

BOARD OF DIRECTORS' MEETING

➡ AGENDA

DECEMBER 18, 2023, 11:30 AM



- I. Welcome
- II. Approval of Minutes
 - A. *November Board Meeting p. 3
- III. *Financial Report p. 5
- IV. Results from Year-End Audit p. 15
- V. Staff Report p. 29
- VI. Old Business
- VII. New Business
- VIII. Public Forum
- IX. Adjournment

* Denotes action items

Upcoming Meetings:

January 22, 11:30 am - Board Meeting

February 19, 10:00 am Budget Workshop, 11:30 am Board Meeting

March 18, 11:30 am - Board Meeting

This meeting, and all communications between Board Members, are subject to the provisions of the Tennessee Open Meetings Act.

BOARD OF DIRECTORS' MEETING

➡ MINUTES

NOVEMBER 20, 2023, 11:30 AM

The Board of Directors of Downtown Knoxville Alliance met on Monday, November 20, 2023, at 11:30 am at 17 Market Square, Knoxville, TN.

Board members present included board chair, Matthew DeBardelaben, Chip Barry, Lorie Matthews, Adrienne Webster, Blaine Wedekind, and Mary Katherine Wormsley. DKA and Knoxville Chamber staff in attendance included: Michele Hummel, Angela Lunsford, and Karen Kakanis.

I. Welcome

Matthew DeBardelaben welcomed everyone and called the meeting to order.

II. Minutes

Matthew DeBardelaben called for approval of the minutes from the October board meeting. Lorie Matthew made a motion to approve the minutes. Blaine Wedekind seconded the motion, which was unanimously approved by the board.

III. Financial Report

Angela Lunsford delivered the report for the corporation explaining the various reports. Adrienne Webster made a motion to approve the financial report, and Chip Barry seconded the motion, which was unanimously approved by the board.

IV. Committee Reports

A. Marketing Committee

The Marketing Committee met on November 7 to review an event sponsorship request from the East TN Historical Society for \$10,000. The request contained multiple events which included Every Day Arts, Downtown Home Tour, History Hootenanny, Football Fridays, Monsters at the Museum, and Featured Exhibition that will open in October 2024. The recommendation going forward as a motion to the board was to approve the request for \$10,000 as presented. Mary Katherine Wormsley seconded the motion, which was unanimously approved as presented.

The committee also held a general discussion on reduced day-time food traffic due to hybrid work schedules and ideas on how to attract alternative demographics including grandparents with children, retirees, home school organizations, etc.

V. Staff Report

Staff presented their report, which provided an update on activities from the previous month. The full reports were included in the agenda packet.

VI. Old Business

There was no New Business.

VII. New Business

A. Update on Waste Management Study/City of Knoxville

Chad Weth with the City of Knoxville discussed the Solid Waste Study that was conducted by MSW Consultants and DSM Environmental. He discussed the scope of the study, findings, and recommendations. We currently have approximately 700 trash and recycling carts scattered around downtown. The recommendation is to move from carts to shared compactor sites throughout downtown. The goal would be to have a compactor within 2-3 blocks of each business. The city is currently evaluating the recommendations and cost.

B. Board Vacancy - Business Representative

Drew McKenna resigned from the Board in October, leaving a vacancy for a business representative. The staff made a notification via newsletter that DKA was accepting nominations. A motion was made by Adrienne Webster to nominate Natalie Cummings to the Board to fill the vacancy. Lorie Matthews seconded the motion, which was unanimously approved by the board.

C. Bike Taxis

Lorie Matthew and other board members shared that they have bike taxis downtown and asked if they were legal. The city is checking into the taxis, which they have seen but are not aware of who is operating them.

VIII. Public Forum

Shera Petty with Visit Knoxville shared two events with the board: Tour De Lights and Santa at the Sunsphere.

IX. Adjournment

With no other business, the meeting was adjourned.

