

BOARD OF DIRECTORS' MEETING

➡ AGENDA

JULY 17, 2023, 11:30 AM



- I. Welcome
- II. Approval of Minutes
 - A. *June Board Meeting
- III. *Financial Report
- IV. Committee Reports
 - A. Marketing
- V. Staff Report
 - A. Follow-up from Annual Meeting
- VI. Old Business
- VII. New Business
 - A. Election of Officers
 - B. Audit Engagement Letter
- VIII. Public Forum
- IX. Adjournment

* Denotes action items

Upcoming Meetings:

August 21, 11:30 am - Board Meeting
September 18, 11:30 am - Board Meeting
October 16, 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

JUNE 26, 2023, 6:00 PM

The Board of Directors of Downtown Knoxville Alliance met on Monday, June 26, 2023, at 6:00 pm following the Annual Meeting at 17 Market Square.

Board members present included board chair, Matthew DeBardelaben, Chip Barry, Vince Fusco, Lorie Matthews, John Sanders, Daniel Smith, and Adrienne Webster. DKA and Knoxville Chamber staff in attendance included: Michele Hummel and Robin Thomas.

I. Welcome

Matthew DeBardelaben welcomed everyone and called the meeting to order.

II. Minutes

Matthew DeBardelaben called for the approval of the minutes from the May board meeting. Adrienne Webster made a motion to approve the minutes. Lorie Matthews seconded the motion, which was unanimously approved by the board.

III. Financial Report

The financial report was delivered during the Annual Meeting.

IV. Staff Report

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

V. Old Business

There was no Old Business.

VI. New Business

There was no New Business.

VII. Public Forum

There was no Public Forum.

VIII. Adjournment

With no other business, the meeting was adjourned.

Secretary

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

	<u>Jul '22 - Jun '23</u>
OPERATING ACTIVITIES	
Net Income	(45,333)
Adjustments to reconcile Net Income to net cash provided by operations:	
1110 · Other Receivable	(3,101)
2020 · Accounts Payable	(10,289)
2600 · Accrued Payables	(6,074)
2700 · Accrued Wages	-
Net cash provided by Operating Activities	(64,797)
FINANCING ACTIVITIES	
3900 · Change in NA - unrestricted	-
Net cash provided by Financing Activities	-
Net cash increase for period	(64,797)
Cash at beginning of period	1,398,998
Cash at end of period	<u><u>1,334,201</u></u>
 Current Liabilities	 (20,784)
Accrued Payables	(328,000)
 Accounts receivable and Other	 8,464
Subtotal	(340,320)
 Projected Remaining Budgeted Income (Expenses)	
Revenue	-
Development	(50,000)
Quality of Life	(126,383)
Business Support	(927)
Marketing/Sponsorships	3,798
Administration	(5,264)
Subtotal	<u><u>(178,775)</u></u>
Projected Cash - Before Minimum Reserve	<u><u>815,106</u></u>
Minimum Cash Balance - Reserve	(150,000)
Projected Cash Availability	<u><u>665,106</u></u>

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

Project	Grants	Permit Date	Comp Date	YE 6/30/2023	Total
Cradle of Country Music	83,000			83,000	83,000
314 Union Ave (COK)	250,000			250,000	250,000
Hilton Parking Garage	50,000			50,000	50,000
	383,000			383,000	383,000

