

**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, 2022, 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.

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

Sioux City, Iowa  
January 24, 2023

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**DOWNTOWN PARTNERS SIOUX CITY**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2022  
 With Summarized Information for June 30, 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Operating Cash.....	\$ <u>321,007</u>	\$ <u>228,506</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses.....	\$ <u>6,580</u>	\$ 10,046
Custody Accounts.....	<u>11,455</u>	<u>6,370</u>
	<b>18,035</b>	<b>16,416</b>
<b>Net Assets:</b>		
Without Donor Restrictions.....	<b>301,732</b>	209,520
With Donor Restrictions.....	<u>1,240</u>	<u>2,570</u>
	<b>302,972</b>	<b>212,090</b>
Total Liabilities and Net Assets	\$ <u>321,007</u>	\$ <u>228,506</u>

**DOWNTOWN PARTNERS SIOUX CITY**  
**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022  
 With Summarized Information for Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>Operating Activities:</b>				
Revenue:				
City of Sioux City.....	\$ 441,900	\$	\$ 441,900	\$ 356,000
Interest.....	436		436	333
Total Revenue	442,336	-	442,336	356,333
Grants and Other Support:				
Contributions and Grants.....	0	20,552	20,552	109,056
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions.....	21,882	(21,882)	0	
	21,882	(1,330)	20,552	109,056
Total Revenues, Gains, and Other Support	464,218	(1,330)	462,888	465,389
Expenses:				
Program Services.....	323,121		323,121	304,388
General and Administrative.....	48,885		48,885	47,024
Total Expenses	372,006	0	372,006	351,412
<b>Change in Net Assets.....</b>	92,212	(1,330)	<b>90,882</b>	113,977
Net Assets, Beginning of Year.....	209,520	2,570	212,090	98,113
<b>Net Assets, End of Year</b>	<b>\$ 301,732</b>	<b>\$ 1,240</b>	<b>\$ 302,972</b>	<b>\$ 212,090</b>

**DOWNTOWN PARTNERS SIOUX CITY**  
**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2022  
 With Summarized Information for Year Ended June 30, 2021

	2022	2021
<b>Cash Flow from Operating Activities:</b>		
Change in Net Assets.....	\$ 90,882	\$ 113,977
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Changes in Operating Assets and Liabilities:		
Accounts Payable.....	(3,466)	(14,924)
Custody Account.....	5,085	1,202
<b>Net Change in Cash.....</b>	<b>92,501</b>	<b>100,255</b>
Cash, Beginning of Year.....	228,506	128,251
<b>Cash, End of Year</b>	<b>\$ 321,007</b>	<b>\$ 228,506</b>

**DOWNTOWN PARTNERS SIOUX CITY**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2022  
 With Summarized Financial Information for Year Ended June 30, 2021

	Program	General and Admin- istrative	Totals	
			2022	2021
Salaries.....	\$ 86,956	\$ 21,739	\$ <b>108,695</b>	\$ 110,909
Employee Benefits.....	6,706	1,676	<b>8,382</b>	8,760
Payroll Taxes.....	6,606	1,651	<b>8,257</b>	8,775
Total Salaries and Related Expense.....	<u>100,268</u>	<u>25,066</u>	<u><b>125,334</b></u>	<u>128,444</u>
Insurance.....	4,818	1,205	<b>6,023</b>	5,674
Dues and Subscriptions.....	838	209	<b>1,047</b>	657
Printing and Postage.....	606	152	<b>758</b>	1,083
Rent and Utilities.....	8,950	8,950	<b>17,900</b>	17,745
Repair and Maintenance.....	939	938	<b>1,877</b>	655
Supplies.....	0	918	<b>918</b>	354
Telephone.....	2,102	525	<b>2,627</b>	2,558
Training and Meetings.....	5,727	1,432	<b>7,159</b>	1,389
Office Expense.....	0	3,845	<b>3,845</b>	4,109
Parking.....	0	660	<b>660</b>	580
Legal/Professional .....	0	4,985	<b>4,985</b>	4,820
Projects.....	70,071	0	<b>70,071</b>	78,841
Events.....	22,250	0	<b>22,250</b>	9,574
Retail and Business Recruitment.....	4,256	0	<b>4,256</b>	1,280
Streetscape Maintenance.....	53,583	0	<b>53,583</b>	40,086
Downtown Image and Promotion.....	<u>48,713</u>	<u>0</u>	<u><b>48,713</b></u>	<u>53,563</u>
 Total Operating Expense	 \$ <u>323,121</u>	 \$ <u>48,885</u>	 \$ <u><b>372,006</b></u>	 \$ <u>351,412</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.