Secretary

Downtown Knoxville Alliance
Statement of Cash Flows
Fiscal YTD November 30, 2023

	<u>Jul '23 - Jun '24</u>
OPERATING ACTIVITIES	
Net Income	(70,347)
Adjustments to reconcile Net Income to net cash provided by operations:	
1110 · Other Receivable	535,776
2020 · Accounts Payable	(12,149)
2600 · Accrued Payables	(3,611)
2700 · Accrued Wages	-
1350 · Prepaid Expenses	75.00
Net cash provided by Operating Activities	449,744
FINANCING ACTIVITIES	
3900 · Change in NA - unrestricted	-
Net cash provided by Financing Activities	-
Net cash increase for period	449,744
Cash at beginning of period	1,095,751
Cash at end of period	<u><u>1,545,495</u></u>
Current Liabilities	(18,441)
Accrued Payables	(261,824)
Accounts receivable and Other	34,010
Prepaid Expenses	750
Subtotal	(245,505)
Projected Remaining Budgeted Income (Expenses)	
Revenue	488,206
Development	(115,000)
Quality of Life	(271,416)
Business Support	(26,438)
Marketing/Sponsorships	(163,240)
Administration	(160,339)
Subtotal	<u><u>(248,227)</u></u>
Projected Cash - Before Minimum Reserve	<u><u>1,051,763</u></u>
Minimum Cash Balance - Reserve	(150,000)
Projected Cash Availability	<u><u>901,763</u></u>

Downtown Knoxville Alliance
Statement of Cash Flows
Fiscal YTD November 30, 2023

Project	Grants	Permit Date	Comp Date	YE 6/30/2024	Total
314 Union Ave (COK)	250,000			250,000	250,000
Hilton Parking Garage	50,000		10/31/2023	50,000	50,000
	<u>300,000</u>			<u>300,000</u>	<u>300,000</u>

* City approval required

Note: Disclosure of Tax Abatement for Farragut Building. CBID Board agreed to receive current assessment of \$4,578 and forgo \$19,012/year for 25 years - total abatement \$475,302. Based on estimated increase in projected value \$18.4mm versus \$3.6mm. Tax is .32 per \$100 on 40% of projected value.

Note: In 2013, Knox County Commission and Knox County Industrial Development Board approved a 10 year PILOT for Marble Alley Lofts, LLC. The property was held by Knox County and did not pay property taxes because of its tax exempt status. The property is now held by the Knox County Industrial Development Board. Based on the current appraised value, at the end of the 10 year PILOT, CBID would be entitled to a projected assessment of \$36,800 annually.

Note: In July of 2019, the Board of the Downtown Knoxville Alliance agreed to approve a 10-year abatement of the incremental CBID assessment for the State Supreme Court projects starting 48 months after the Dover Signature Properties closes on the two parcels of property from the City of Knoxville to allow for construction and project stabilization. CBID will receive an assessment for both properties based on the acquisition cost of \$2.6mm or approximately \$320 for the property that will house the hospitality project, purchased for \$250,000 and \$3,008 for the parcel that houses the apartment project, purchased for \$2,350,000. Downtown Knoxville Alliance will receive this yearly assessment during the 48 month construction and stabilization period and during the 10-year abatement, after which the CBID assessment will be paid at full value.

