

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, 2023, 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
September 5, 2023

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DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF FINANCIAL POSITION

June 30, 2023
 With Summarized Information for June 30, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Operating Cash.....	\$ 486,823	\$ 321,007
Grant Receivable.....	<u>28,489</u>	<u>321,007</u>
	515,312	321,007
Right-To-Use Asset	<u>53,767</u>	<u></u>
Total Assets	<u>\$ 569,079</u>	<u>\$ 321,007</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses.....	\$ 152,434	\$ 6,580
Current Maturity of Lease Payable.....	<u>9,528</u>	<u>11,455</u>
Custody Accounts.....	<u>15,252</u>	<u>18,035</u>
	177,214	18,035
Lease Payable.....	<u>44,239</u>	<u></u>
Total Liabilities	221,453	18,035
Net Assets:		
Without Donor Restrictions.....	<u>347,187</u>	<u>301,732</u>
With Donor Restrictions.....	<u>439</u>	<u>1,240</u>
	347,626	302,972
Total Liabilities and Net Assets	<u>\$ 569,079</u>	<u>\$ 321,007</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF ACTIVITIES

Year Ended June 30, 2023
 With Summarized Information for Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Operating Activities:				
Revenue:				
City of Sioux City.....	\$ 499,200	\$	\$ 499,200	\$ 441,900
Interest.....	<u>3,639</u>	<u> </u>	<u>3,639</u>	<u>436</u>
Total Revenue	502,839	-	502,839	442,336
Grants and Other Support:				
Contributions and Grants.....	420	78,425	78,845	20,552
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions.....	<u>79,226</u>	<u>(79,226)</u>	<u>-</u>	<u> </u>
	<u>79,646</u>	<u>(801)</u>	<u>78,845</u>	<u>20,552</u>
Total Revenues, Gains, and Other Support	582,485	(801)	581,684	462,888
Expenses:				
Program Services.....	482,241	<u> </u>	482,241	323,121
General and Administrative.....	<u>54,789</u>	<u> </u>	<u>54,789</u>	<u>48,885</u>
Total Expenses	<u>537,030</u>	<u>0</u>	<u>537,030</u>	<u>372,006</u>
Change in Net Assets	45,455	(801)	44,654	90,882
Net Assets, Beginning of Year.....	<u>301,732</u>	<u>1,240</u>	<u>302,972</u>	<u>212,090</u>
Net Assets, End of Year	<u>\$ 347,187</u>	<u>\$ 439</u>	<u>\$ 347,626</u>	<u>\$ 302,972</u>

DOWNTOWN PARTNERS SIOUX CITY
STATEMENT OF CASH FLOWS

Year Ended June 30, 2023
 With Summarized Information for Year Ended June 30, 2022

	2023	2022
Cash Flow from Operating Activities:		
Change in Net Assets.....	\$ 44,654	\$ 90,882
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Changes in Operating Assets and Liabilities:		
Grant Receivable.....	(28,489)	
Accounts Payable.....	145,854	(3,466)
Custody Account.....	3,797	5,085
Net Change in Cash.....	165,816	92,501
Cash, Beginning of Year.....	321,007	228,506
Cash, End of Year	\$ 486,823	\$ 321,007
Non-Cash Investing and Financing Transactions:		
Right of Use Asset Acquired with Lease Liability.....	\$ 54,767	

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Summarized Financial Information for Year Ended June 30, 2022

	Program	General and Admin- istrative	Totals	
			2023	2022
Salaries.....	\$ 101,235	\$ 25,309	\$ 126,544	\$ 108,695
Employee Benefits.....	9,596	2,399	11,995	8,382
Payroll Taxes.....	7,714	1,928	9,642	8,257
Total Salaries and Related Expense.....	<u>118,545</u>	<u>29,636</u>	<u>148,181</u>	<u>125,334</u>
Insurance.....	4,888	1,222	6,110	6,023
Dues and Subscriptions.....	782	196	978	1,047
Printing and Postage.....	1,424	356	1,780	758
Rent and Utilities.....	8,799	8,799	17,598	17,900
Repair and Maintenance.....	541	541	1,082	1,877
Supplies.....	0	633	633	918
Telephone.....	2,095	524	2,619	2,627
Training and Meetings.....	5,099	1,275	6,374	7,159
Office Expense.....	-	5,885	5,885	3,845
Parking.....	-	426	426	660
Legal/Professional.....	-	5,296	5,296	4,985
Projects.....	156,364	-	156,364	70,071
Events.....	25,986	-	25,986	22,250
Retail and Business Recruitment.....	2,035	-	2,035	4,256
Streetscape Maintenance.....	55,458	-	55,458	53,583
Downtown Image and Promotion.....	<u>100,225</u>	<u>-</u>	<u>100,225</u>	<u>48,713</u>
 Total Operating Expense	 <u>\$ 482,241</u>	 <u>\$ 54,789</u>	 <u>\$ 537,030</u>	 <u>\$ 372,006</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.

