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State Examiner

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May 21, 2025

Board of Directors
Indianapolis Downtown, Inc.
d/b/a Downtown Indy
Marion County, Indiana

We have reviewed the audit report of Indianapolis Downtown, Inc. d/b/a Downtown Indy which was opined upon by Crowe, LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indianapolis Downtown, Inc. d/b/a Downtown Indy as of December 31, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe, LLP, Inc. prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy

CONSOLIDATED FINANCIAL STATEMENTS
(Including Single Audit)
December 31, 2023 and 2022

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Indianapolis Downtown, Inc.
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Indianapolis Downtown, Inc. d/b/a Downtown Indy (Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Indianapolis Downtown, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate 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 one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, 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.

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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position and consolidating schedules of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations, and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
April 25, 2024

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 207,464	\$ 963,604
Designated cash – Project Shining a Light on Indianapolis	-	125,875
Accounts receivable	1,042,924	510,149
Prepaid expenses	39,743	39,940
Right of use lease asset (Note 6)	575,211	669,575
Property and equipment, net of accumulated depreciation of \$1,331,529 and \$1,080,790 (Note 1)	8,987,015	1,102,683
Investments (Notes 2 and 3)	<u>6,234,427</u>	<u>5,810,589</u>
 Total assets	 <u>\$ 17,086,784</u>	 <u>\$ 9,222,415</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 405,656	\$ 252,728
Fiscal agent funds (Note 1)	406,404	316,587
Deferred revenue	10,000	-
Lease liability (Note 6)	<u>637,500</u>	<u>767,700</u>
Total liabilities	1,459,560	1,337,015
 Net assets		
Without donor restrictions	9,900,401	2,011,701
Without donor restrictions - Board designated (Note 1)	<u>5,017,159</u>	<u>5,017,159</u>
Total without donor restrictions	14,917,560	7,028,860
With donor restrictions (Note 5)	<u>709,664</u>	<u>856,540</u>
Total net assets	<u>15,627,224</u>	<u>7,885,400</u>
	 <u>\$ 17,086,784</u>	 <u>\$ 9,222,415</u>

See accompanying notes to consolidated financial statements.

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and revenue				
Contributions	\$ 1,972,991	\$ -	\$ 1,535,383	\$ 297,151
Contributions of nonfinancial assets (Note 1)	9,030,120	-	1,125,210	-
Federal grant revenue	2,448,383	-	-	-
Monument Circle program revenue	258,712	-	340,271	-
Miscellaneous	13,516	-	20,046	-
Net assets released from restrictions (Note 6)	146,876	(146,876)	841,201	(841,201)
Total support and revenue	<u>13,870,598</u>	<u>(146,876)</u>	<u>3,862,111</u>	<u>(544,050)</u>
Expenses				
Program support	786,728	-	790,391	-
Federal grant expense – downtown safety and cleaning	2,002,807	-	-	-
Downtown marketing programs	956,009	-	780,646	-
Downtown marketing programs - in-kind	1,180,120	-	1,125,210	-
Downtown management services	684,049	-	697,905	-
Downtown planning and development programs	73,403	-	45,457	-
Downtown event expenses	239,656	-	102,129	-
Downtown special projects	647,063	-	742,011	-
Total program expenses	<u>6,569,835</u>	<u>-</u>	<u>4,283,749</u>	<u>-</u>
Management and general Fundraising	276,260	-	270,501	-
	17,281	-	17,224	-
Total expenses	<u>6,863,376</u>	<u>-</u>	<u>4,571,474</u>	<u>-</u>
Changes in net assets from operations	7,007,222	(146,876)	(709,363)	(544,050)
Net investment gains (losses) (Note 3)	881,478	-	(1,162,662)	-
Changes in net assets				
Net assets at the beginning of the year	7,888,700	(146,876)	(1,872,025)	(544,050)
Net assets at the end of the year	<u>7,028,860</u>	<u>856,540</u>	<u>8,900,885</u>	<u>1,400,590</u>
	<u>\$ 14,917,560</u>	<u>\$ 709,664</u>	<u>\$ 7,028,860</u>	<u>\$ 856,540</u>
	<u>\$ 15,627,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,885,400</u>

See accompanying notes to consolidated financial statements.