Downtown Knoxville Alliance
Profit & Loss Actual vs Budget June 30, 2024

Acct #	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	TOTAL	FY24 Budget	Remainder
Income															
4020 CBUD Tax Assessments	19,389	1,773	6,485	569,786	34,010	-	-	-	-	-	-	-	631,442	1,125,000	493,558
4100 Investment Income	1,125	1,218	1,151	1,192	1,166	-	-	-	-	-	-	-	5,852	500	(5,352)
Total Income	20,514	2,991	7,636	570,978	35,175	-	-	-	-	-	-	-	637,294	1,125,500	488,206
Expenses															
Development															
5225 Path to Prosperity	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000
5205 Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Total Development	-	-	-	-	-	-	-	-	-	-	-	-	-	115,000	115,000
Quality of Life															
5659 Beautification	77	77	3,533	84	1,852	-	-	-	-	-	-	-	5,623	90,000	84,377
5657 Ambassador Program	9,676	9,676	9,676	9,676	9,676	-	-	-	-	-	-	-	48,382	117,000	68,618
5900 Residential - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5901 Residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5700 Special Art Project	3,557	3,854	8,012	3,610	15,547	-	-	-	-	-	-	-	34,579	3,000	3,000
Total Quality of Life	13,310	13,607	21,221	13,370	27,075	-	-	-	-	-	-	-	88,584	100,000	65,421
Security															
5676 Business Support	523	2,779	5,957	4,259	10,044	-	-	-	-	-	-	-	23,562	50,000	26,438
Total Business Support	523	2,779	5,957	4,259	10,044	-	-	-	-	-	-	-	23,562	50,000	26,438
Marketing Expenses															
5305 Advertising General	3,536	1,688	5,387	3,191	15,935	-	-	-	-	-	-	-	29,737	50,000	20,263
5306 Print & Design	225	2,532	2,600	10,002	11,082	-	-	-	-	-	-	-	26,440	55,000	28,560
5375 Website - All Committees	550	1,195	1,840	6,058	6,940	-	-	-	-	-	-	-	16,583	30,000	13,417
5364 Downtown Scavenger Hunt	-	-	-	210	-	-	-	-	-	-	-	-	210	15,000	14,790
Total Marketing Expenses	6,000	-	8,000	-	10,000	-	-	-	-	-	-	-	24,000	110,000	86,000
Administration															
5420 Meals/ Lodging/ Travel	840	224	194	268	398	-	-	-	-	-	-	-	1,924	6,000	4,076
5430 Office Expense	505	525	685	492	641	-	-	-	-	-	-	-	2,849	7,000	4,151
5435 Bank Fees	19	18	18	18	18	-	-	-	-	-	-	-	91	200	109
5440 Postage	12	9	9	14	11	-	-	-	-	-	-	-	56	2,500	2,444
5465 Professional Dev.	-	-	-	2,475	-	-	-	-	-	-	-	-	2,475	6,000	3,525
5450 Professional Svc	-	1,000	-	2,000	3,386	-	-	-	-	-	-	-	6,386	12,000	5,614
5460 Svc Contract - Operations	19,849	19,849	19,849	19,849	19,849	-	-	-	-	-	-	-	99,245	238,186	138,941
5750 Insurance Directors/Officers	-	-	-	75	75	-	-	-	-	-	-	-	150	900	750
5480 Software	-	65	-	138	69	-	-	-	-	-	-	-	271	1,000	729
Total Administration	21,225	21,491	20,756	25,328	24,447	-	-	-	-	-	-	-	113,447	273,786	160,339
Total Expenses	45,370	43,491	65,762	62,418	105,522	-	-	-	-	-	-	-	322,563	1,058,786	736,223
Change in NAV	(24,856)	(40,500)	(58,126)	508,560	(70,347)	-	-	-	-	-	-	-	314,731	66,714	248,017
Board Approved Spending															
314 Union Avenue	-	-	0	0	0	0	0	0	0	0	0	0	0	-	-
Subtotal Board Approved Spending	0	0	0	0	0	0	0	0	0	0	0	0	0	-	-
NAV Total after Surplus Spending	(24,856)	(40,500)	(58,126)	508,560	-70,347	0	0	0	0	0	0	0	314,731		

Accrued Payables at 11.30.23

Old City Association	FY23	\$3,000.00
City of Knoxville (314 Union Ave)	FY23	\$250,000.00
Conervation Cooperative	FY23	\$3,500.00
Grant for Hilton Parking Garage / 500 Clinch Ave.	FY23	\$0.00
East TN Historical Society, August - October 2023 events	FY23	\$2,500.00
K-Town Connect 2024	FY24	-\$29,029.00
Ambassador Accrual October	FY24	\$9,676.33
Ambassador Accrual November	FY24	\$9,676.33
Jazz Concerts 8 weekly jazz concerts	FY24	\$1,000.00
CBID off Duty officer OT salary reimbursement	FY23	\$0.00
Bike Walk	FY24	\$1,500.00
East Tennessee Historical Society 2024 Events	FY24	\$10,000.00
Nourish Knoxville	FY24	\$0.00
		\$261,823.66

Downtown Knoxville Alliance

Statement of Cash Flows

November 2023

	TOTAL
OPERATING ACTIVITIES	
Net Income	-70,347.01
Adjustments to reconcile Net Income to Net Cash provided by operations:	
1110 Other Receivable	535,776.44
1350 Prepaid Expenses	75.00
2020 Acc. Payable:Accounts Payable	-12,149.19
2600 Accrued Payables	-3,611.11
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	520,091.14
Net cash provided by operating activities	\$449,744.13
NET CASH INCREASE FOR PERIOD	\$449,744.13
Cash at beginning of period	1,095,750.82
CASH AT END OF PERIOD	\$1,545,494.95