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, 2021, 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.....	\$	321,007
Less: Custody Accounts.....		<u>(11,455)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	<u>309,552</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.

## NET ASSETS

Net assets with donor restrictions are as follows:



	Beginning Balance	Activity	Satisfaction of Program Restrictions	Ending Balance
Subject to Expenditures for Specific Purpose:				
Downtown Holiday.....	\$	\$ 3,037	\$ 3,037	\$ -
Block Party.....		3,755	3,755	-
Vouchers.....	2,570		1,330	1,240
Trolley.....		10,000	10,000	-
Wayfinding.....		0		-
Holidays.....		3,640	3,640	-
Flags.....		120	120	-
		<u>          </u>	<u>          </u>	<u>          </u>
Total Net Assets With Donor Restrictions	\$ <u>2,570</u>	\$ <u>20,552</u>	\$ <u>21,882</u>	\$ <u>1,240</u>

### 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 2022 is \$17,900.

### 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

### 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 2% of compensation. Contributions to this plan totaled \$1,889 for the year ended June 30, 2022.

### SUBSEQUENT EVENTS

The Agency evaluated the effect subsequent events would have on the financial statements through January 24, 2023, which is the date the financial statements were available to be issued.

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

For Year Ended June 30, 2022

With Summarized Financial Information for Year Ended June 30, 2021

	Budget*		Actual	
	2023	2022	2022	2021
<b>Operating Activities:</b>				
Revenue:				
City of Sioux City.....	\$ 499,200	\$ 441,400	\$ 441,900	\$ 356,000
Interest.....	500	500	436	333
Total Revenue	499,700	441,900	442,336	356,333
Program Administration:				
Salaries.....	118,000	118,000	108,695	110,909
Employee Benefits.....	13,800	13,000	8,382	8,760
Payroll Taxes.....	9,000	9,000	8,257	8,775
	140,800	140,000	125,334	128,444
Insurance.....	7,000	5,768	6,023	5,674
Dues and Subscription.....	1,100	1,100	1,047	657
Printing and Postage.....	900	900	758	1,083
Rent and Utilities.....	20,000	20,000	17,900	17,745
Repairs and Maintenance.....	2,500	2,500	1,877	655
Supplies.....	1,200	1,200	918	354
Telephone.....	3,200	3,090	2,627	2,558
Training and Meetings.....	8,000	6,000	7,159	1,389
Office Expense.....	2,500	2,000	3,845	4,109
Parking.....	1,500	1,000	660	580
Board Services.....	500	500		
Legal/Professional .....	5,500	4,942	4,985	4,820
	194,700	189,000	173,133	168,068
Program Expenses:				
Projects.....	95,000	80,000	60,071	(11,159)
Events.....	27,500	26,500	15,458	7,308
Retail and Business Recruitment.....	10,000	10,000	4,256	(2,620)
Streetscape Maintenance.....	56,000	56,000	49,823	37,196
Downtown Image and Promotion .....	116,500	80,400	48,713	43,563
	305,000	252,900	178,321	74,288
Total Expense	499,700	441,900	351,454	242,356
<b>Change in Net Assets from Operating Activities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 90,882</b>	<b>\$ 113,977</b>