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Changes in net assets	\$ 7,741,824	\$ (2,416,075)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	250,740	240,656
Realized and unrealized loss (gain) on investments	(739,275)	1,316,057
Contributions of property and equipment	(7,850,000)	-
Changes in assets and liabilities		
Accounts receivable	(532,775)	(13,501)
Prepaid expenses	197	(4,294)
Right of use lease asset	94,364	122,100
Lease liability	(130,200)	(122,100)
Accounts payable	152,928	(20,468)
Deferred revenue	10,000	-
Fiscal agent funds	<u>89,817</u>	<u>12,460</u>
Net cash used for operating activities	<u>(912,380)</u>	<u>(885,165)</u>
Cash flows from investing activities		
Purchases of property and equipment	(285,072)	(10,365)
Purchases of investments	(992,908)	(3,113,219)
Proceeds from sale of investments	<u>1,308,345</u>	<u>3,452,257</u>
Net cash from investing activities	<u>30,365</u>	<u>328,673</u>
Net change in cash	(882,015)	(556,492)
Cash at beginning of year	<u>1,089,479</u>	<u>1,645,971</u>
Cash at end of year	<u>\$ 207,464</u>	<u>\$ 1,089,479</u>
Reconciliation of cash to the Statement of Financial Position:		
Cash	\$ 207,464	\$ 963,604
Designated cash – Project Shining a Light on Indianapolis	<u>-</u>	<u>125,875</u>
Total cash	<u>\$ 207,464</u>	<u>\$ 1,089,479</u>
Supplemental non-cash disclosure:		
Contributions of nonfinancial assets (Note 1)	\$ 9,030,120	\$ 1,125,210
Right of use lease assets	-	791,675
Lease liability	-	889,800

See accompanying notes to consolidated financial statements.

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLIIES

Organization and Nature of Operations: Indianapolis Downtown, Inc. (“IDI”) is a not-for-profit organization established to continue the economic, social and cultural development in the downtown area of the City of Indianapolis, Indiana by educational, scientific and charitable means. Indianapolis Downtown Marketing, Inc. (“IDMI”) is a not-for-profit corporation established to improve business conditions in the downtown area of the City of Indianapolis, Indiana and to coordinate promotional and other events conducted in the downtown area. IDMI is a consolidated related organization for which IDI is the sole voting member electing the IDMI Board of Directors. During 2014, Indianapolis Downtown, Inc. began doing business as “Downtown Indy” as part of a rebranding effort.

Basis of Presentation: The consolidated financial statements include the accounts of IDI and IDMI (collectively, “Organization”). All intercompany transactions have been eliminated.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that the financial statements report the changes in, and totals of each net asset class based on the existence of donor-imposed restrictions, as applicable. Net assets are classified as without donor restrictions or with donor restrictions and are detailed as follows:

Without Donor Restrictions - Undesignated Net Assets: Net assets that are not subject to donor-imposed stipulation.

Without Donor Restrictions - Board Designated Net Assets: Net assets not subject to donor-imposed stipulations that have been designated by the Board. These designated funds protect the Organization’s long-term viability due to volatility in funding sources. At December 31, 2023 and 2022, the balance includes the following:

	<u>2023</u>	<u>2022</u>
Marge Tarplee Downtown Beautification Fund	\$ 17,159	\$ 17,159
Various capital projects	1,500,000	1,500,000
Operating sustainability contingency	<u>3,500,000</u>	<u>3,500,000</u>
Total board designations	<u>\$ 5,017,159</u>	<u>\$ 5,017,159</u>

Net Assets with Donor Restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by action of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Management’s Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash: Cash consists of bank deposits in accounts that are federally insured up to \$250,000 per financial institution. At times, the Organization has deposits in excess of \$250,000.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designated Cash: In 2018, the Organization was awarded a \$3,866,240 grant to fund the Shining a Light on Indianapolis project which includes infrastructure and programmatic enhancements to Monument Circle. For the years ending December 31, 2023 and 2022, the Organization expended \$125,875 and \$523,050, respectively, of these grant funds. The Organization reports the unspent project funds as designated cash on the statement of financial position. At December 31, 2023 and 2022, the Organization has a designated cash balance of \$0 and \$125,875, respectively.

Accounts Receivable: Accounts receivable represent amounts due to the Organization under performance-based service contracts. Interest is not charged on open accounts receivable.

Allowance for Doubtful Accounts: The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. At December 31, 2023 and 2022, management estimated that no allowance was needed.