Downtown Knoxville Alliance

Balance Sheet

As of November 30, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash & Cash Equiv.	0.00
1005 Cash	0.00
1012 First Bank Checking	558,110.59
1016 Regions - Checking	147,609.52
Total 1005 Cash	705,720.11
1020 Investments - Cert Dep and MM	
1022 FirstBank CD 0680	96,075.51
1026 First Century Bank	252,939.68
1027 SunTrust MM Account	246,419.58
1029 Home Federal Bank - MM	244,340.07
Total 1020 Investments - Cert Dep and MM	839,774.84
Total 1000 Cash & Cash Equiv.	1,545,494.95
Total Bank Accounts	\$1,545,494.95
Accounts Receivable	
1110 Other Receivable	34,009.57
Total Accounts Receivable	\$34,009.57
Other Current Assets	
1350 Prepaid Expenses	750.00
Total Other Current Assets	\$750.00
Total Current Assets	\$1,580,254.52
TOTAL ASSETS	\$1,580,254.52
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Acc. Payable	0.00
2020 Accounts Payable	18,441.10
Total 2000 Acc. Payable	18,441.10
Total Accounts Payable	\$18,441.10
Other Current Liabilities	
2600 Accrued Payables	261,823.66
Total Other Current Liabilities	\$261,823.66
Total Current Liabilities	\$280,264.76
Total Liabilities	\$280,264.76
Equity	
3900 Change in NA - unrestricted	985,259.17
Net Income	314,730.59
Total Equity	\$1,299,989.76

Downtown Knoxville Alliance

Balance Sheet

As of November 30, 2023

	TOTAL
TOTAL LIABILITIES AND EQUITY	\$1,580,254.52

Downtown Knoxville Alliance

Profit and Loss

November 2023

	TOTAL
Income	
4020 CBID Assessment	34,009.57
4100 Interest on Cash Reserves	1,165.66
Total Income	\$35,175.23
GROSS PROFIT	\$35,175.23
Expenses	
5100 Business Support	
5150 Merchant Support	10,044.15
Total 5100 Business Support	10,044.15
5300 Marketing Expenses	
5305 Advertising	15,934.64
5306 Print and Content	11,081.63
5360 Sponsorships - Events	10,000.00
5375 Website	6,940.00
Total 5300 Marketing Expenses	43,956.27
5400 Administration	
5420 Meals/Lodging/Travel	397.93
5430 Office Expenses	641.36
5435 Bank Fees	18.00
5440 Postage	10.71
5450 Professional Svc	3,385.90
5460 Services Contract	19,849.00
5480 Software	68.83
5490 Insurance D&O	75.00
Total 5400 Administration	24,446.73
5650 Quality of Life	
5655 Bike Patrol	15,546.76
5657 Ambassador Program	9,676.33
5659 Beautification	1,852.00
Total 5650 Quality of Life	27,075.09
Total Expenses	\$105,522.24
NET OPERATING INCOME	\$ -70,347.01
NET INCOME	\$ -70,347.01