* 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, 2023

	Acct #	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	YTD FY23	FY23 Budget	Remainder
Income																
CBID Tax Assessments	4020	3,684	557	1,989	481,364	211,641	46,849	55,831	238,104	62,126	28,745	5,362	8,464	1,144,715	910,000	(234,715)
Investment income	4100	12	19	18	45	21	184	171	217	292	1,084	941	770	3,774	500	(3,274)
Total Income		3,696	575	2,007	481,409	211,662	47,033	56,002	238,321	62,418	29,829	6,303	9,234	1,148,489	910,500	(237,989)
Expenses																
Development																
Path to Prosperity	5225	-	-	-	-	-	-	-	-	-	15,000	-	-	15,000	15,000	-
Special Projects	5205	-	-	-	-	-	-	-	-	50,000	-	-	-	50,000	100,000	50,000
Total Development		-	-	-	-	-	-	-	-	50,000	15,000	-	-	65,000	115,000	50,000
Quality of Life																
Beautification	5659	33	68	77	4,073	83	90	82	32,079	72	2,489	73	78	39,297	90,000	50,703
Ambassador Program	5657	6,833	6,833	6,844	6,837	6,837	6,837	6,837	6,837	6,837	9,676	9,676	9,676	90,560	82,000	(8,560)
Residential - Other	5900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential	5901	-	-	(6,705)	-	-	-	-	-	-	-	-	-	(6,705)	3,000	9,705
Other	5650	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-
Security	5700	2,204	1,904	1,100	2,104	1,524	3,739	3,212	4,204	3,855	2,604	3,855	5,162	35,465	110,000	74,535
Total Quality of Life		9,070	8,805	1,317	13,013	8,443	10,665	10,130	43,120	10,964	14,769	13,605	14,916	158,617	285,000	126,383
Business Support																
Business Support	5676	1,898	2,201	4,605	2,138	4,410	3,133	4,441	2,624	4,548	5,345	2,135	11,396	49,073	50,000	927
Total Business Support		1,898	2,201	4,605	2,138	4,410	3,133	4,441	2,624	4,548	5,345	2,135	11,396	49,073	50,000	927
Marketing Expenses																
Advertising General	5305	3,691	3,746	3,999	8,843	7,938	7,068	3,959	1,808	1,559	2,284	4,484	2,271	51,649	50,000	(1,649)
Print & Design	5306	211	486	813	5,728	9,194	2,548	5,204	3,462	1,493	3,590	3,594	2,463	38,784	35,000	(3,784)
Website - All Committees	5375	1,150	1,050	1,379	1,450	1,540	2,295	1,155	1,250	1,155	2,275	1,401	2,764	18,864	20,000	1,136
Sponsorship Prior Year	5362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Events and Sponsorship	5360	-	5,000	4,000	-	-	5,000	27,500	-	25,000	-	23,000	-	89,500	90,000	500
Total Marketing Expenses		5,051	10,282	10,190	16,021	18,671	16,911	37,818	6,520	29,207	8,150	32,479	7,498	198,798	195,000	(3,798)
Administration																
Meals/ Lodging/ Travel	5420	362	488	241	383	726	194	249	66	2,317	671	328	16	6,042	5,500	(542)
Office Expense	5430	274	595	753	587	1,431	1,219	558	576	236	1,176	364	1,312	9,081	6,000	(3,081)
Bank Fees	5435	12	36	18	18	18	18	5	5	5	5	5	5	150	200	50
Postage	5440	-	151	10	9	-	23	17	6	-	14	506	20	756	2,500	1,744
Professional Dev.	5465	-	-	-	-	-	-	940	-	-	-	-	-	940	5,000	4,060
Professional Svc	5450	500	2,200	-	2,750	-	1,500	-	1,350	-	-	-	-	8,300	11,000	2,700
Svc Contract - Operations	5461	19,405	19,405	19,405	19,405	19,405	19,405	19,405	19,405	19,405	19,405	19,405	19,405	232,860	232,859	(1)
Insurance Directors/Officers	5750	-	-	-	828	-	-	-	-	-	-	-	-	828	800	(28)
Software	5480	-	-	-	-	415	-	-	-	-	-	-	-	415	1,000	585
Supplies	5470	-	-	-	223	-	-	-	-	-	-	-	-	223	-	(223)
Total Administration		20,554	22,875	20,427	24,202	21,995	22,359	21,174	21,408	21,963	21,272	20,608	20,757	259,595	264,859	5,264
Total Expenses		36,573	44,162	36,540	55,375	53,520	53,068	73,563	73,672	116,682	64,535	68,827	54,567	731,084	909,859	178,775
Change in NAV		(32,877)	(43,587)	(34,532)	426,034	158,142	(6,036)	(17,560)	164,649	(54,265)	(34,706)	(62,524)	(45,333)	417,405	641	416,764
Board Approved Spending																
314 Union Avenue				250,000	0	0	0	0	0	0	0	0	0	250,000	-	-
0																
Subtotal Board Approved Spending				250,000	0	0	0	0	0	0	0	0	0	250,000	-	-
NAV Total after Surplus Spending		(32,877)	(43,587)	(284,532)	426,034	158,142	(6,036)	(17,560)	164,649	(54,265)	(34,706)	(62,524)	(45,333)	167,405		

Downtown Knoxville Alliance

Statement of Cash Flows

June 2023

	TOTAL
OPERATING ACTIVITIES	
Net Income	-45,333.05
Adjustments to reconcile Net Income to Net Cash provided by operations:	
1110 Other Receivable	-3,101.34
2020 Acc. Payable:Accounts Payable	-10,288.87
2600 Accrued Payables	-6,073.67
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	-19,463.88
Net cash provided by operating activities	\$ -64,796.93
NET CASH INCREASE FOR PERIOD	\$ -64,796.93
Cash at beginning of period	1,398,998.00
CASH AT END OF PERIOD	\$1,334,201.07

Downtown Knoxville Alliance

Balance Sheet

As of June 30, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 Cash & Cash Equiv.	0.00
1005 Cash	0.00
1012 First Bank Checking	252,577.85
1016 Regions - Checking	247,609.52
Total 1005 Cash	500,187.37
1020 Investments - Cert Dep and MM	
1022 FirstBank CD 0680	96,075.51
1026 First Century Bank	250,230.89
1027 SunTrust MM Account	244,246.34
1029 Home Federal Bank - MM	243,460.96
Total 1020 Investments - Cert Dep and MM	834,013.70
Total 1000 Cash & Cash Equiv.	1,334,201.07
Total Bank Accounts	\$1,334,201.07
Accounts Receivable	
1110 Other Receivable	8,463.81
Total Accounts Receivable	\$8,463.81
Total Current Assets	\$1,342,664.88
TOTAL ASSETS	\$1,342,664.88
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Acc. Payable	0.00
2020 Accounts Payable	20,783.54
Total 2000 Acc. Payable	20,783.54
Total Accounts Payable	\$20,783.54
Other Current Liabilities	
2600 Accrued Payables	327,999.99
Total Other Current Liabilities	\$327,999.99
Total Current Liabilities	\$348,783.53
Total Liabilities	\$348,783.53
Equity	
3900 Change in NA - unrestricted	826,675.99
Net Income	167,205.36
Total Equity	\$993,881.35
TOTAL LIABILITIES AND EQUITY	\$1,342,664.88