Property and Equipment: Purchased items of property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives of the improvements. Property and equipment consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Property and equipment	\$ 10,318,544	\$ 2,183,473
Less: accumulated depreciation	<u>(1,331,529)</u>	<u>(1,080,790)</u>
	<u>\$ 8,987,015</u>	<u>\$ 1,102,683</u>

Contributions of property and equipment are recorded as contributions of nonfinancial assets at their estimated fair value at the date of the donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value based on quoted market prices or dealer quotes in the consolidated statements of financial position. These investments are initially recorded at cost if they were purchased or at their fair value on the date of the gift if they were received as a donation. Unrealized gains and losses are included in the consolidated statements of activities change in net assets.

Cash and cash equivalents, which have an original maturity of three months or less, held by brokerage firms are included as investments due to the non-operating purpose of the monies.

Fiscal Agent Funds: Fiscal agent funds includes amounts collected by the Organization and held on behalf of other organizations. The Organization serves as the fiscal agent for the Pest Bird Task Force (Task Force), which consists of property owners and building managers in downtown Indianapolis. The Task Force has contracted with the USDA to monitor and relocate the pest birds in downtown Indianapolis. The Organization collects donations from members on behalf of the Task Force, and will pay the USDA for their services. The Organization has no obligation to the Task Force or the USDA beyond holding of the funds.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contribution Revenue: Contributions, which include unconditional promises to give, are recognized as support in the period the contribution is received or the promise is made. Conditional promises to give are recognized when conditions are met or satisfied. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions.

All the other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization has conditional grants receivable of \$1,256,968 at December 31, 2023, which will be earned as eligible expenses are incurred.

Contributions of Nonfinancial Assets: Contributions of nonfinancial assets are reflected in the statement of activities at the fair value of the benefit or asset received if they (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Gifts in-kind received are for discounted media and related services which are valued at fair value based on current market rates for similar services. The media and related services were used as part of the Organization's program and operating activities. Contributions of property and equipment are recorded at their estimated fair value at the date of the donation based on appraisal and are used for operational and leasing activity. The Organization recorded contributions of nonfinancial asset activity totaling \$9,030,120 and \$1,125,210, respectively, for the years ending December 31, 2023 and 2022.

Revenue Recognition from Exchange Transactions: The Organization recognizes revenue either as performance obligations are materially satisfied or exchange transactions occur. Amounts received in advance of being earned are reported as deferred revenue in the statements of financial position. The Organization has earned revenue from Monument Circle operations which includes event fees and sponsorships from activation of the spaces. Revenue is recognized as services are provided and events are held.

Functional Allocation of Expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general, and fundraising categories based on the actual direct expenditures and cost allocations based upon time estimates of the Organization's personnel. The Organization's primary programs are reflected as follows on the statement of activities:

Program Support: Organization support of core program areas, including information and financial management and office expenses.

Federal Grant Expense – Downtown Safety and Cleaning: The Organization was a subrecipient of Federal grant funds passed through from a local government and presents expenditures of Federal grant funds as a separate program expense category for purposes of grant reporting requirements. The Organization's Federal grant expenditures relate to Downtown safety, cleaning and homeless outreach.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Downtown Marketing Programs: The Organization coordinates and disseminates information about Downtown events, activities, organizations, safety, access, and beautification to inform and attract Central Indiana residents, workers and visitors. The Organization produces and distributes several communication tools, including calendar of events, maps and electronic newsletters. The Organization also generates advertising and earned media in various publications and manages an organization website to showcase Downtown.

Downtown Management Services: The Organization performs various programs and services that benefit the general public and help manage downtown. These include (1) safety & security; (2) traffic & transportation; and (3) beautification & cleanliness.

Downtown Planning and Development Programs: The Organization facilitates downtown planning and community development efforts, including reducing blight in and surrounding Downtown.

Downtown Event Expenses: The Organization is responsible for the management of Monument Circle. The City and the Organization are in partnership to defray the program expenses.

Downtown Special Projects: Expenses incurred for the ownership or maintenance of the Organization's downtown capital projects. In 2023 and 2022, special projects included Canal Walk operating expenses, Circle of Lights capital campaign expenses, and Shining a Light expenses.

Income Tax: IDI is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. IDMI is exempt from income taxes on income from related activities under Section 501(c)(6) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

Additionally, neither IDI nor IDMI has been determined to be a private foundation under Section 509(a) of the Internal Revenue Code.

The guidance requires the Organization to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount that would be recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

The Organization does not expect their position of no uncertain tax positions to change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2023 and 2022.