Downtown Knoxville Alliance

A/P Aging Detail

As of November 30, 2023

DATE	TRANSACTION TYPE	NUM	VENDOR	DUE DATE	PAST DUE	AMOUNT	OPEN BALANCE
Current							
11/30/2023	Bill		MoxCar.	11/30/2023	12	2,643.75	2,643.75
11/30/2023	Bill	INV011385	Knoxville Chamber	11/30/2023	12	74.48	74.48
11/01/2023	Bill	5015	Gregory's Greenhouse Production, LLC	12/01/2023	11	80.00	80.00
11/29/2023	Bill	193601	Graphic Creations	12/09/2023	3	1,685.00	1,685.00
11/30/2023	Bill	12529	Dogwood Arts	12/15/2023	-3	1,118.14	1,118.14
11/30/2023	Bill	11302023	Thomas, Robin	12/15/2023	-3	1,030.65	1,030.65
11/30/2023	Bill	0006080656	Knoxville News Sentinel	12/20/2023	-8	4,265.88	4,265.88
11/30/2023	Bill	DKA-120123	Southern Bloom Social	12/30/2023	-18	1,980.00	1,980.00
11/30/2023	Bill	14	Lauren LeBlanc	12/30/2023	-18	487.50	487.50
11/30/2023	Bill	2610	Loch and Key Productions	12/30/2023	-18	398.70	398.70
11/01/2023	Bill	0005861472	Knoxville News Sentinel	12/31/2023	-19	1,559.00	1,559.00
11/01/2023	Bill	0005933772	Knoxville News Sentinel	12/31/2023	-19	1,559.00	1,559.00
11/01/2023	Bill	0006009394	Knoxville News Sentinel	12/31/2023	-19	1,559.00	1,559.00
Total for Current						\$18,441.10	\$18,441.10
TOTAL						\$18,441.10	\$18,441.10

Downtown Knoxville Alliance

A/R Aging Detail

As of November 30, 2023

DATE	TRANSACTION TYPE	NUM	CUSTOMER	DUE DATE	AMOUNT	OPEN BALANCE
Current						
11/30/2023	Invoice	362	City of Knoxville.	11/30/2023	34,009.57	34,009.57
Total for Current					\$34,009.57	\$34,009.57
TOTAL					\$34,009.57	\$34,009.57

DOWNTOWN KNOXVILLE ALLIANCE

FINANCIAL STATEMENTS

JUNE 30, 2023

YEAR ENDED

JUNE 30, 2023

CONTENTS

	Page
Independent Auditor's Report	1 – 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 11

Bible Harris Smith, P.C.

Certified Public Accountants and Business Advisors Since 1949

507 West Clinch Avenue
Knoxville, TN 37902-2104
Phone 865-546-2300
Fax 865-525-7454
E-mail *lastname*@BHSpc.com

Member of the AICPA Peer Review
Program
Member of the Tennessee Society
of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Downtown Knoxville Alliance
Knoxville, Tennessee

Opinion

We have audited the accompanying financial statements of Downtown Knoxville Alliance (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Knoxville Alliance as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Downtown Knoxville Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Downtown Knoxville Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Downtown Knoxville Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Downtown Knoxville Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bible Harris Smith, P.C.

Bible Harris Smith, P.C.
Knoxville, Tennessee
November 27, 2023

DOWNTOWN KNOXVILLE ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,334,201
Accounts Receivable	<u>8,465</u>

Total Current Assets	<u>1,342,666</u>
----------------------	------------------

TOTAL ASSETS	<u><u>\$ 1,342,666</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 57,406
Grants Payable	<u>300,000</u>

Total Current Liabilities	<u>357,406</u>
---------------------------	----------------

TOTAL LIABILITIES	357,406
-------------------	---------

NET ASSETS

Without Donor Restriction	<u>985,260</u>
---------------------------	----------------

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,342,666</u></u>
----------------------------------	----------------------------

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

REVENUES AND OTHER SUPPORT	
City of Knoxville Assessments	\$ 1,144,715
Interest Income	<u>3,774</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>1,148,489</u>
EXPENSES	
Program:	
Business Support	97,064
Beautification	43,987
Development	341,398
Marketing	250,692
Quality of Life	<u>161,178</u>
Total Program	894,319
General and Administrative Expense	<u>95,585</u>
TOTAL EXPENSES	<u>989,904</u>
CHANGE IN NET ASSETS	158,585
NET ASSETS - WITHOUT DONOR RESTRICTION - BEGINNING OF YEAR	<u>826,675</u>
NET ASSETS - WITHOUT DONOR RESTRICTION - END OF YEAR	<u><u>\$ 985,260</u></u>

