sioux City.	\$ 250,400	\$ 262,000
Event Fund.	3,586	1,660
Projects.	5,168	15,333
Miscellaneous.		400
Interest.	<u>88</u>	<u>117</u>
Total Revenue	259,242	279,510
Expenses:		
Program Services.	303,554	309,856
General and Administrative.	<u>39,196</u>	<u>38,920</u>
Total Expenses	<u>342,750</u>	<u>348,776</u>
Change in Net Assets.	(83,508)	(69,266)
Net Assets - Beginning of Year.	<u>173,841</u>	<u>243,107</u>
Net Assets - End of Year	<u>\$ 90,333</u>	<u>\$ 173,841</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF CASH FLOWS

Year Ended June 30, 2016
 With Summarized Information for Year Ended June 30, 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets.	\$ (83,508)	\$ (69,266)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation.	421	772
Changes in Operating Assets and Liabilities:		
Accounts Payable.	<u>(6,665)</u>	<u>23,455</u>
Net Cash Used by Operating Activities.	<u>(89,752)</u>	<u>(45,039)</u>
Net Change in Cash.	(89,752)	(45,039)
Cash - Beginning of Year.	<u>204,744</u>	<u>249,783</u>
Cash - End of Year	<u>\$ 114,992</u>	<u>\$ 204,744</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

With Summarized Information for Year Ended June 30, 2015

	Program	General and Administrative	Total	
			2016	2015
Salaries.....	\$ 65,773	\$ 16,443	\$ 82,216	\$ 74,918
Employee Benefits.....	6,372	1,593	7,965	6,581
Payroll Taxes.....	<u>5,735</u>	<u>1,434</u>	<u>7,169</u>	<u>8,447</u>
	77,880	19,470	97,350	89,946
Insurance.....	3,762	940	4,702	4,853
Dues and Subscriptions.....	554	138	692	1,329
Printing and Postage.....	109	27	136	871
Rent and Utilities.....	9,431	9,431	18,862	17,799
Repair and Maintenance.....	1,120	1,120	2,240	1,965
Supplies.....		1,104	1,104	1,374
Telephone.....	2,775	694	3,469	3,473
Training and Meetings.....	3,958	990	4,948	4,038
Office Expense.....		49	49	1,426
Parking.....		480	480	216
Legal/Professional.....		4,543	4,543	4,734
Depreciation.....	211	210	421	772
Projects.....	60,353		60,353	78,603
Events.....	9,813		9,813	2,186
Retail and Business Recruitment.....	16,270		16,270	26,656
Streetscape Maintenance.....	82,401		82,401	69,516
Downtown Image and Promotion.....	<u>34,917</u>		<u>34,917</u>	<u>39,019</u>
	<u>\$ 303,554</u>	<u>\$ 39,196</u>	<u>\$ 342,750</u>	<u>\$ 348,776</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, 2018. 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. However, if a restriction is fulfilled in the same period in which the contribution is received, the Agency reports the contribution as unrestricted.

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	\$ 52,288
Less Accumulated Depreciation.. . . .		<u>52,008</u>
Net Investment		<u>\$ 280</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 \$841. The lease expires July 31, 2018. Total rent expense for 2016 is \$18,862.

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 2015

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, 2015, 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 \$1,450 for the year ended June 30, 2016.

SUBSEQUENT EVENT

Subsequent events have been evaluated through September 20, 2016, the date the statements are available to be issued.

**DOWNTOWN PARTNERS SIOUX CITY
SCHEDULE OF OPERATING ACTIVITIES**

Year Ended June 30, 2016
With Summarized Information for Year Ended June 30, 2015