Reclassifications: The Organization has made certain reclassification of the prior year financial statements in order to conform to the current year presentation. These reclassifications had no effect on net assets or change in net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2023, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2023. Management has performed their analysis through April 25, 2024, the date the financial statements were available to be issued.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2 - INVESTMENTS

Investments are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash equivalents	\$ 60,379	\$ 63,877
U.S. fixed income mutual funds	842,950	767,785
Foreign fixed income	1,879,913	1,781,291
Equity mutual funds	<u>3,451,185</u>	<u>3,197,636</u>
	<u>\$ 6,234,427</u>	<u>\$ 5,810,589</u>

Net investment returns on the statements of activities are comprised of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 191,060	\$ 201,880
Realized gain/(loss) on sale of investments	155,031	(100,873)
Unrealized gain/(loss) on investments	584,244	(1,215,184)
Investment fees	<u>(48,857)</u>	<u>(48,485)</u>
	<u>\$ 881,478</u>	<u>\$ (1,162,662)</u>

During 2023 and 2022, the Organization moved \$442,466 and \$483,904 from investment portfolios to cash to fund operations and programs.

NOTE 3 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Inputs include quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Inputs include significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs include significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 3 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of all U.S. and foreign fixed income mutual funds and equity mutual funds are determined based on publicly traded values which are actively traded on a daily basis. These are considered Level 1 inputs.

Cash equivalents consists of deposits payable on demand and are determined to be held at a value which approximates fair value. This is considered a Level 1 input.

Assets measured at fair value on a recurring basis are summarized below:

	2023			Fund Valued at Nav
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 60,379	\$ -	\$ -	\$ -
U.S. fixed income mutual funds	842,950	-	-	-
Foreign fixed income	1,879,913	-	-	-
Equity mutual funds	3,451,185	-	-	-
Total	\$ 6,234,427	\$ -	\$ -	\$ -
	2022			Fund Valued at Nav
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 63,877	\$ -	\$ -	\$ -
U.S. fixed income mutual funds	767,785	-	-	-
Foreign fixed income	1,781,291	-	-	-
Equity mutual funds	3,197,636	-	-	-
Total	\$ 5,810,589	\$ -	\$ -	\$ -

NOTE 4 - RELATED PARTIES

During 2014, management realigned activities between IDI and IDMI to where IDI performs management services and IDMI maintains all program and administration activities which previously were under IDI. There are transactions during the year between the two entities, which are eliminated in consolidation.

The Organization periodically enters into business transactions with outside vendors that employ members of the Board of Directors. Under the Organization's conflict of interest policy, the Board of Directors monitors these transactions, and steps are taken to ensure that the transactions are appropriate. For the years ended December 31, 2023 and 2022, the primary activities of this nature included rental, advertising, insurance, and other professional services totaling \$233,958 and \$306,602, respectively.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions: Net assets with donor restrictions are restricted to the following at December 31:

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Marge Tarplee Beautification Fund	\$ 448,768	\$ 448,768
Project Shining a Light on Indianapolis	19,516	166,392
Downtown Recovery Fund	<u>241,380</u>	<u>241,380</u>
Total net assets with donor restrictions	<u>\$ 709,664</u>	<u>\$ 856,540</u>

Net Assets Released from Restrictions: Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Purpose restrictions accomplished:		
Project Shining a Light on Indianapolis	\$ 146,876	\$ 544,050
Downtown Recovery Fund	<u>-</u>	<u>297,151</u>
Total net assets released from restrictions	<u>\$ 146,876</u>	<u>\$ 841,201</u>

NOTE 6 - LEASES

The Organization adopted ASU 2016-02 on January 1, 2022 under the modified prospective approach and recognized \$791,675 in right of use lease assets and \$889,800 in lease liabilities on the consolidated statements of financial position. These assets and liabilities are initially recognized based on the present value of the future minimum payments over the lease term at commencement date discounted using an appropriate risk-free rate of 4.01%. Upon adoption of ASU 2016-02, there was no material change to the consolidated net assets.

The Organization leases office space and certain office equipment under non-cancelable operating leases, which expire at various dates through 2028. The Organization recognized right of use lease assets of \$575,211 and \$669,575 for the years ended December 31, 2023 and 2022, respectively. Rent expense under these lease arrangements amounted to \$113,582 and \$146,429 for the years ended December 31, 2023 and 2022, respectively.