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Activities			
	Business Support	Beautification	Development	Marketing
Allocation of Service Contract	\$ 48,116	\$ 11,395	\$ 26,398	\$ 48,117
Advertising	-	-	-	51,649
Ambassador Program	-	-	-	-
Bank Fees	-	-	-	-
Beautification	-	32,592	-	-
Bike Patrol	-	-	-	-
Development Grants	-	-	300,000	-
Insurance	-	-	-	-
Meals/Lodging/Travel	-	-	-	-
Merchant Support	48,948	-	-	-
Miscellaneous Printing	-	-	-	42,437
Office Expenses	-	-	-	-
Path to Prosperity	-	-	15,000	-
Postage	-	-	-	-
Professional Development	-	-	-	-
Professional Fees	-	-	-	-
Quality of Life	-	-	-	-
Residential Projects/Initiative	-	-	-	125
Software	-	-	-	-
Sponsorship - Events	-	-	-	89,500
Website	-	-	-	18,864
Total Expenses	<u>\$ 97,064</u>	<u>\$ 43,987</u>	<u>\$ 341,398</u>	<u>\$ 250,692</u>

(CONTINUED ON PAGE 6)

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

(CONTINUED FROM PAGE 5)

	Program Activities		G&A	
	Quality of Life	Total Program	G&A	Grand Total
Allocation of Service Contract	\$ 34,453	\$ 168,479	64,381	\$ 232,860
Advertising	-	51,649	-	51,649
Ambassador Program	90,560	90,560	-	90,560
Bank Fees	-	-	150	150
Beautification	-	32,592	-	32,592
Bike Patrol	35,965	35,965	-	35,965
Development Grants	-	300,000	-	300,000
Insurance	-	-	828	828
Meals/Lodging/Travel	-	-	6,373	6,373
Merchant Support	-	48,948	-	48,948
Miscellaneous Printing	-	42,437	-	42,437
Office Expenses	-	-	9,304	9,304
Path to Prosperity	-	15,000	-	15,000
Postage	-	-	756	756
Professional Development	-	-	940	940
Professional Fees	-	-	11,800	11,800
Quality of Life	200	200	-	200
Residential Projects/Initiative	-	125	-	125
Software	-	-	1,053	1,053
Sponsorship - Events	-	89,500	-	89,500
Website	-	18,864	-	18,864
Total Expenses	\$ 161,178	\$ 894,319	\$ 95,585	\$ 989,904

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 158,585
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
(Increase) Decrease in Assets:	
Accounts Receivable	(6,422)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	(8,878)
Grants Payable	<u>217,000</u>
Net Cash Provided By (Used In) Operating Activities	<u>360,285</u>
NET INCREASE (DECREASE) IN CASH	360,285
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	<u>973,916</u>
CASH & CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,334,201</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies

The Organization - Downtown Knoxville Alliance (Organization), formerly known as Knoxville Central Business Improvement District Management Corporation, is a nonprofit organization established on April 5, 1993, to assist in developing and beautifying the downtown area of Knoxville, Tennessee.

Substantially all revenues are derived from assessments on downtown property owners collected by the City of Knoxville. Activities include making renovation/development grants for projects within the defined area of the Central Business Improvement District and support of downtown activities and events.

General - The Organization's policy is to prepare its financial statements on the accrual basis. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Tax-Exempt Status - The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision has been recognized for income taxes in the accompanying financial statements.

Effective with the fiscal year beginning July 1, 2009, authoritative guidance for the uncertainty in income taxes became effective under the provisions of FASB ASC 740. The standard prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of June 30, 2023 the statute of limitations for tax years 2019 through 2021 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2023, the Organization had no accruals for interest and/or penalties.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards Update ASU 2016-14. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are subject to donor-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, such as those that the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition - Contributions are recorded on the date on which they are pledged. Currently, substantially all Organization revenues are derived from City of Knoxville tax assessments. Assessments are recorded when collected by the City of Knoxville as reported by the City to the Organization. Past due assessments, interest and penalties are not recorded until collected by the City as reported by the City to the Organization. The assessments contain a single delivery element at a single point in time when ownership, risks, and rewards transfer from the City to the Organization.

Expense Allocation – Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Directly identifiable expenses are charged to programs and supporting services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but to provide for the overall support and direction of the Organization. Contract service agreement costs are allocated based on estimated time incurred for each functional category.

Cash Equivalents - The Organization generally considers all certificates of deposit and highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Receivables - Receivables are stated at the amount management expects to collect from balances outstanding at year-end. No allowance for doubtful accounts is considered necessary. At June 30, 2023, substantially all accounts receivable are from the City of Knoxville.