\*Unaudited

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

Year Ended June 30, 2022

	Budget	Actual	Under (Over) Budget
<b>Events:</b>			
Events:			
Downtown Holiday.....	\$ 5,000	\$ -	\$ 5,000
Block Parties.....	15,000	13,096	1,904
Parking Day.....	1,000	-	1,000
Small Business Saturday.....	1,500	714	786
Spring Sidewalks.....	1,500	-	1,500
Food Truck Fridays.....	2,500	-	2,500
Future Events.....		1,648	(1,648)
	<u>26,500</u>	<u>15,458</u>	<u>11,042</u>
Retail and Business Recruitment:			
Vouchers.....	7,500	1,268	6,232
Gift Certificates.....		-	-
Underwriting Contributions.....	2,500	2,988	(488)
	<u>10,000</u>	<u>4,256</u>	<u>5,744</u>
	<u>\$ 36,500</u>	<u>\$ 19,714</u>	<u>\$ 16,786</u>
<b>Projects:</b>			
Projects:			
Trolley.....	\$ 15,000	\$ 10,714	\$ 4,286
Wayfinding.....	10,000	5,298	4,702
Lighting.....	30,000	44,059	(14,059)
Vision Projects.....	25,000	-	25,000
	<u>80,000</u>	<u>60,071</u>	<u>19,929</u>
Streetscape Program:			
Planter Project.....	13,000	13,000	-
Greenspace.....	10,000	13,666	(3,666)
Maintenance.....	16,000	13,080	2,920
Holidays.....	12,000	8,239	3,761
Flags.....	5,000	1,838	3,162
	<u>56,000</u>	<u>49,823</u>	<u>6,177</u>
Downtown Image and Promotion:			
Skywalk Map.....	2,500	3,212	(712)
Data Development and Maintenance.....	1,000	0	1,000
Social Media/Print Marketing.....	17,000	7,890	9,110
Annual Report.....		0	-
Services.....	30,900	28,190	2,710
Business Support.....	29,000	9,421	19,579
	<u>80,400</u>	<u>48,713</u>	<u>31,687</u>
	<u>\$ 216,400</u>	<u>\$ 158,607</u>	<u>\$ 57,793</u>

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

Year Ended June 30, 2022

	Revenue	Expense	Net
<b>Events:</b>			
Events:			
Downtown Holiday.....	\$ 3,037	\$ 3,037	\$ -
Block Parties.....	3,755	16,851	13,096
Small Business Saturday.....		714	714
Future Events.....		1,648	1,648
	<u>6,792</u>	<u>22,250</u>	<u>15,458</u>
Retail and Business Recruitment:			
Vouchers.....		1,268	1,268
Underwriting Contributions.....		2,988	2,988
	<u>0</u>	<u>4,256</u>	<u>4,256</u>
	<u>\$ 6,792</u>	<u>\$ 26,506</u>	<u>\$ 19,714</u>
<b>Projects:</b>			
Projects:			
Trolley.....	\$ 10,000	\$ 20,714	\$ 10,714
Wayfinding.....		5,298	5,298
Lighting.....		44,059	44,059
	<u>10,000</u>	<u>70,071</u>	<u>60,071</u>
Streetscape Program:			
Planter Project.....		13,000	13,000
Greenspace.....		13,666	13,666
Maintenance.....		13,080	13,080
Holidays.....	3,640	11,879	8,239
Flags.....	120	1,958	1,838
	<u>3,760</u>	<u>53,583</u>	<u>49,823</u>
Downtown Image and Promotion:			
Skywalk Map.....		3,212	3,212
Social Media/Print Marketing.....		7,890	7,890
Services.....		28,190	28,190
Business Support.....		9,421	9,421
	<u>0</u>	<u>48,713</u>	<u>48,713</u>
	<u>\$ 13,760</u>	<u>\$ 172,367</u>	<u>\$ 158,607</u>