Future minimum payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2023, are as follows:

2024	\$ 167,325
2025	170,112
2026	166,780
2027	166,136
2028	<u>34,837</u>
Total future lease payments	705,190
Less: present value discount	<u>(67,690)</u>
Lease liability	<u>\$ 637,500</u>

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 7 - RETIREMENT PLAN

The Organization sponsors an employee 403(b) savings plan. In 2002, the Organization began matching 50% of the first 4% of employee contributions for all employees participating in the plan as of the 2002 renewal date. In order to qualify for these matching contributions, during all future periods, the participant must have at least one year of service with the Organization. The Organization contributed \$4,763 and \$5,902 to the plan for the years ended December 31, 2023 and 2022, respectively.

NOTE 8 - LOCAL GOVERNMENT ASSISTANCE

The Organization is responsible for the operations and management of Monument Circle. The City of Indianapolis and the Organization have entered into a partnership agreement to share in the cost of the program. For the years ended December 31, 2023 and 2022, the Organization recognized revenue of \$175,000 and \$175,000, respectively, related to reimbursements from the City of Indianapolis.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 - FUNCTIONAL EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the programs and supporting functions of the Organization. Program Activities include program support, federal grant expense – downtown safety and cleaning, downtown marketing programs, downtown marketing programs in-kind, downtown management services, downtown planning and development programs, downtown event expenses, and downtown special projects. The tables below presents these functional expenses by their natural classification for the years ended December 31, 2023 and 2022.

2023

	Program Activities							Supporting Activities		Total	
	Program Support	Federal Grant Expense - Safety and Cleaning	Downtown Marketing Programs	Downtown Marketing Programs - In-Kind	Downtown Management Services	Downtown Planning and Development Programs	Downtown Event Expenses	Downtown Special Projects	Management and General		Fundraising
Salaries and wages	\$ 333,218	\$ 611,469	\$ 232,428	\$ -	\$ 533,971	\$ 44,913	\$ -	\$ 132,286	\$ 145,053	\$ 5,020	\$ 2,038,358
Employee benefits	76,271	9,983	48,866	-	47,136	11,285	-	30,690	31,777	480	256,488
Office expense/rent	88,738	-	-	-	-	-	-	-	19,719	1,096	109,553
Depreciation	14,669	17,154	-	-	-	-	-	215,476	3,260	181	250,740
Insurance	-	-	-	-	61,136	-	-	6,417	37,774	677	106,004
Postage	3,128	-	-	-	-	-	-	-	-	-	3,128
Supplies	13,603	35,196	-	-	9,002	-	-	10,838	-	-	68,639
Other	18,534	59,334	18,073	-	32,804	17,205	-	25,000	11,856	9,251	192,057
Contracted services	28,974	1,269,671	-	-	-	-	-	-	-	-	1,298,645
Events	8,578	-	194,154	-	-	-	239,656	-	-	-	442,388
Advertising	-	-	448,259	-	-	-	-	84,080	-	-	532,339
Training	9,387	-	-	-	-	-	-	-	-	-	9,387
Décor	-	-	14,229	-	-	-	-	-	-	-	14,229
Bad debt expense	117,000	-	-	-	-	-	-	-	-	-	117,000
Audit fees	33,647	-	-	-	-	-	-	-	7,477	415	41,539
Utilities	13,015	-	-	-	-	-	-	25,858	-	161	30,034
Information technology	7,532	-	-	-	-	-	-	90,000	19,344	-	116,876
Meetings	12,171	-	-	-	-	-	-	-	-	-	12,171
Dues/subscriptions	8,263	-	-	-	-	-	-	-	-	-	8,263
Equipment rental	-	-	-	-	-	-	-	26,418	-	-	26,418
In-kind advertising/media	-	-	-	1,180,120	-	-	-	-	-	-	1,180,120
	\$ 786,728	\$ 2,002,807	\$ 956,009	\$ 1,180,120	\$ 684,049	\$ 73,403	\$ 239,656	\$ 647,063	\$ 276,260	\$ 17,281	\$ 6,863,376

The allocations of certain categories of expenses attributable to more than one program or supporting function are described in Note 1.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9 - FUNCTIONAL EXPENSES BY NATURE (Continued)