Property and Equipment – It is the Organization's policy that property and equipment that are purchased are recorded at cost. Property and equipment is depreciated over the estimated useful lives of the assets. Maintenance, repairs, and minor renewals are charged to expense; betterments or major renewals and improvements that materially prolong the life of the assets are capitalized. At June 30, 2023, the Organization did not hold or own any property and equipment.

Grants Payable – Grants payable represent all unconditional grants that have been authorized prior to year-end, but remain unpaid as of the statement of financial position date. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, including the liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Agency Transactions - The Organization's policy, if it acts as an intermediary or agent, is to record the receipt and disbursement of financial assets specified for a beneficiary as assets and liabilities of the Organization. Accordingly, there is no effect on the statement of activities.

Advertising - Advertising costs are expensed as incurred and totaled \$51,649 for the year.

In-Kind Contributions - Contributions of donated non-cash assets are recorded at their fair values in the period received.

Subsequent Events- Management has evaluated subsequent events through November 27, 2023, the date the financial statements were available to be issued.

Note 2 – Information Regarding Availability and Liquidity

Financial assets in excess of daily cash requirements can be invested in certificates of deposit and money market funds.

The following table reflects the Organization’s financial assets as of June 30, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 1,334,201
Accounts Receivable	<u>8,465</u>
Total Financial Assets	1,342,666
Less amounts not available to be used within one year:	
Contingent grants and grants payable expected to be paid	<u>300,000</u>
	<u>300,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,042,666</u>

Note 3 – Contract Services

Another nonprofit organization provides certain services to the Organization. These services include operations administration, marketing services, accounting and financial oversight, professional services, insurance, recommendations for improvements and capital expenditures, contract negotiating, services to ensure compliance with applicable laws and to maintain licenses and permits, and other management services. This amount has been allocated among the Organization’s various functional areas. On July 1, 2020 the Organization renewed the contract services agreement for a five-year period. The current agreement is cancelable by either party with 90 days’ notice. The total paid for these services during the year ended June 30, 2023 was \$232,860.

Note 4 – Grants Payable and Abatements

Because of their ownership and development of properties, either as individuals or as owners of companies within the Central Business Improvement District, current Board Members may have received grants from the Organization while not serving on the Board. If they, or a company they are involved in, requests funding for any project while a Board Member of the Organization, that Board Member will recuse themselves from voting on any project they have involvement with and will disclose this activity to the Board for consideration. There were no such grants payable at June 30, 2023.

The Board has approved grants to be paid in 2023 totaling \$300,000. This amount is recorded as Grants Payable at June 30, 2023.

In July 2019 the Board agreed to a 10-year abatement of incremental tax assessments related to the State Supreme Court project. The abatement is effective during the construction period and for 10 years following construction. During the construction and abatement period, the Organization will receive assessments based on the project's acquisition cost, which total approximately \$3,300 per year.

Note 5 - Concentrations of Risk

The Organization maintains nine accounts with three local financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023, cash deposits exceeded federally insured limits by \$384,770.

BOARD OF DIRECTORS' MEETING

➤ STAFF REPORT FOR DECEMBER 2023

MARKETING

- "Holiday" promotions through website, newsletters, social, print, digital, and local media.
- Newsletter released on November 27 (Holiday Things To Do) and December 5 (Peppermint Trail).
- Ongoing digital ads, social media and online engagement; website updates for businesses, event calendar, and Insider's Guide.
- Social Media – 165,346 followers (previous: 163,469; 160,252; 157,473).
- Marketing Committee scheduled for January 16 at 3:00 PM.

BUSINESS SUPPORT

- 85 businesses participating in Peppermint Trail.
- 33 businesses participating in The Elf on the Shelf® Adventure.
- Website update for First Friday ArtWalk for Dec 1 including 30 participating businesses.
- Information to businesses on monthly events and conventions impacting staffing.
- Coordination with Tennessee Theatre and Live Nation on communication to businesses for "Wicked Inspired" specials January 10–21.

QUALITY OF LIFE

- Surveying downtown merchants and residents this week for input on the 400 block of Gay Street pilot closure program.
- Newsletters released on November 29 & December 5 regarding parking survey, Jackson Ave redevelopment survey, parking road closures, upcoming meetings, etc. to downtown merchants and residents.
- Ft Kid Playground Sidewalk Mural was revealed on Wednesday, November 29 at 4:00.
- Continue to provide road closure notifications to businesses.
- Continue to assist with Market Square permits.