Downtown Knoxville Alliance

Profit and Loss

June 2023

	TOTAL
Income	
4020 CBID Assessment	8,463.81
4100 Interest on Cash Reserves	770.08
Total Income	\$9,233.89
GROSS PROFIT	\$9,233.89
Expenses	
5100 Business Support	
5150 Merchant Support	11,395.89
Total 5100 Business Support	11,395.89
5300 Marketing Expenses	
5305 Advertising	2,270.50
5306 Print and Content	2,462.83
5375 Website	2,764.49
Total 5300 Marketing Expenses	7,497.82
5400 Administration	
5420 Meals/Lodging/Travel	15.64
5430 Office Expenses	1,311.66
5435 Bank Fees	5.00
5440 Postage	19.80
5460 Services Contract	19,405.00
Total 5400 Administration	20,757.10
5650 Quality of Life	
5655 Bike Patrol	5,161.80
5657 Ambassador Program	9,676.33
5659 Beautification	78.00
Total 5650 Quality of Life	14,916.13
Total Expenses	\$54,566.94
NET OPERATING INCOME	\$ -45,333.05
NET INCOME	\$ -45,333.05

Accrued Payables at 6.30.23

Old City Association	FY23	\$3,000.00
Dogwood Arts Festival	FY23	\$0.00
City of Knoxville (314 Union Ave)	FY23	\$250,000.00
Chalk Walk	FY23	\$0.00
East TN Historical Society	FY23	\$2,500.00
Conervation Cooperative	FY23	\$3,500.00
Grant for Hilton Parking Garage / 500 Clinch Ave.	FY23	\$50,000.00
Big Ears - Our Common Nature: An Appalachian Celebration		
Scheduled for May 25-27	FY23	\$0.00
Rhea Carmon - Southern Fried Poetry Slam		
Scheduled for June 7-11	FY23	\$0.00
Knox County Public Library - Children's Festival of Reading		
Scheduled for May 20	FY23	\$0.00
Old City Association - Rhinestone Fest		
Scheduled for June 2-4	FY23	\$1,000.00
Dogwood Arts - Southern Skies		
Scheduled for May 20-21	FY23	\$0.00
City of Knoxville Concerts on the Square	FY23	\$3,000.00
Asian Culture Center - Asian Festival 8/25 - 8/26/23	FY23	\$5,000.00
Anoor Academy - Int'l Food Fest August 19, 2023	FY23	\$5,000.00
East TN Historical Society, August - October 2023 events	FY23	\$5,000.00
WDVX Blue Plate Special	FY23	\$0.00
		\$327,999.99

Downtown Knoxville Alliance

A/P Aging Detail
As of June 30, 2023

DATE	TRANSACTION TYPE	NUM	VENDOR	DUE DATE	PAST DUE	AMOUNT	OPEN BALANCE
1 - 30 days past due							
06/08/2023	Bill	190255	Graphic Creations	06/18/2023	24	413.67	413.67
Total for 1 - 30 days past due						\$413.67	\$413.67
Current							
06/30/2023	Bill	2425	Loch and Key Productions	06/30/2023	12	391.50	391.50
06/22/2023	Bill	190581	Graphic Creations	07/02/2023	10	1,983.75	1,983.75
06/22/2023	Bill	190582	Graphic Creations	07/02/2023	10	124.31	124.31
06/28/2023	Bill	190676	Graphic Creations	07/08/2023	4	1,037.35	1,037.35
06/28/2023	Bill	190677	Graphic Creations	07/08/2023	4	379.17	379.17
06/29/2023	Bill	190669	Graphic Creations	07/09/2023	3	1,101.44	1,101.44
06/30/2023	Bill	06302023	Dogwood Arts	07/15/2023	-3	750.00	750.00
06/30/2023	Bill	INV010511	Knoxville Chamber	07/15/2023	-3	128.05	128.05
06/30/2023	Bill	INV010592	Knoxville Chamber	07/15/2023	-3	65.00	65.00
06/18/2023	Bill	2703608-2	WBIR-TV 10	07/18/2023	-6	2,484.37	2,484.37
06/29/2023	Bill	2306412	High Resolutions, Inc	07/19/2023	-7	225.33	225.33
06/30/2023	Bill	0005720041	Knoxville News Sentinel	07/20/2023	-8	2,481.62	2,481.62
06/22/2023	Bill	INV8761	CrowdRiff	07/22/2023	-10	1,290.49	1,290.49
06/28/2023	Bill	230628-2	Erin Emory	07/28/2023	-16	350.00	350.00
06/30/2023	Bill	DKA-070123	Southern Bloom Social	07/30/2023	-18	1,924.00	1,924.00
06/30/2023	Bill	06302023	Thomas, Robin	07/30/2023	-18	1,403.49	1,403.49
06/30/2023	Bill	06302023	Dogwood Arts	07/31/2023	-19	3,000.00	3,000.00
06/30/2023	Bill	06302023	Dogwood Arts	07/31/2023	-19	1,250.00	1,250.00
Total for Current						\$20,369.87	\$20,369.87
TOTAL						\$20,783.54	\$20,783.54