2022

	Program Activities							Supporting Activities		Total
	Program Support	Downtown Marketing Programs	Downtown Marketing Programs - In-Kind	Downtown Management Services	Downtown Planning and Development Programs	Downtown Event Expenses	Downtown Special Projects	Management and General	Fundraising	
Salaries and wages	\$ 295,034	\$ 268,926	\$ -	\$ 520,536	\$ 30,496	\$ -	\$ 125,501	\$ 131,247	\$ 5,045	\$ 1,376,785
Employee benefits	71,527	59,075	-	148,315	10,298	-	27,428	28,790	520	345,953
Office expense/rent	118,822	-	-	-	-	-	-	26,405	1,467	146,964
Depreciation	21,234	-	-	-	-	-	214,441	4,719	262	240,656
Insurance	-	-	-	7,248	-	-	6,198	43,518	650	57,614
Postage	3,923	-	-	-	-	-	-	-	-	3,923
Supplies	18,765	-	-	6,841	-	-	9,935	-	-	35,541
Other	10,926	10,025	-	14,965	4,663	-	135,738	8,181	8,726	193,224
Contracted services	22,882	-	-	-	-	-	-	-	-	22,882
Events	2,577	191,296	-	-	-	102,129	-	-	-	296,002
Advertising	-	235,803	-	-	-	-	32,134	-	-	267,937
Training	886	-	-	-	-	-	-	-	-	886
Bike patrol compensation	-	-	-	-	-	-	-	-	-	-
Decor	-	15,521	-	-	-	-	-	-	-	15,521
Bad debt expense	154,150	-	-	-	-	-	-	-	-	154,150
Audit fees	33,886	-	-	-	-	-	-	7,530	418	41,834
Utilities	11,038	-	-	-	-	-	24,468	-	136	35,642
Information technology	9,565	-	-	-	-	-	90,000	20,111	-	119,676
Meetings	6,082	-	-	-	-	-	-	-	-	6,082
Dues/subscriptions	9,094	-	-	-	-	-	-	-	-	9,094
Equipment rental	-	-	-	-	-	-	76,168	-	-	76,168
In-kind advertising/media	-	-	1,125,210	-	-	-	-	-	-	1,125,210
	<u>\$ 790,391</u>	<u>\$ 780,646</u>	<u>\$ 1,125,210</u>	<u>\$ 697,905</u>	<u>\$ 45,457</u>	<u>\$ 102,129</u>	<u>\$ 742,011</u>	<u>\$ 270,501</u>	<u>\$ 17,224</u>	<u>\$ 4,571,474</u>

The allocations of certain categories of expenses attributable to more than one program or supporting function are described in Note 1.

(Continued)

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 10 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 207,464	\$ 963,604
Designated cash – Project Shining a Light on Indianapolis	-	125,875
Accounts receivable, net	1,042,924	510,149
Investments	<u>6,234,427</u>	<u>5,810,589</u>
Total financial assets	<u>7,484,815</u>	<u>7,410,217</u>
Less amounts not available for general expenditure within one year:		
Donor-restricted fund: Marge Tarplee Beautification Fund	<u>(448,768)</u>	<u>(448,768)</u>
Financial assets not available to be used within one year	<u>(448,768)</u>	<u>(448,768)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 7,036,047</u>	<u>\$ 6,961,449</u>

As part of the Organization's liquidity management, the Organization invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization considers these items to be part of their ongoing general operating expenditures. The amounts not expected to be spent within one year of the reporting date are being reported as not available within one year in the table above.

SUPPLEMENTARY INFORMATION

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2023

	<u>IDI</u>	<u>IDMI</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash	\$ 65,704	\$ 141,760	\$ -	\$ 207,464
Accounts receivable	995,412	350,504	(302,992)	1,042,924
Due from IDMI	2,110,716	-	(2,110,716)	-
Prepaid expenses	7,778	31,965	-	39,743
Right of use lease asset	-	575,211	-	575,211
Property and equipment, net	8,969,588	17,427	-	8,987,015
Investments	<u>4,534,242</u>	<u>1,700,185</u>	<u>-</u>	<u>6,234,427</u>
Total assets	<u>\$ 16,683,440</u>	<u>\$ 2,817,052</u>	<u>\$ (2,413,708)</u>	<u>\$ 17,086,784</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 309,591	\$ 399,057	\$ (302,992)	\$ 405,656
Due to IDI	-	2,110,716	(2,110,716)	-
Fiscal agent funds	229,034	177,370	-	406,404
Deferred revenue	-	10,000	-	10,000
Lease liability	-	637,500	-	637,500
Total liabilities	<u>538,625</u>	<u>3,334,643</u>	<u>(2,413,708)</u>	<u>1,459,560</u>
Net assets				
Without donor restrictions	10,417,992	(517,591)	-	9,900,401
Without donor restrictions -				
Board designated	<u>5,017,159</u>	<u>-</u>	<u>-</u>	<u>5,017,159</u>
Total without donor restrictions	15,435,151	(517,591)	-	14,917,560
With donor restrictions	<u>709,664</u>	<u>-</u>	<u>-</u>	<u>709,664</u>
Total net assets	<u>16,144,815</u>	<u>(517,591)</u>	<u>-</u>	<u>15,627,224</u>
	<u>\$ 16,683,440</u>	<u>\$ 2,817,052</u>	<u>\$ (2,413,708)</u>	<u>\$ 17,086,784</u>

