

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**  
Memphis, Tennessee

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**Report on Audit of Combined Financial Statements**

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For the Year Ended June 30, 2023  
*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**  
Memphis, Tennessee

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
GOVERNANCE OFFICIALS	
INDEPENDENT AUDITORS' REPORT.....	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	5 - 12
FINANCIAL STATEMENTS:	
Combined Statements of Net Position.....	13
Combined Statements of Revenues, Expenses, and Changes in Fund Net Position.....	14
Combined Statements of Cash Flows.....	15 - 16
NOTES TO THE COMBINED FINANCIAL STATEMENTS.....	17 - 45
SUPPLEMENTARY INFORMATION:	
SCHEDULE OF CHANGES IN LONG-TERM DEBT.....	46
NON-FINANCIAL INFORMATION:	
Independent Auditor's Report on Internal Control Over Financial Reporting On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	47 - 48
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	49
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS.....	50

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**  
Memphis, Tennessee

**Downtown Memphis Commission (DMC)**

Lauren Stimac	Ashley Cash
Ray Brown	Victoria Young
Benjamin Orgel, Chairperson	Ed Stephens
Janice Banks	Elizabeth Low
Williams Brack	Demar Roberts
Surayyah Hasan	John Zeanah
Commissioner Mickell Lowery	Senator Raumesh Akbari
Councilwoman Cheyenne Johnson	

**Center City Revenue Finance Corporation (CCRFC)**

Jeri Moskovitz	Jim Crone
Eric Mathews, Chairperson	Glenn Floyd
Brandy Johnson-Ward	Sean Norris
Dana Pointer	Patrick Hillard

**Center City Development Corporation (CCDC)**

Angel Price	Benjamin Orgel
Dacquiri Baptiste	Elizabeth Low
Anton Mack, Chairperson	Tanja Mitchell
Carl Person	Kevin Brewer
Demar Roberts	

**Design Review Board (DRB)**

Victoria Young	Mike Hammond
Aaron Campbell	Brett Ragsdale (non-voting)
Michelle Ye, Chairperson	Sophorn Olsen
Mario Walker	Blair Perry

**Downtown Parking Authority (DPA)**

Shanea McKinney	Travis Green
Wayne West	Elliot Embry, Chairperson
Queen Keskessa	

**Administrative Officials**

Paul Young, President & CEO

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Downtown Memphis Commission and Related Entities  
Memphis, Tennessee

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying combined financial statements of the Downtown Memphis Commission and Related Entities, which comprise of the combined statements of net position, as of June 30, 2023 and 2022, and the related combined statements of revenues, expenses, and changes in fund net position and cash flows for the years then ended, and the related notes to the combined financial statements, which collectively comprise the Downtown Memphis Commission and Related Entities' basic combined financial statements as listed in the table of contents.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Downtown Memphis Commission and Related Entities as of June 30, 2023 and 2022, and the changes in their financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with 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. 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 Downtown Memphis Commission and Related Entities to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.





In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Downtown Memphis Commission and Related Entities' ability to continue as a going concern for twelve months beyond the combined financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 combined 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 Downtown Memphis Commission and Related Entities' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Downtown Memphis Commission and Related Entities' 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis comparison information on pages 5 through 12 and the Schedule of Changes in Long-Term Debt be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Downtown Memphis Commission and Related Entities' basic combined financial statements. The Schedule of Governance Officials is presented for purposes of additional analysis and is not a required part of the basic combined financial statements.

The Schedule of Governance Officials has not been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2023, on our consideration of Downtown Memphis Commission and Related Entities' 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 Downtown Memphis Commission and Related Entities' 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 Downtown Memphis Commission and Related Entities' internal control over financial reporting and compliance.

*Banks, Finley, White & Co*

Memphis, Tennessee  
December 31, 2023

## **DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

### **Management's Discussion and Analysis**

**For the Year Ended June 30, 2023**

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

As management of the Downtown Memphis Commission and Related Entities (the "DMC"), we offer readers of the organizations' financial statements this narrative and analysis of the financial activities for the fiscal years ended June 30, 2023 and 2022. Please read it in conjunction with the DMC and Related Entities combined financial statements, which begin on page 13.