Downtown Knoxville Alliance

A/R Aging Detail

As of June 30, 2023

DATE	TRANSACTION TYPE	NUM	CUSTOMER	DUE DATE	AMOUNT	OPEN BALANCE
Current						
06/30/2023	Invoice	357	City of Knoxville.	07/31/2023	8,463.81	8,463.81
Total for Current					\$8,463.81	\$8,463.81
TOTAL					\$8,463.81	\$8,463.81

MARKETING COMMITTEE

➡ MINUTES

JULY 11, 2023 3:00 PM



Downtown Knoxville Alliance board members present included Chip Barry and Matthew DeBardelaben. Committee members present included Lisa Allen, Public Building Authority; Heather Beck, BarberMcMurry Architects; Scott Bird, Mox Car; Shera Petty, Visit Knoxville. Staff members included Michele Hummel and Robin Thomas.

Event Sponsorship Requests

Individuals representing two events presented requests to the committee. Summary and applications are attached.

Organization	Event	Request	Recommendation
HoLa Hora Latina	HoLa Festival	\$5,000	\$5,000
Knoxville Jazz Orchestra	Jazz at the Emporium*	\$5,000	\$1,000
Total			\$6,000

* Committee members were enthusiastic about the addition of free jazz in an immersive art experience, particularly on a weeknight during the heat of the summer. Recommendation is primarily based on guideline as stated in the applications that sponsorships typically do not exceed 20% of total event expenses. It is highly recommended that KJO look for additional community sponsors to establish this as an ongoing annual series. There was some discussion about encouraging attendees of Jazz at the Emporium to enjoy restaurants in the area for an evening downtown (versus catering option) or to identify ways to involve downtown merchants. It was recommended by the committee that consideration be given to use the funds for social media marketing, particularly sponsored ads targeted at a younger demographic on social channels that could help KJO accomplish their goal of younger supporters. And was also suggested that KJO be encouraged to return for possible sponsorship of spring and fall series of Concerts on the Square.

Recommendation for Board Approval

\$6,000 to be approved as outlined above for Event Sponsorships. FY 23-24 budget is attached.

Other Discussion

In planning for management of the 2023-2024 budget, the committee discussed existing and new events expected to apply for sponsorship grants throughout the year. There was also discussion about existing application guidelines and if there should be changes considered. At this point, there are no changes recommended. Preference will continue to be given to events, segments of events, and activities that are free and provide reasonably widespread public access and benefit. As a general rule, sponsorships will not exceed 20% of total event expenses.

Downtown Knoxville Alliance - Event Sponsorships
FY 23-24 (as of July 1, 2023)

	FY 20-21	FY 20-21	FY 21-22	FY 21-22	FY 22-23	FY 22-23	FY 23-24	FY 23-24
	Requests	Funded	Requests	Funded	Requests	Funded	Requests	Funded
Budget		60,000		80,000		90,000		110,000
Previously Approved								
Annoor Academy - International Food Fest					10,000	5,000		
Asian Culture Center of TN - Asian Festival	n/a		20,500	5,000	25,000	5,000		
Asian Culture Center of TN - Japanese New Year			5,650	1,000				
Big Ears - Big Ears Festival			10,000	10,000	10,000	8,000		
Big Ears - Our Common Nature					5,000	5,000		
Bike Walk Knoxville - Tour De Lights	n/a		2,500	2,500	2,500	2,000		
City of Knoxville - Concerts in the Park	5,000	5,000						
City of Knoxville - Concerts on the Square			8,000	3,000	3,000	3,000		
Downtown Knoxville - Peppermint Grove	10,000	10,000						
Downtown Knoxville - Spring Lighting	10,000	10,000						
Dogwood Arts - Arts Festival	6,000	6,000	6,000	6,000	6,000	6,000		
Dogwood Arts - Chalk Walk	n/a		2,500	2,500	2,500	2,500		
Dogwood Arts - Southern Skies	n/a		5,000	5,000	5,000	1,500		
East TN Hist Society - Children's Gallery	2,500	2,500						
East TN Hist Society - late 2023 events					5,000	5,000		
East TN Hist Society - Lights! Camera! East TN					5,000	5,000		
Event Pro LLC - Knox Food Fest			10,001	5,000				
HoLa Hora Latina - HoLa Festival	5,000	5,000			5,000	5,000		
Knox Co - Children's Festival of Reading	n/a		3,000	3,000	3,000	3,000		
Knoxville Community Media - Fall Concerts			10,000	-	5,000	-		
Knoxville Opera - Musical Theater Marathon	4,000	1,500						
Knoxville Opera - Rossini Festival	n/a		20,000	5,000	5,000	5,000		
Knoxville Opera - Spring Regatta	1,050	-						
Make Music Knoxville - Carol Cart					3,400	2,000		
Maker City - Maker City Summit					5,000	-		
Nourish Knoxville - Farmers' Market	10,000	10,000	10,000	10,000	10,000	10,000		
Old City Assn - Dolly Fest/Rhinestone Fest			10,000	5,000	10,000	2,000		
Old City Assn - Old City Market	5,000	5,000	5,000	5,000	8,000	6,000		
River & Rail Theatre - 2021-22 Season*			10,000	-				
Southern Fried Poetry Slam					19,750	3,500		
WDVX - Blue Plate Special	5,000	5,000	5,000	5,000	5,000	5,000		
Approved to Date	63,550	60,000	143,151	73,000	158,150	89,500	-	-
Balance Prior to Requests		-		7,000		500		110,000