Adoption of New Accounting Standards

The Organization adopted ASC 842 Leases as of July 1, 2022. The adoption of ASC 842 resulted in Right of Use Asset and Lease Liability of \$53,767 as of June 30, 2023.

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.

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.....	\$	486,823
Grant Receivable.....		28,489
Less: Custody Accounts.....		<u>(15,252)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$	<u>500,060</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.....	\$	\$ 2,513	\$ 2,484	\$ 29
Block Party.....		1,257	1,257	-
Small Business Saturday.....		1,376	1,376	-
Vouchers.....	1,240		830	410
Trolley.....		12,000	12,000	-
Lighting.....		53,489	53,489	-
Vision Projects.....		3,101	3,101	-
Holidays.....		3,094	3,094	-
Business Support.....		1,595	1,595	-
Total Net Assets With Donor Restrictions	\$ <u>1,240</u>	\$ <u>78,425</u>	\$ <u>79,226</u>	\$ <u>439</u>

LEASES

Downtown Partners Sioux City leases its office space at a monthly rate of \$1,000 plus utilities.

Right-of-Use Asset Obtained in Exchange for New Operating Lease Liabilities.....	53,767
Remaining Lease Term-Operating Lease.....	5 years
Discount Rate-Operating Lease.....	5.00%
Maturity Analysis-Operating Lease	

	Undiscounted Cash Flows	Remaining Discount	Lease Liabilities Maturities
2024.....	\$ 12,000	\$ 2,472	\$ 9,528
2025.....	12,000	1,985	10,015
2026.....	12,000	1,472	10,528
2027.....	12,000	933	11,067
2028.....	12,000	367	11,633
2029.....	1,000	4	996
	<u>\$ 61,000</u>	<u>\$ 7,233</u>	<u>\$ 53,767</u>

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 \$4,076 for the year ended June 30, 2023.

SUBSEQUENT EVENTS

The Agency evaluated the effect subsequent events would have on the financial statements through September 5, 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, 2023

With Summarized Financial Information for Year Ended June 30, 2022

	Budget*		Actual	
	2024	2023	2023	2022
Operating Activities:				
Revenue:				
City of Sioux City.....	\$ 476,800	\$ 499,200	\$ 499,200	\$ 441,900
Buy Fresh, Buy Local.....	31,600			
Interest.....	1,400	500	3,639	436
Total Revenue	509,800	499,700	502,839	442,336
Program Administration:				
Salaries.....	170,000	118,000	126,544	108,695
Employee Benefits.....	29,000	13,800	11,995	8,382
Payroll Taxes.....	13,000	9,000	9,642	8,257
	212,000	140,800	148,181	125,334
Insurance.....	7,000	7,000	6,110	6,023
Dues and Subscription.....	1,100	1,100	978	1,047
Printing and Postage.....	900	900	1,780	758
Rent and Utilities.....	20,000	20,000	17,598	17,900
Repairs and Maintenance.....	1,500	2,500	1,082	1,877
Supplies.....	1,200	1,200	633	918
Telephone.....	3,200	3,200	2,619	2,627
Training and Meetings.....	8,000	8,000	6,374	7,159
Office Expense.....	3,000	2,500	5,885	3,845
Parking.....		1,500	426	660
Board Services.....	500	500		
Legal/Professional	5,600	5,500	5,296	4,985
	264,000	194,700	196,962	173,133
Program Expenses:				
Projects.....	127,800	95,000	87,774	60,071
Events.....	25,500	27,500	20,840	15,458
Retail and Business Recruitment.....	43,000	10,000	1,615	4,256
Streetscape Maintenance.....	44,500	56,000	52,364	49,823
Downtown Image and Promotion	5,000	116,500	98,630	48,713
	245,800	305,000	261,223	178,321
Total Expense	509,800	499,700	458,185	351,454
Change in Net Assets from Operating Activities	\$ <u>0</u>	\$ <u>0</u>	\$ <u>44,654</u>	\$ <u>90,882</u>