The DMC was created for the primary purpose of improving the economy of Memphis and Shelby County by coordinating an aggressive public/private program to promote the redevelopment and economic growth of the Central Business Improvement District (CBID). The CBID boundaries include a six and one-half square mile area of Memphis bounded by the Mississippi River on the west, the Wolf River on the north, Crump Boulevard on the south, and Danny Thomas Boulevard on the east, plus an extension bounded by Danny Thomas on the west, Watkins Street on the east, Poplar Avenue on the north and Dr. Martin Luther King Blvd. on the south.

### **Financial Highlights**

The total assets of the DMC exceeded its liabilities at the close of the most recent fiscal year by \$70,151,286 - an increase from the prior fiscal year of \$6,236,734 or 10%.

### **During the Year**

- The organizations' total assets increased by \$19,679,924 or 18%.
- Current assets increased by \$6,768,445 or 49%.
- Current liabilities decreased by \$1,418,750 or 24% .
- Total liabilities increased by \$13,443,190 or 29%.
- Total operating revenue increased by \$3,113,799 or 22%.
- Total operating expense decreased by \$1,689,287 or 14%.

### **The Annual Report**

This annual report consists of a series of financial statements. The Combined Statements of Net Position, Combined Statements of Revenues, Expenses, and Changes in Fund Net Position, and the Combined Statements of Cash Flows provide information of the combined activities of the DMC as a whole. The supplementary information provided reflects the activity of the individual entities that make up the combined totals.



## DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES

### Management's Discussion and Analysis

For the Year Ended June 30, 2023

(With Summarized Comparative Information for the Year Ended June 30, 2022)

(Continued)

Our analysis of the DMC as a whole follows. The Combined Statements of Net Position and Combined Statements of Revenues, Expenses, and Changes in Fund Net Position include all assets, liabilities, revenues and expenses of the DMC using the accrual basis of accounting, an accounting method used by most private sector companies. All of the revenues and expenses for the fiscal year ending June 30, 2023, are taken into account, regardless of when cash is received or paid. The two statements report the DMC's net position and changes in them. The DMC's net position - the difference between assets and liabilities - can be viewed as one way to measure its financial health or financial position.

The Combined Statements of Cash Flows provide information about the sources and uses of funds, and the changes in cash and cash equivalents during the twelve-month reporting period.

The Notes to the Combined Financial Statements provide additional information that is essential to the complete understanding of the data provided in the statements.

The supplemental information is provided to identify the financial impact of the variety of activities of the individual entities that comprise the DMC.

### Financial Analysis

#### *Combined and Condensed Statements of Net Position as of June 30, 2023 and 2022:*

	2023	2022	Increase (Decrease)
Current assets	\$ 20,458,471	\$ 13,690,026	\$ 6,768,445
Capital assets, net	71,042,837	42,054,920	28,987,917
Non-current assets - other	38,192,890	54,269,328	(16,076,438)
<b>Total assets</b>	<b>\$ 129,694,198</b>	<b>\$ 110,014,274</b>	<b>\$ 19,679,924</b>
Current liabilities	\$ 4,406,482	\$ 5,825,232	\$ (1,418,750)
Long-term liabilities	55,136,430	40,274,490	14,861,940
<b>Total liabilities</b>	<b>59,542,912</b>	<b>46,099,722</b>	<b>13,443,190</b>
Net position			
Net investments in capital assets	22,741,365	22,054,989	686,376
Restricted	17,376,925	52,048,593	(34,671,668)
Unrestricted	30,032,996	(10,189,030)	40,222,026
<b>Total net position</b>	<b>70,151,286</b>	<b>63,914,552</b>	<b>6,236,734</b>
<b>Total liabilities and net position</b>	<b>\$ 129,694,198</b>	<b>\$ 110,014,274</b>	<b>\$ 19,679,924</b>

## DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES

### Management's Discussion and Analysis

For the Year Ended June 30, 2023

(With Summarized Comparative Information for the Year Ended June 30, 2022)

(Continued)

Current assets increased from the prior year for CCRFC's receipt of tourism surcharge revenue and DMA's receipt of Mobility Center retainage.

Non-current assets - other decreased due to pilot extension funds spent for the construction of the Mobility Center.

Capital assets, net increased due to construction costs for the Mobility Center and improvements to support floors of DMC's office building.

Long-term liabilities increased due to increased borrowings for the construction of the Mobility Center and upper floor renovations at DMC's office building.