* Board chose to fund outside of Event Budget

	Requests	Proposed
Requests July 2023		
HoLa Hora Latina - HoLa Festival	5,000	5,000
Jazz at the Emporium - Knoxville Jazz Orchestra	5,000	1,000
Total Current Requests	10,000	6,000
Remaining Balance		104,000

	HoLa Festival	Jazz at the Emporium
Request	\$5,000	\$5,000
Description	Cultural festival promoting Hispanic/LatinX art and culture through art, crafts, food, music, parades, children's activities, fireworks, and more.	Weekly jazz concerts featuring local musicians
Dates	September 16 - 17	Tuesday evenings July 11 through Aug 29 8 events
Location	World's Fair Park Performance Lawn	Emporium
History	Prior Years: 22 Funded by DKA: 2	Prior Years: n/a Funded by DKA: n/a
Most Recent Funding	\$5,000 FY 22-23 \$5,000 request	n/a
Event Producer	HoLa Hora Latina	Knoxville Jazz Orchestra
Other Sponsors	Art & Culture Alliance, TN Arts Commission, City of Knoxville, South Arts, AARP	-
General Admission	\$3/person	free
Expected Attendance	14,000+	unknown
Total Expenses	\$92,700	\$5,650
Request/% of Exp	5.4%	88.5%
Request/Attendee	\$0.36	unknown
Use of Funds	World's Fair Park fees	Space rental, insurance, artist fees

**Downtown Knoxville Alliance
Sponsorship Request Application**



Event: HoLa Festival 2023

Date(s): Saturday and Sunday, September 16th and 17th, 2023

Location: World's Fair Park's Performance Lawn

Produced by: HoLa Hora Latina

Sponsorship amount requested: \$5,000

Event History:

____ First-time event (#) 22 prior years (#) 2 years of previous Alliance funding

Contact: Pedro Tomás Phone: 865-335-3358/ 865-919-6672

Address: 100 South Gay Street. Suite 112, Knoxville, TN. 37902

Email: ptomas@holafestival.org / casahola@holafestival.org

Event description: The HoLa Festival has been a signature event for the Knoxville Community for 22 years. The event takes place during Hispanic Heritage Month which is from September 15-October 15.

This culturally important event promotes Hispanic/LatinX art and culture to the Knoxville Community through art, crafts, food, music, parades, children's activities, fireworks and more.

The event is part of our Mission Statement at HoLa Hora Latina:

Our mission is to promote unity in the community by creating bridges between the Hispanic/LatinX communities and the community at large; through art, culture, education and leadership.

Additional sponsors: The deadline for our sponsors has not yet arrived but we have the usual Art and Culture Alliance, The TN Arts Commission, The City of Knoxville, South Arts and as of right now the only corporate sponsorship that had committed is AARP.

Planned use of funds requested: World's Fair Park expenses

What is the projected attendance for this event? How will actual attendance be measured? Describe the demographics of anticipated attendees.

Last year, we had around 8,000 attendees on Saturday night and about 6,000 on Sunday. We usually get our numbers from the police department but since we charged one dollar per person with children free, we were able to get a more accurate count. We are going to get better with this once we add a button on our registers for free children and HoLa members who get in free.

What opportunities, if any, will be provided for downtown merchants to participate?

We will be attracting a major influx of people to the area and our Downtown Merchants will have an opportunity to sell their products or participate as food vendors. Businesses can also advertise with us or sponsor us for their advertisement.

How will this event positively impact downtown?

The event will bring many folks to the Downtown area from within the county and beyond. they usually will go to the festival, and then visit the Downtown area and take advantage of all the fun opportunities that Downtown Knoxville offers, with its beautiful architecture, shops, restaurants, bars, and theatres.

What effect would lack of Downtown Knoxville Alliance funding have on this event?

It will be extremely difficult to have the funds to pay for the rental of World's Fair Park Performance Venue and all of its components such as electric posts, etc..., and the workers at the site whose fee has now gone up to \$50 per hour per worker. The cost of the police presence has also skyrocketed.

Attach the following:

Projected *budget*, including detailed income and expenses
Detailed marketing and promotion plans
Previous three-year *actual* financial results (if applicable)
Proof of nonprofit status (if applicable)

Hola Festival 2023 / Budget Expenses		
	World's Fair Park Rental and Fees	14,000
	Insurance	3,000
	Security	1,500
	Port-a Potties	800
	Ice	600
	Fireworks	8,000
	Entertainment	20,000
	Beverages	3,000
	Police	4,000
	City Fees	300
	Banners	3,500
	Printing and Advertising	4,000
	Tent and Equipment Rentals	15,000
	Sound and Lights and stage Equipment	13,000
	Other unexpected expenses	2,000
		92,700
Hola Festival 2023 / Budget Income		
	Predicted door fee \$3.00 per person	20,000
	Alcohol Bands	1,000
	T-shirt and Passport sales	500
	Beverage Sales	6,000
	Beer Sales	4,000
	Food Sales	25,000
	Corporate Sponsorships	30,000
	Booth Rentals for food, crafts and non-profits	2,000
		88,500

