

DOWNTOWN PARTNERS SIOUX CITY

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

Certified Public Accountants and Consultants

Board of Directors
Downtown Partners Sioux City

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, 2020, 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 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 conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying supplementary information included in Schedules of Operating Activities and Events and Projects 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 related directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures 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.

*S. B. Bieber, CPA
C. D. Merry,
CPA, ABV
R. W. Grenko, CPA
L. M. Shoemaker,
CPA, CMA
L. K. Meyer, CPA
B. J. Kooiker, CPA
D. L. Brown, CPA*

*E. C. Nichols, CPA
(1916-2003)
C. L. Rise, CPA
(1921-2003)
W. F. Sibley, CPA
D. L. Lacey, CPA*

*L. J. Tuttle, CPA
S. R. Goodwin, CPA
A. E. Hill, CPA
S. M. Todd, CPA
L. M. Kubik, CPA
T. S. Christiansen, CPA
D. L. Sands
J. A. Perez
T. R. Boogerd*

*C. R. Karrer
N. M. Brown*

*Member of AICPA
Division for
Certified Public
Accounting Firms*

Emphasis-of-Matter Regarding COVID-19

As discussed in the notes to the financial statements, the Agency's operations have been affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19). In March 2020, the Agency's scheduled events were limited. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our report is not modified with respect to this matter.

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

Sioux City, Iowa
November 3, 2020

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF FINANCIAL POSITION

June 30, 2020
 With Summarized Information for June 30, 2019

	2020	2019
ASSETS		
Current Assets:		
Operating Cash.....	\$ <u>128,251</u>	\$ <u>138,279</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses.....	\$ 24,970	\$ 45,385
Custody Accounts.....	<u>5,168</u>	<u>3,044</u>
	30,138	48,429
Net Assets:		
Without Donor Restrictions.....	<u>98,113</u>	<u>89,850</u>
Total Liabilities and Net Assets	\$ <u>128,251</u>	\$ <u>138,279</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF ACTIVITIES

Year Ended June 30, 2020
 With Summarized Information for Year Ended June 30, 2019

	2020	2019
Operating Activities:		
Revenue:		
City of Sioux City.....	\$ 336,917	\$ 322,826
Interest.....	605	659
Total Revenue	<u>337,522</u>	<u>323,485</u>
Expenses:		
Program Services.....	282,181	329,698
General and Administrative.....	47,078	48,133
Total Expenses	<u>329,259</u>	<u>377,831</u>
Change in Net Assets	8,263	(54,346)
Net Assets, Beginning of Year.....	<u>89,850</u>	<u>144,196</u>
Net Assets, End of Year	\$ <u>98,113</u>	\$ <u>89,850</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF CASH FLOWS

Year Ended June 30, 2020
 With Summarized Information for Year Ended June 30, 2019

	2020	2019
Cash Flow from Operating Activities:		
Change in Net Assets.....	\$ 8,263	\$ (54,346)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Changes in Operating Assets and Liabilities:		
Accounts Payable.....	(20,415)	1,386
Custody Account.....	<u>2,124</u>	<u>3,044</u>
Net Change in Cash	(10,028)	(49,916)
Cash, Beginning of Year.....	<u>138,279</u>	<u>188,195</u>
Cash, End of Year	\$ <u>128,251</u>	\$ <u>138,279</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

With Summarized Financial Information for Year Ended June 30, 2019

	Program	General and Admin- istrative	Totals	
			2020	2019
Salaries.....	\$ 86,095	\$ 21,524	\$ 107,619	\$ 107,564
Employee Benefits.....	10,555	2,639	13,194	11,629
Payroll Taxes.....	6,516	1,629	8,145	8,329
Total Salaries and Related Expense.....	<u>103,166</u>	<u>25,792</u>	<u>128,958</u>	<u>127,522</u>
Insurance.....	4,370	1,093	5,463	4,692
Dues and Subscriptions.....	808	202	1,010	1,005
Printing and Postage.....	388	97	485	1,317
Rent and Utilities.....	8,604	8,603	17,207	19,706
Repair and Maintenance.....	557	557	1,114	2,222
Supplies.....	0	557	557	1,653
Telephone.....	1,853	463	2,316	2,865
Training and Meetings.....	1,841	460	2,301	4,627
Office Expense.....	0	2,889	2,889	2,010
Parking.....	0	530	530	405
Legal/Professional	0	5,835	5,835	4,696
Projects.....	65,084	0	65,084	47,800
Events.....	2,797	0	2,797	20,788
Retail and Business Recruitment.....	1,506	0	1,506	8,412
Streetscape Maintenance.....	36,821	0	36,821	58,388
Downtown Image and Promotion.....	<u>54,386</u>	<u>0</u>	<u>54,386</u>	<u>69,723</u>
Total Operating Expense	<u>\$ 282,181</u>	<u>\$ 47,078</u>	<u>\$ 329,259</u>	<u>\$ 377,831</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, 2023. The agreement can be renewed with the approval from property owners in the district and city council.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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. The financial statements are presented in accordance with Financial Standards Board (FASB) Accounting Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations." ASC 958-205 was effective January 1, 2018.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contribution and Grants

All contributions are available for unrestricted use unless restricted by the donor. Grants and other contributions are reported as net assets with donor restrictions 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 net assets without donor restrictions 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 Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activity. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us 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 revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Agency is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Contributions to the Agency are deductible by the donor for income and estate tax purposes.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. These reclassifications have no effects on changes in net assets.