DOWNTOWN PARTNERS SIOUX CITY
SCHEDULE OF EVENTS AND PROJECTS EXPENSES

Year Ended June 30, 2023

	Budget	Actual	Under (Over) Budget
Events:			
Events:			
Downtown Holiday.....	\$ 5,000	\$ (29)	\$ 5,029
Block Parties.....	15,000	16,604	(1,604)
Small Business Saturday.....	2,500	1,765	735
Spring Sidewalks.....	2,500	-	2,500
Food Truck Fridays.....	2,500	2,500	-
	<u>27,500</u>	<u>20,840</u>	<u>6,660</u>
Retail and Business Recruitment:			
Vouchers.....	7,500	830	6,670
Underwriting Contributions.....	2,500	785	1,715
	<u>10,000</u>	<u>1,615</u>	<u>8,385</u>
	<u>\$ 37,500</u>	<u>\$ 22,455</u>	<u>\$ 15,045</u>
Projects:			
Projects:			
Trolley.....	\$ 15,000	\$ 18,277	\$ (3,277)
Wayfinding.....	10,000	449	9,551
Lighting.....	30,000	60,749	(30,749)
Vision Projects.....	40,000	8,299	31,701
	<u>95,000</u>	<u>87,774</u>	<u>7,226</u>
Streetscape Program:			
Planter Project.....	13,000	13,870	(870)
Greenspace.....	10,000	9,999	1
Maintenance.....	16,000	16,575	(575)
Holidays.....	12,000	10,614	1,386
Flags.....	5,000	1,306	3,694
	<u>56,000</u>	<u>52,364</u>	<u>3,636</u>
Downtown Image and Promotion:			
Skywalk Map.....	7,500	830	6,670
Data Development and Maintenance.....	5,000	464	4,536
Social Media/Print Marketing.....	15,000	8,940	6,060
Services.....	31,000	44,150	(13,150)
Business Support.....	38,000	39,665	(1,665)
Business Recruitment.....	20,000	4,581	15,419
	<u>116,500</u>	<u>98,630</u>	<u>17,870</u>
	<u>\$ 267,500</u>	<u>\$ 238,768</u>	<u>\$ 28,732</u>

DOWNTOWN PARTNERS SIOUX CITY
SCHEDULE OF EVENTS AND PROJECTS NET EXPENDITURES

Year Ended June 30, 2023

	Revenue	Expense	Net
Events:			
Events:			
Downtown Holiday.....	\$ 2,513	\$ 2,484	\$ (29)
Block Parties.....	1,257	17,861	16,604
Small Business Saturday.....	1,376	3,141	1,765
Food Truck Fridays.....		2,500	2,500
	<u>5,146</u>	<u>25,986</u>	<u>20,840</u>
Retail and Business Recruitment:			
Vouchers.....		830	830
Underwriting Contributions.....	420	1,205	785
	<u>420</u>	<u>2,035</u>	<u>1,615</u>
	<u>\$ 5,566</u>	<u>\$ 28,021</u>	<u>\$ 22,455</u>
Projects:			
Projects:			
Trolley.....	\$ 12,000	\$ 30,277	\$ 18,277
Wayfinding.....		449	449
Lighting.....	53,489	114,238	60,749
Vision Projects.....	3,101	11,400	8,299
	<u>68,590</u>	<u>156,364</u>	<u>87,774</u>
Streetscape Program:			
Planter Project.....		13,870	13,870
Greenspace.....		9,999	9,999
Maintenance.....		16,575	16,575
Holidays.....	3,094	13,708	10,614
Flags.....		1,306	1,306
	<u>3,094</u>	<u>55,458</u>	<u>52,364</u>
Downtown Image and Promotion:			
Skywalk Map.....		830	830
Data Development and Maintenance.....		464	464
Social Media/Print Marketing.....		8,940	8,940
Services.....		44,150	44,150
Business Support.....	1,595	41,260	39,665
Business Recruitment.....		4,581	4,581
	<u>1,595</u>	<u>100,225</u>	<u>98,630</u>
	<u>\$ 73,279</u>	<u>\$ 312,047</u>	<u>\$ 238,768</u>