OTHER

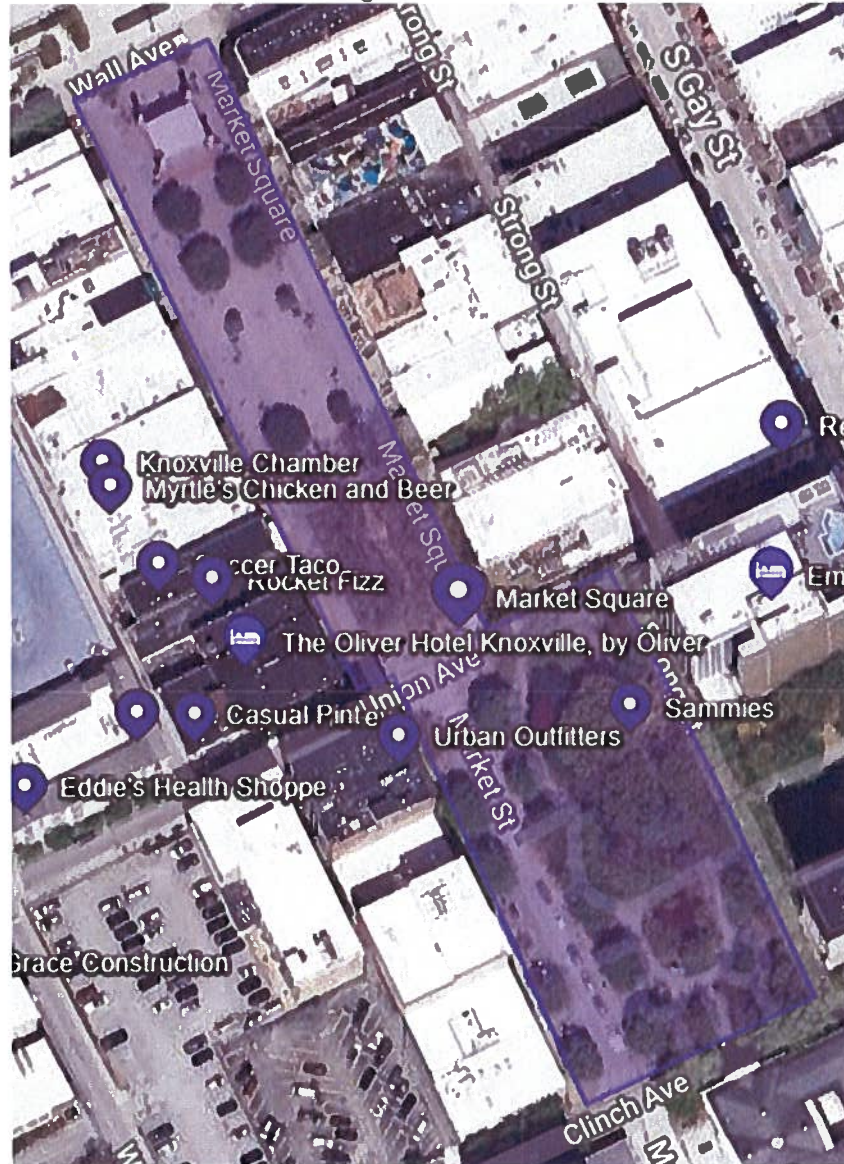
- Completed design and worked with PBA on installation of "You Are Here" maps at 54 different locations in five downtown garages.
- Finalized DKA's FY 22-23 audit.
- Interview with WBIR and WATE regarding holiday activities.

Visitor Information for Downtown Knoxville

Highlights:

- 746,300 visitors made 1.4 million visits.
- Average dwell time is 100 minutes.
- Top day for visitation is Saturday, followed by Friday.
- Top hour is 7pm, followed by 8pm.
- Visitors' median household income: \$67k
- Visitors' persons per household: 2.32

Here's the coverage area, for visual reference:



Numbers created from Placer from visitors to Market Square in 2022.
The report excludes residents and employees inside the area.