Hola Festival 2022 / Budget Expenses		
	World's Fair Park Rental and Fees	13,000
	Insurance	5,000
	Security	1,500
	Port-a Potties	600
	Ice	400
	Fireworks	6,500
	Entertainment	20,000
	Beverages	3,000
	Police	3,000
	City Fees	300
	Banners	3,500
	Printing and Advertising	4,000
	Tent and Equipment Rentals	16,000
	Sound and Lights and stage Equipment	13,000
	Other unexpected expenses	5,000
		94,800
Hola Festival 2022 / Budget Income		
	Predicted door fee \$1.00 per person	20,000
	Alcohol Bands	1,000
	T-shirt and Passport sales	500
	Beverage Sales	6,000
	Beer Sales	4,000
	Food Sales	20,000
	Corporate Sponsorships	25,000
	Booth Rentals for food, crafts and non-profits	1,500
		78,000

Hola Festival 2021 / Budget Expenses		
	World's Fair Park Rental and Fees	13,000
	Insurance	5,000
	Security	1,000
	Port-a Potties	600
	Ice	400
	Fireworks	6,000
	Entertainment	20,000
	Beverages	3,000
	Police	3,000
	City Fees	300
	Banners	2,000
	Printing and Advertising	4,000
	Tent and Equipment Rentals	16,000
	Sound and Lights and stage Equipment	13,000
	Other unexpected expenses	5,000
		92,300
Hola Festival 2021 / Budget Income		
	Entrance per person	15,000
	Alcohol Bands	1,200
	T-shirt and Passport sales	450
	Beverage Sales	6,000
	Beer Sales	4,500
	Food Sales	18,000
	Corporate Sponsorships	45,000
	Booth Rentals for food, crafts and non-profits	2,250
		92,400
	** We will be a new venue, so this is just predicting	
	from what we might have had in previous years	
	and from what this venue may cost or produce.	

HoLa Festival 2023 / Detailed marketing and promotion plans

Due to limited funds for this event, HoLa Hora Latina tries its best to promote the HoLa Festival with as minimum cost as possible.

1. Television:

- We always have a several spots at WBIR's "Live at Five at Four" the previous week and the week of the HoLa Festival.
- WVLT usually helps us with commercial spots for a discounted price. These commercials run the previous week and the week of the HoLa Festival.

2. Radio:

- We have not been lucky at all with local radio stations about helping out with sponsorships or discounted spots.
- We do have a great relationship with La Líder WKZX 93.5 FM who work out a very nice deal with and have done so for many years. The spots run constantly during the week of the HoLa Festival which attracts a lot of our Hispanic/LatinX community.

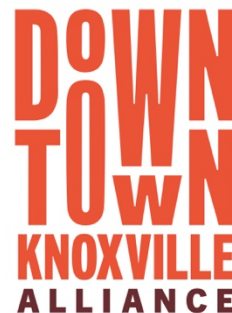
3. Social media:

- The HoLa Festival is advertised on our website: www.holahoralatina for months prior to the dates of the HoLa Festival.
- Our **Facebook** account reaches hundreds of people a month and the HoLa Festival is advertised here and updated every week one month prior to the HoLa Festival.
- We also use our **Instagram** account to continuously advertise the HoLa Festival beginning one month prior to the event.
- Our relationship with the Latino Task Force allows us to share the information for the HoLa Festival which is passed on to all the members of that social organization whose members are many organizations of our Hispanic/LatinX community.

4. Flyers and Posters:

- Our posters are delivered to Schools and passed along all businesses who are willing to help us in the downtown area.
- Flyers are passed out at every occasion in which HoLa Hora Latina is involved and during our own events at the Cas HoLa Gallery. This is already in effect there.

**Downtown Knoxville Alliance
Sponsorship Request Application**



Event: **Jazz at the Emporium**

Date(s): **Tuesday Evenings starting Mid July for 8-10 weeks**

Location: Emporium on the 100 Block of Gay St

Produced by: The Knoxville Jazz Orchestra

Sponsorship amount requested: \$5,000

Event History: **New** as it could replace or supplement our 10+ year history of Jazz on the Square

____ First-time event (#) ____ prior years (#) ZERO years of previous Alliance funding

Contact: Kevin Grimalc Phone: 865-332-6666

Address: 618 South Gay Street Knoxville, TN 37902

Email: KevinGrimalc@gmail.com

Event description: Free Jazz !! We've enjoyed a run on Market Square but have weather cancelations which we will not at the Emporium. The KJO would love for DKA to promote these FREE concerts with amazing professional local musicians. Ten FREE concerts sponsored by DKA at \$500 each.

Additional sponsors: None presently. We're hopeful for DKA assistance. _____

Planned use of funds requested: Space Rental, Insurance and musical artist fees. ALL of our musicians are paid professionals. This concert series features Knoxville's own Greg Tardy, Kenneth Brown, Vance Thompson and more accomplished professional musicians performing FREE to the public.

What is the projected attendance for this event? How will actual attendance be measured? Describe the demographics of anticipated attendees.

We envision this series of events to match our FREE Jazz on the Square concerts with varied demographics. All are welcome.

What opportunities, if any, will be provided for downtown merchants to participate?

Interesting idea. We do have a local caterer selling food.

How will this event positively impact downtown?