#### Financial Analysis

#### ***Combined and Condensed Statements of Net Position as of June 30, 2022 and 2021:***

	2022	2021	Increase (Decrease)
Current assets	\$ 13,690,026	\$ 15,329,159	\$ (1,639,133)
Capital assets, net	42,054,920	30,727,721	11,327,199
Non-current assets - other	54,269,328	32,459,710	21,809,618
<b>Total assets</b>	<b>\$ 110,014,274</b>	<b>\$ 78,516,590</b>	<b>\$ 31,497,684</b>
Current liabilities	\$ 5,825,232	\$ 4,302,772	\$ 1,522,460
Long-term liabilities	40,274,490	13,057,923	27,216,567
<b>Total liabilities</b>	<b>46,099,722</b>	<b>17,360,695</b>	<b>28,739,027</b>
Net position			
Net investments in capital assets	22,054,989	28,059,199	(6,004,210)
Restricted	52,048,593	56,344,945	(4,296,352)
Unrestricted	(10,189,030)	(23,248,249)	13,059,219
<b>Total net position</b>	<b>63,914,552</b>	<b>61,155,895</b>	<b>2,758,657</b>
<b>Total liabilities and net position</b>	<b>\$ 110,014,274</b>	<b>\$ 78,516,590</b>	<b>\$ 31,497,684</b>

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Management's Discussion and Analysis

For the Year Ended June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

*(Continued)*

Current assets decreased from the prior year for the Downtown Parking Authority due to payment for construction of the Bakery Parking Garage. The amount is reflected in non-current assets as a loan receivable.

Non-current assets - other increased due to increased Pilot Extension Fund revenue for CCRFC and the addition of the Bakery Parking Garage loan receivable.

Current liabilities decreased due to funding for the Bakery Parking Garage construction loan in the current year.

Long-term liabilities decreased due to debt repayments during the year, offset slightly by an increase in accrued interest due the City of Memphis by the Parking Authority for the 250 Peabody Place Garage.

Net position increased primarily due to an increase in CCRFC PILOT transaction fees. The net position for DMC had no change from the prior year and DPA decreased due to depreciation of garages.

*See next page*

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Management's Discussion and Analysis

For the Year Ended June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

*(Continued)*

***Combined Statements of Revenues, Expenses, and Changes in Fund Net Position as of June 30, 2023 and 2022:***

	2023	2022	Increase (Decrease)
<b>OPERATING REVENUES:</b>			
Administrative income	\$ 5,865,004	\$ 6,175,191	\$ (310,187)
Tourism surcharge	3,685,088	480,664	3,204,424
Central Business Improvement District Assessment	4,535,342	4,606,999	(71,657)
Grant Income	94,684	211,850	(117,166)
Operations income	19,478	(80,798)	100,276
Parking garage income	<u>3,185,190</u>	<u>2,877,081</u>	<u>308,109</u>
Total Operating Revenue	<u>17,384,786</u>	<u>14,270,987</u>	<u>3,113,799</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	2,611,613	2,520,505	91,108
Advertising	102,170	87,688	14,482
Business community relations	36,344	27,751	8,593
Conferences and travel	17,595	13,161	4,434
Depreciation and amortization	1,399,150	1,444,822	(45,672)
Event production	292,050	254,601	37,449
Insurance	389,055	268,833	120,222
Office expenses	377,372	292,506	84,866
Bad debt expense	-	56,186	(56,186)
Parking garage expense	1,783,995	1,656,895	127,100
Planning and development	2,252,092	3,758,268	(1,506,176)
Professional fees	887,162	1,461,796	(574,634)
Property taxes	79,435	90,898	(11,463)
Repairs and maintenance	330,956	297,480	33,476
Subscriptions and dues	<u>115,723</u>	<u>132,609</u>	<u>(16,886)</u>
Total Operating Expenses	<u>10,674,712</u>	<u>12,363,999</u>	<u>(1,689,287)</u>
Operating income	<u>6,710,074</u>	<u>1,906,988</u>	<u>4,803,086</u>
Non-Operating Revenue (expenses):			
Interest income	1,285,055	147,497	1,137,558
Interest expense	<u>(1,762,976)</u>	<u>(670,959)</u>	<u>(1,092,017)</u>
Total Non-Operating Revenues (expenses)	<u>(477,921)</u>	<u>(523,462)</u>	<u>45,541</u>
Changes In Net Position	6,232,153	1,383,526	4,848,627
Total Net Position - Beginning	63,914,552	63,439,877	474,675
Prior Period Adjustments	<u>4,581</u>	<u>(937,805)</u>	<u>942,386</u>
Total Net Position - Ending	<u>\$ 70,151,286</u>	<u>\$ 63,885,598</u>	<u>\$ 6,265,688</u>