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general expenditures within one year of the date of the statement of the financial position because of contractual or donor-imposed restrictions or internal designations.

Cash.....	\$	128,251
Less: Custody Accounts.....		<u>(5,168)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	<u>123,083</u>

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

LEASE COMMITMENTS

Downtown Partners Sioux City leases its office space at a monthly rate of \$900 plus utilities. The lease expires July 31, 2023. Total rent and utilities expense for 2020 is \$17,207.

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.

FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All of the expenses are allocated to the program based on management's estimated usage of the services

SUMMARIZED FINANCIAL INFORMATION FOR 2019

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, 2019, 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 \$1,448 for the year ended June 30, 2020.

SUBSEQUENT EVENTS

The Agency evaluated the effect subsequent events would have on the financial statements through November 3, 2020, which is the date the financial statements were available to be issued.

The Agency's scheduled events were limited due to the impact from the coronavirus disease (COVID-19). While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while we expect this matter to impact the Agency's business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

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

For Year Ended June 30, 2020

With Summarized Financial Information for Year Ended June 30, 2019

	Budget*		Actual	
	2021	2020	2020	2019
Operating Activities:				
Revenue:				
City of Sioux City.....	\$ 356,200	\$ 323,000	\$ 336,917	\$ 322,826
Grant.....			0	0
Interest.....	300	300	605	659
Total Revenue	<u>356,500</u>	<u>323,300</u>	<u>337,522</u>	<u>323,485</u>
Program Administration:				
Salaries.....	118,000	118,000	107,619	107,564
Employee Benefits.....	13,000	13,000	13,194	11,629
Payroll Taxes.....	9,000	9,000	8,145	8,329
	<u>140,000</u>	<u>140,000</u>	<u>128,958</u>	<u>127,522</u>
Insurance.....	5,600	5,400	5,463	4,692
Dues and Subscription.....	850	850	1,010	1,005
Printing and Postage.....	800	800	485	1,317
Rent and Utilities.....	20,000	20,000	17,207	19,706
Repairs and Maintenance.....	2,000	2,000	1,114	2,222
Supplies.....	1,000	1,000	557	1,653
Telephone.....	3,000	3,000	2,316	2,865
Training and Meetings.....	3,500	4,050	2,301	4,627
Office Expense.....	2,250	1,700	2,889	2,010
Parking.....	1,000	1,000	530	405
Legal/Professional	4,800	4,800	5,835	4,696
	<u>184,800</u>	<u>184,600</u>	<u>168,665</u>	<u>172,720</u>
Program Expenses:				
Projects.....	36,800	78,364	65,084	47,800
Events.....	8,000	13,300	2,797	20,788
Retail and Business Recruitment.....	8,000	5,000	1,506	8,412
Streetscape Maintenance.....	49,000	48,000	36,821	58,388
Downtown Image and Promotion	69,900	57,400	54,386	69,723
	<u>171,700</u>	<u>202,064</u>	<u>160,594</u>	<u>205,111</u>
Total Expense	<u>356,500</u>	<u>386,664</u>	<u>329,259</u>	<u>377,831</u>
Change in Net Assets from Operating Activities	<u>\$ 0</u>	<u>\$ (63,364)</u>	<u>\$ 8,263</u>	<u>\$ (54,346)</u>

DOWNTOWN PARTNERS SIOUX CITY
SCHEDULE OF EVENTS AND PROJECTS

Year Ended June 30, 2020

	Budget	Actual	Under (Over) Budget
Events:			
Events:			
Downtown Holiday.....	\$ 2,800	\$ (3,749)	\$ 6,549
Block Parties.....	1,000	5,239	(4,239)
Parking Day.....		427	(427)
Small Business Saturday.....	1,000	545	455
Spring Sidewalks.....	1,000	0	1,000
Food Truck Fridays.....	2,500	0	2,500
Future Events.....	5,000	335	4,665
	<u>13,300</u>	<u>2,797</u>	<u>10,503</u>
Retail and Business Recruitment:			
Vouchers.....	4,500	1,088	3,412
Underwriting Contributions.....	500	418	82
	<u>5,000</u>	<u>1,506</u>	<u>3,494</u>
	<u>\$ 18,300</u>	<u>\$ 4,303</u>	<u>\$ 13,997</u>
Projects:			
Projects:			
Trolley.....	\$ 10,000	\$ 0	\$ 10,000
Wayfinding.....	20,000	20,863	(863)
Lighting.....	48,364	44,221	4,143
	<u>78,364</u>	<u>65,084</u>	<u>13,280</u>
Streetscape Program:			
Planter Project.....	13,000	13,000	0
Maintenance.....	15,000	11,660	3,340
Holidays.....	15,000	11,420	3,580
Flags.....	5,000	741	4,259
	<u>48,000</u>	<u>36,821</u>	<u>11,179</u>
Downtown Image and Promotion:			
Skywalk Map.....	500	180	320
Data Development and Maintenance.....	13,000	4,371	8,629
Social Media/Print Marketing.....	13,000	9,503	3,497
Services.....	30,900	33,782	(2,882)
Business Support.....		6,550	(6,550)
	<u>57,400</u>	<u>54,386</u>	<u>3,014</u>
	<u>\$ 183,764</u>	<u>\$ 156,291</u>	<u>\$ 27,473</u>