You can never have too much of the Arts & Culture and FREE cultural events are one of the many draws that Downtown Knoxville offer.

What effect would lack of Downtown Knoxville Alliance funding have on this event?

We will move forward with or without DKA funding but would welcome a sponsor. We feel that our FREE concerts align with DKA promoting all that's great about downtown Knoxville to enjoy.

Attach the following:

Projected *budget*, including detailed income and expenses
Detailed marketing and promotion plans
Previous three-year *actual* financial results (if applicable)
Proof of nonprofit status (if applicable)

Musical Artist Fees: Tabor Gable, Greg Tardy, Jon Hamer, Sam Adams, Kenneth Brown, Margherita Fava, Vance Thompson and the Bill Bares Trio

Musician fees: \$4800

Venue rental: \$650

Marketing: \$200

Additional note:

Our expenses are \$5,650 plus we have misc costs. We have booked these events and they're posted on our website: knoxjazz.org and we should continue into September as we feel they're a great FREE event. Our concert series (Bijou & Swingin' Christmas at the Tennessee) start in October so our free events will end in September. We've had 150 or so folks at the Emporium. We've lined up a food vendor to sell quick prepared sandwiches etc for these concerts which are every Tuesday at 7:00PM this Summer.

BOARD OF DIRECTORS' MEETING

➤ STAFF REPORT FOR JULY 2023

DEVELOPMENT

- Assisting a retailer looking to expand to Downtown Knoxville from another city.
- Continue to assist downtown businesses with various issues from parking, waste, etc.

MARKETING

- Ongoing digital ads, social media and online engagement; website updates for businesses, event calendar, and Insider's Guide.
- E-newsletter released on June 23 (announcement of #4 Arts District in USA Today Readers' Choice), June 26 (Guide to Market Square), and June 30 (Waldo promotion).
- Social Media – 148,516 followers (previous: 143,645; 140,067; 137,692) including 2,500+ on Threads.
- Marketing committee held on Tuesday, July 11.

BUSINESS SUPPORT

- Waldo Scavenger Hunt from July 1–31 including 40 downtown businesses. 6,000 passports, social/local media promotion, \$2,000+ of prizes, and Market Square photo op.
- Wrapped up "Downtown is Hiring" promotion.
- Website update for First Friday ArtWalk events and promotion for July 7.
- Provided businesses information on monthly conventions and events impacting staffing.
- Business Support committee scheduled for Wednesday, August 9 at 1:00 PM.

QUALITY OF LIFE

- Update on KAT Reimagine - they are proposing to combine the current three trolley routes/lines into one. For more info, visit their website at katreimagined.com/copy-of-discover-3. KAT is expecting to hold a public meeting on July 27.
- Sent residential newsletter.
- Continue to provide road closure notifications to businesses and residents.
- Continue to assist with Market Square permits.

OTHER

- Conducted three interviews with local stations regarding Where's Waldo Scavenger Hunt.
- Finalizing year-end financials.
- Updating the website with the current board and FY 23-24 board info.
- Beginning preparation for our FY 23-24 audit.

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

July 5, 2023

The Board of Directors and Management
Downtown Knoxville Alliance
Attn: Ms. Angela Lunsford
17 Market Square, #201
Knoxville, TN 37902-1405

Delivered Electronically: Angela Lunsford alunsford@knoxvillechamber.com

We appreciate the opportunity to work with you. This letter is to outline the terms of our engagement to provide tax services for the year ended June 30, 2023, clarify the nature and extent of the services we will provide, and to confirm an understanding of our mutual responsibilities.

As part of our engagement we will:

1. Prepare your 2022 federal exempt organization return from information provided by you. We will also prepare any necessary states that you inform us are required.
2. Provide any bookkeeping assistance, if necessary, for preparation of the tax return(s).
3. Maintain tax basis depreciation schedules, if necessary.

Certain entities may be required to electronically file Form 114, Report of Foreign Bank and Financial Accounts (FBAR) with the U.S. Department of the Treasury. Failure to comply with the filing requirements may result in significant civil and criminal penalties. Unless otherwise specifically agreed in writing, we will not prepare, file, or provide assistance with this form. If you would like to add Form 114 (or any other forms or services) to this engagement, please use the *Comments or Additional Requests* space provided below.

It is your responsibility to provide all the information required for the preparation of complete and accurate returns. You represent that the information you provide will be accurate and complete to the best of your knowledge. Except as enumerated in the separate audit engagement letter we will not audit or otherwise verify the information provided, although we may ask for clarification if the information appears to be incorrect, inconsistent, or incomplete. Our work in connection with the preparation of your tax returns does not include any procedures designed to discover errors or other irregularities, should any exist. **You have the final responsibility for the tax returns and, therefore, you should carefully review them before you sign and file them.**

You should retain all the documents, canceled checks and other data that form the basis of income or deductions shown on the return. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority.

You may provide us with a copy of your accounting records (i.e. QuickBooks backup or general ledger detail). We may use this information as a reference tool as questions arise. However, we do not examine this detail in order to make any form of attestation unless through a separate engagement, and we do not offer any assurances as to the accuracy of this information or for the prevention of theft or fraud.