	Budget*		Actual	
	2017	2016	2016	2015
Operating Activities:				
Revenue:				
City of Sioux City.	\$ 343,800	\$ 250,400	\$ 250,400	\$ 262,000
Event Fund.			3,586	1,660
Project Sponsorships.			5,168	15,333
Miscellaneous.				400
Interest.	<u>200</u>	<u>500</u>	<u>88</u>	<u>117</u>
Total Revenue	<u>344,000</u>	<u>250,900</u>	<u>259,242</u>	<u>279,510</u>
Program Administration:				
Salaries.	123,000	98,000	82,216	74,918
Employee Benefits.			7,965	6,581
Payroll Taxes.			7,169	8,447
	<u>123,000</u>	<u>98,000</u>	<u>97,350</u>	<u>89,946</u>
Insurance.	4,800	4,800	4,702	4,853
Dues and Subscriptions.	1,100	1,100	692	1,329
Printing and Postage.	800	800	136	871
Rent and Utilities.	19,000	19,000	18,862	17,799
Repairs and Maintenance.	3,000	2,000	2,240	1,965
Supplies.	1,200	1,200	1,104	1,374
Telephone.	3,000	3,000	3,469	3,473
Training and Meetings.	3,500	3,500	4,948	4,038
Office Expense.		1,000	49	1,426
Parking.	1,200	1,200	480	216
Legal/Professional.	4,500	4,500	4,543	4,734
Depreciation.			421	772
	<u>165,100</u>	<u>140,100</u>	<u>138,996</u>	<u>132,796</u>
Program Expenses:				
Projects.	106,600	70,200	60,353	78,603
Events.	10,000	5,000	9,813	2,186
Retail and Business Recruitment.	5,500	5,500	16,270	26,656
Streetscape Maintenance.	16,300	89,600	82,401	69,516
Downtown Image and Promotion.	<u>40,500</u>	<u>40,500</u>	<u>34,917</u>	<u>39,019</u>
	<u>178,900</u>	<u>210,800</u>	<u>203,754</u>	<u>215,980</u>
Total Expense	<u>344,000</u>	<u>350,900</u>	<u>342,750</u>	<u>348,776</u>
Change in Net Assets from Operating Activities	<u>\$ 0</u>	<u>\$ (100,000)</u>	<u>\$ (83,508)</u>	<u>\$ (69,266)</u>

*Unaudited

DOWNTOWN PARTNERS SIOUX CITY
SCHEDULE OF EVENTS AND PROJECTS

Year Ended June 30, 2016

	Revenue	Expenses	Net
Events:			
Events:			
Downtown Holidays.....	\$ 3,586	\$ 6,834	\$ (3,248)
Social Media.....		659	(659)
Services.....		<u>2,320</u>	<u>(2,320)</u>
	<u>3,586</u>	<u>9,813</u>	<u>(6,227)</u>
Retail and Business Recruitment:			
Gift Certificates.....		50	(50)
Underwriting Contributions.....		<u>16,220</u>	<u>(16,220)</u>
	<u>0</u>	<u>16,270</u>	<u>(16,270)</u>
	<u>\$ 3,586</u>	<u>\$ 26,083</u>	<u>\$ (19,518)</u>
Projects:			
Projects:			
Children's Museum.....	\$	\$ 5,000	\$ (5,000)
Parking Study.....		180	(180)
Trader Sioux.....		2,560	(2,560)
Trolley.....	1,600	29,178	(27,578)
Wayfinding.....		10,000	(10,000)
Miscellaneous.....		<u>13,435</u>	<u>(13,435)</u>
	<u>1,600</u>	<u>60,353</u>	<u>(58,753)</u>
Streetscape Program:			
Planter Project.....	3,568	23,891	(20,323)
Downtown Park.....		661	(661)
Greenspace.....		16,965	(16,965)
Maintenance.....		10,220	(10,220)
Holidays.....		26,361	(26,361)
Trees.....		1,889	(1,889)
Flags.....		<u>2,414</u>	<u>(2,414)</u>
	<u>3,568</u>	<u>82,401</u>	<u>(78,833)</u>
Downtown Image and Promotion:			
Skywalk Map.....		1,993	(1,993)
Social Media.....		6,767	(6,767)
Marketing.....		<u>26,157</u>	<u>(26,157)</u>
	<u>0</u>	<u>34,917</u>	<u>(34,917)</u>
	<u>\$ 5,168</u>	<u>\$ 177,671</u>	<u>\$ (172,503)</u>