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2022

	<u>IDI</u>	<u>IDMI</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS				
Cash	\$ 974,047	\$ (10,443)	\$ -	\$ 963,604
Designated cash	125,875	-	-	125,875
Accounts receivable	143,302	433,272	(66,425)	510,149
Due from IDMI	1,785,716	-	(1,785,716)	-
Prepaid expenses	10,775	29,165	-	39,940
Right of use lease asset	-	669,575	-	669,575
Property and equipment, net	1,067,147	35,536	-	1,102,683
Investments	<u>4,245,405</u>	<u>1,565,184</u>	<u>-</u>	<u>5,810,589</u>
Total assets	<u>\$ 8,352,267</u>	<u>\$ 2,722,289</u>	<u>\$ (1,852,141)</u>	<u>\$ 9,222,415</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 113,947	\$ 205,206	\$ (66,425)	\$ 252,728
Due to IDI	-	1,785,716	(1,785,716)	-
Fiscal agent funds	124,220	192,367	-	316,587
Lease liability	<u>-</u>	<u>767,700</u>	<u>-</u>	<u>767,700</u>
Total liabilities	<u>238,167</u>	<u>2,950,989</u>	<u>(1,852,141)</u>	<u>1,337,015</u>
Net assets				
Without donor restrictions	2,240,401	(228,700)	-	2,011,701
Without donor restrictions - Board designated	<u>5,017,159</u>	<u>-</u>	<u>-</u>	<u>5,017,159</u>
Total without donor restrictions	7,257,560	(228,700)	-	7,028,860
With donor restrictions	<u>856,540</u>	<u>-</u>	<u>-</u>	<u>856,540</u>
Total net assets	<u>8,114,100</u>	<u>(228,700)</u>	<u>-</u>	<u>7,885,400</u>
	<u>\$ 8,352,267</u>	<u>\$ 2,722,289</u>	<u>\$ (1,852,141)</u>	<u>\$ 9,222,415</u>

INDIANAPOLIS DOWNTOWN, INC.
d/b/a DOWNTOWN INDY
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended December 31, 2023

	IDI		IDMI		Consolidated	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Eliminations	
Support and Revenue						
Contributions	\$ 384,189	\$ -	\$ 1,588,802	\$ -	\$ -	\$ 1,972,991
Contributions of nonfinancial assets	7,850,000	-	1,180,120	-	-	9,030,120
Federal grant revenue	2,448,383	-	-	-	-	2,448,383
Monument circle support	-	-	258,712	-	-	258,712
Miscellaneous	4,461	-	187,186	-	(178,131)	13,516
Net assets released from restrictions	146,876	(146,876)	-	-	-	-
Total support and revenue	10,833,909	(146,876)	3,214,820	-	(178,131)	13,723,722
Expenses						
Program support	-	-	786,728	-	-	786,728
Federal grant expense – downtown safety and cleaning	2,002,807	-	-	-	-	2,002,807
Downtown marketing programs	-	-	956,009	-	-	956,009
Downtown marketing programs, in-kind	-	-	1,080,120	-	-	1,080,120
Downtown management services	666,011	-	18,038	-	-	684,049
Downtown planning and development programs	-	-	73,403	-	-	73,403
Downtown event expenses	-	-	239,656	-	-	239,656
Downtown special projects	623,675	-	201,519	-	(178,131)	647,063
Total program expenses	3,292,493	-	3,455,473	-	(178,131)	6,569,835
Management and general Fundraising	13,591	-	262,669	-	-	276,260
	470	-	16,811	-	-	17,281
Total expenses	3,306,554	-	3,734,953	-	(178,131)	6,863,376
Changes in net assets from operations	7,527,355	(146,876)	(520,133)	-	-	6,860,346
Net investment returns	650,236	-	231,242	-	-	881,478
Changes in net assets	8,177,591	(146,876)	(288,891)	-	-	7,741,824
Net assets at the beginning of the year	7,257,560	856,540	(228,700)	-	-	7,885,400
Net assets at the end of the year	15,435,151	709,664	16,144,815	-	-	15,627,224