We will use our judgment to resolve questions in your favor where the tax law is unclear or where there are conflicts between the taxing authorities' interpretation of the law and what seem to be other supportable positions. There may be situations where we are required by law to disclose a position on a tax return. We are not attorneys; therefore, we cannot provide you with a legal opinion on various tax positions. We can, however, advise you of the consequences of different positions. We will adopt whatever position you request on your returns so long as it is consistent with our professional standards and ethics. In the event, however, that you ask us to take an unsupported tax position or refuse to make any required disclosures, we reserve the right to withdraw from the engagement without completing or delivering the tax returns. Such withdrawal would complete our engagement and you agree to pay our fees based on time expended (at our standard rates) plus all out-of-pocket expenses through the date of withdrawal.

Your returns may be selected for examination or audit by tax authorities. In the event of such governmental tax examination, we would be pleased to represent you at standard billing rates, if requested.

It is our policy to keep records related to this engagement seven years assuming you are still a client, and for three years in the event that you are no longer a client of Bible Harris Smith, PC. However, Bible Harris Smith, PC does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. By your signature below, you acknowledge and agree that upon the expiration of the above mentioned time period Bible, Harris, Smith, P.C. shall be free to destroy our records related to this engagement.

Our engagement does not include any services not specifically identified above. We may need to perform additional accounting or research services incidental to the preparation of your tax returns. These incidental services will be billed with your tax return, at our standard rates.

Our engagement does not include any services to determine whether you have filing requirements in taxing jurisdictions other than the one(s) which you have informed us. We may need to perform additional services under the terms of a separate engagement letter to provide a nexus study that will enable us to determine whether any other state tax filings are required. These incidental services will be billed with your tax return, at our standard rates.

Your return may be electronically filed with the IRS. We will provide you with a copy of your final returns for review prior to electronic transmission. The IRS requires that you sign an e-file authorization form indicating that you have reviewed the return, it is correct to the best of your knowledge, and you authorize us to submit it electronically. We cannot transmit any return until we have the appropriate signed authorizations.

The filing deadline for the tax returns is the **15th day of the fifth month following the entity's year end**. In order to meet this filing deadline, the information needed to complete the returns should be received in this office no later than three weeks prior to the deadline. If we receive your information after this date, we will make every effort to complete your returns without an extension, but will give priority service to clients who submitted information on time. This means an extension may be filed on your behalf, depending on our workload.

Our fee for these services will be based largely upon the amount of time required at our standard billing rates plus out-of-pocket expenses. A retainer may be required when you submit your information. The balance is due upon completion of the returns. Amounts not paid within 30 days will be charged interest at a rate of 1.5% per month (18% per year). Checks should be made payable to "Bible Harris Smith, PC".

You may terminate this engagement at any time. Should you do so, however, you remain liable for all unpaid fees as discussed above. We reserve the right to withdraw from this engagement at any time because of unpaid fees, the guidance of our professional standards, or for any other reason. We will notify you in advance of any decision by us to withdraw, and will take all reasonable steps to assist in the orderly transfer of your tax services. In the event that your returns are not e-filed, you will have final responsibility for mailing your returns to the applicable taxing authorities.

If the foregoing is in accordance with your understanding, please sign a copy of this letter in the space provided and return it to us along with your tax information. For subsequent years, your submission of your tax information for that year to our office will be deemed acceptance of these terms for each such year.

If you have any questions, please do not hesitate to contact us. We appreciate the opportunity to work with you.

Sincerely,

Bible Harris Smith, P.C.

Bible Harris Smith, PC

Accepted by:

Signature

Date

Title

Comments or additional requests: _____

Bible Harris Smith, P.C.

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July 5, 2023

The Board of Directors and Management
Downtown Knoxville Alliance
Attn: Ms. Angela Lunsford
17 Market Square, #201
Knoxville, TN 37902-1405

Delivered Electronically: Angela Lunsford alunsford@knoxvillechamber.com

We are pleased to confirm our understanding of the services we are to provide for the Downtown Knoxville Alliance (the Organization) for the year ended June 30, 2023.

Audit Scope and Objectives

We will audit the financial statements of the Organization, which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the “financial statements”).

The objectives of our audit 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 issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. 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 auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk of material misstatement as part of our audit planning:

- Determine whether recorded or unrecorded Grant Liabilities meet criteria for recognition.

Planning for the current year audit has not concluded and modifications may be made.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Other Services

As enumerated in the separate engagement letter, we will prepare the Organization's Form 990 for the year ended June 30, 2023 based on information provided by you. We will also prepare the financial statements of the Organization in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the information return, but management must make all decisions with regard to those matters.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Bill Snyder is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit upon receiving requested information from you.

Our fees for these services are not expected to exceed \$8,000 for the audit and \$1,250 for your Form 990. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will

keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. We reserve the right to stop work on this engagement if our invoices are not paid when due. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Reporting

We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to the Board of Directors of the Organization. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign a copy and return it to us.

Very truly yours,



Bible Harris Smith, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Downtown Knoxville Alliance.

Management signature: _____ Governance signature: _____

Print name: _____ Print name: _____

Title: _____ Title: _____

Date: _____ Date: _____

Auditing standards require that a copy of this communication be provided to appropriate members of governance. This may include members of your Board of Directors, Audit Committee, Finance Committee, Executive Committee, etc. Please forward appropriately and let Bible Harris Smith, P.C. know to whom it was sent.