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended December 31, 2022

	Without Donor Restrictions	IDI With Donor Restrictions	Total	Without Donor Restrictions	IDMI With Donor Restrictions	Total	Eliminations	Consolidated
Support and Revenue								
Contributions	\$ 372,360	\$ 297,151	\$ 669,511	\$ 1,163,023	\$ -	\$ 1,163,023	\$ -	\$ 1,832,534
Contributions of nonfinancial assets	-	-	-	1,125,210	-	1,125,210	-	1,125,210
Georgia Street support	-	-	-	-	-	-	-	-
Monument circle support	-	-	-	340,271	-	340,271	-	340,271
Miscellaneous	3,000	-	3,000	178,037	-	178,037	(160,991)	20,046
Net assets released from restrictions	841,201	(841,201)	-	-	-	-	-	-
Total support and revenue	1,216,561	(544,050)	672,511	2,806,541	-	2,806,541	(160,991)	3,318,061
Expenses								
Program support	-	-	-	790,391	-	790,391	-	790,391
Downtown marketing programs	-	-	-	780,646	-	780,646	-	780,646
Downtown marketing programs, in-kind	-	-	-	1,125,210	-	1,125,210	-	1,125,210
Downtown management services	677,976	-	677,976	19,929	-	19,929	-	697,905
Downtown planning and development programs	-	-	-	45,457	-	45,457	-	45,457
Downtown event expenses	-	-	-	102,129	-	102,129	-	102,129
Downtown special projects	663,082	-	663,082	239,920	-	239,920	(160,991)	742,011
Total program expenses	1,341,058	-	1,341,058	3,103,682	-	3,103,682	(160,991)	4,283,749
Management and general Fundraising	30,247	-	30,247	240,254	-	240,254	-	270,501
	1,162	-	1,162	16,062	-	16,062	-	17,224
Total expenses	1,372,467	-	1,372,467	3,359,998	-	3,520,989	(160,991)	4,571,474
Changes in net assets from operations	(155,906)	(544,050)	(699,956)	(553,457)	-	(553,457)	-	(1,253,413)
Net investment returns	(835,209)	-	(835,209)	(327,453)	-	(327,453)	-	(1,162,662)
Changes in net assets								
Net assets at the beginning of the year	(991,115)	(544,050)	(1,535,165)	(880,910)	-	(880,910)	-	(2,416,075)
Net assets at the end of the year	8,248,675	1,400,590	9,649,265	652,210	-	652,210	-	10,301,475
Net assets at the end of the year	\$ 7,257,560	\$ 856,540	\$ 8,114,100	\$ (228,700)	\$ -	\$ (228,700)	\$ -	\$ 7,885,400

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Identifying Number</u>	<u>Expenditures</u>
<u>Department of the Treasury</u>			
<i>Pass-through programs:</i>			
City of Indianapolis			
COVID-19 - Coronavirus Local Fiscal Recovery Fund	21.027	19796	\$ <u>2,448,383</u>
 Total Expenditures of Federal Awards			 <u>\$ 2,448,383</u>

See Accompanying Note to Schedule of Expenditures of Federal Awards

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Indianapolis Downtown, Inc. d/b/a Downtown Indy (the "Organization") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 - OTHER INFORMATION

The Organization did not have any subrecipient activity for the period of January 1, 2023 through December 31, 2023.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Indianapolis Downtown, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Indianapolis Downtown, Inc. d/b/a Downtown Indy (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
April 25, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors
Indianapolis Downtown, Inc.
Indianapolis, Indiana

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Indianapolis Downtown, Inc. d/b/a Downtown Indy's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2023. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
April 25, 2024

INDIANAPOLIS DOWNTOWN, INC.
d/b/a Downtown Indy
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? Yes No

 Significant deficiencies identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

 Material weakness(es) identified? Yes No

 Significant deficiencies identified not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 – Coronavirus Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported