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Management's Discussion and Analysis

For the Year Ended June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

*(Continued)*

Operating revenue increased due to an increase in tourism surcharge receipts and parking garage income.

Operating expenses decreased due to a decrease of \$2,000,000 spent in the prior year for Cutbank Bluff Funding.

*See next page*

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Management's Discussion and Analysis

For the Year Ended June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

*(Continued)*

***Combined Statements of Revenues, Expenses, and Changes in Fund Net Position as of June 30, 2022 and 2021:***

	2022	2021	Increase (Decrease)
<b>OPERATING REVENUES:</b>			
Administrative income	\$ 6,175,191	\$ 8,569,161	\$ (2,393,970)
Central Business Improvement District Assessment	4,606,999	3,906,768	700,231
Grant Income	211,850	200	211,650
Tourism surcharge	480,664	-	480,664
Operations income	(80,798)	716,344	(797,142)
Parking management	<u>2,877,081</u>	<u>1,711,238</u>	<u>1,165,843</u>
Total Operating Revenue	<u>14,270,987</u>	<u>14,903,711</u>	<u>(632,724)</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	2,520,505	2,449,719	70,786
Advertising	87,688	34,261	53,427
Business community relations	27,751	22,971	4,780
Conferences and travel	13,161	3,821	9,340
Depreciation and amortization	1,444,822	1,345,840	98,982
Event production	254,601	242,118	12,483
Insurance	268,833	248,371	20,462
Office expenses	292,506	238,709	53,797
Other personnel expenses	56,186	-	56,186
Parking garage fees	1,656,895	856,323	800,572
Planning and development	3,758,268	2,519,502	1,238,766
Professional fees	1,461,796	2,732,612	(1,270,816)
Rent expenses	90,898	287,124	(196,226)
Repairs and maintenance	297,480	301,859	(4,379)
Subscriptions and dues	<u>132,609</u>	<u>34,039</u>	<u>98,570</u>
Total Operating Expenses	<u>12,363,999</u>	<u>11,317,269</u>	<u>1,046,730</u>
Operating income (loss)	<u>1,906,988</u>	<u>3,586,442</u>	<u>(1,679,454)</u>
Non-Operating Revenue (expenses):			
Interest income	147,497	428,305	(280,808)
Interest expense	<u>(670,959)</u>	<u>(551,792)</u>	<u>(119,167)</u>
Total Non-Operating Revenues (expenses)	<u>(523,462)</u>	<u>(123,487)</u>	<u>(399,975)</u>
Change In Net Position	1,383,526	3,462,955	(2,079,429)
Prior Period Adjustments	(937,805)	(6,128)	-
Total Net Position - Beginning	<u>63,439,877</u>	<u>57,699,068</u>	<u>5,740,809</u>
Total Net Position - Ending	<u>\$ 63,885,598</u>	<u>\$ 61,155,895</u>	<u>\$ 3,661,380</u>

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Management's Discussion and Analysis

For the Year Ended June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

*(Continued)*

Current assets decreased from the prior year for the Downtown Parking Authority due to payment for construction of the Bakery Parking Garage. The amount is reflected in non-current assets as a loan receivable.

Non-current assets - other increased due to increased Pilot Extension Fund revenue for CCRFC and the addition of the Bakery Parking Garage loan receivable.

Current liabilities decreased due to funding for the Bakery Parking Garage construction loan in the current year.

Long-term liabilities decreased due to debt repayments during the year, offset slightly by an increase in accrued interest due the City of Memphis by the Parking Authority for the 250 Peabody Place Garage.

Net position increased primarily due to an increase in CCRFC PILOT transaction fees. The net position for DMC had no change from the prior year and DPA decreased due to depreciation of garages.

***Requests for Information***

This financial report is designed to provide a general overview of the DMC for all those with interest in the agency. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Downtown Memphis Commission  
114 North Main St.  
Memphis, TN 38103  
E-mail: [accounting@downtownmemphis.com](mailto:accounting@downtownmemphis.com)

## DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES

### Combined Statements of Net Position

As of June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

#### ASSETS

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 10,264,556	\$ 10,311,386
Designated cash and cash equivalents	6,634,791	1,306,829
Loans receivable, current portion, net	405,240	912,021
Accounts receivable	3,029,415	1,048,208
Prepaid expenses	<u>124,469</u>	<u>111,582</u>
Total Current Assets	20,458,471	13,690,026
<b>NON-CURRENT ASSETS:</b>		
Investments	2,169,779	2,063,410
Designated PILOT trust funds	10,613,023	28,995,742
Loan fund receivable, less current portion, net	25,410,088	23,210,176
Capital assets not being depreciated	43,503,506	15,168,131
Capital assets being depreciated or amortized, net	<u>27,539,331</u>	<u>26,886,789</u>
Total Non-Current Assets	<u>109,235,727</u>	<u>96,324,248</u>
<b>TOTAL ASSETS</b>	<u>\$ 129,694,198</u>	<u>\$ 110,014,274</u>

#### LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 4,186,670	\$ 4,533,664
Current maturities of long-term debt	<u>219,812</u>	<u>1,291,568</u>
Total Current Liabilities	<u>4,406,482</u>	<u>5,825,232</u>
<b>LONG-TERM LIABILITIES:</b>		
Accrued interest	6,308,896	6,015,772
Reserves for contingencies	319,190	178,920
Long-term debt, less current portion	<u>48,508,344</u>	<u>34,079,798</u>
Total Long-Term Liabilities	<u>55,136,430</u>	<u>40,274,490</u>
<b>TOTAL LIABILITIES</b>	59,542,912	46,099,722
<b>NET POSITION:</b>		
Net investment in capital assets	22,741,365	22,054,989
Restricted	17,376,925	52,048,593
Unrestricted	<u>30,032,996</u>	<u>(10,189,030)</u>
Total Net Position	<u>70,151,286</u>	<u>63,914,552</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 129,694,198</u>	<u>\$ 110,014,274</u>

*See independent auditors' report and notes to the combined financial statements*



## DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES

Combined Statements of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2023  
*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

	2023	2022
<b>OPERATING REVENUES:</b>		
Administrative income	\$ 5,865,004	\$ 6,175,191
Central Business Improvement District		
Assessment	4,535,342	4,606,999
Grant Income	94,684	211,850
Operations income	19,478	(80,798)
Parking management Income	3,185,190	2,877,081
Tourism Surcharge	<u>3,685,088</u>	<u>480,664</u>
Total Operating Revenues	<u>17,384,786</u>	<u>14,270,987</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	2,611,613	2,520,505
Advertising	102,170	87,688
Business community relations	36,344	27,751
Conferences and travel	17,595	13,161
Depreciation and amortization	1,399,150	1,444,822
Event production	292,050	254,601
Insurance	389,055	268,833
Office expenses	377,372	292,506
Bad debt expense	-	56,186
Parking garage expenses	1,783,995	1,656,895
Planning and development	2,252,092	3,758,268
Professional fees	887,162	1,461,796
Property taxes	79,435	90,898
Repairs and maintenance	330,956	297,480
Subscriptions and dues	<u>115,723</u>	<u>132,609</u>
Total Operating Expenses	<u>10,674,712</u>	<u>12,363,999</u>
Operating income (loss)	<u>6,710,074</u>	<u>1,906,988</u>
Non-Operating Revenue (expenses):		
Interest income	1,285,055	147,497
Interest expense	<u>(1,762,976)</u>	<u>(670,959)</u>
Total Non-Operating Revenues (expenses)	<u>(477,921)</u>	<u>(523,462)</u>
Change In Net Position	6,232,153	1,383,526
Total Net Position - Beginning	63,914,552	63,439,877
Prior Period Adjustments	<u>4,581</u>	<u>(937,805)</u>
Total Net Position - Ending	<u>\$ 70,151,286</u>	<u>\$ 63,885,598</u>

*See independent auditors' report and notes to the combined financial statements*

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Combined Statements of Cash Flows

For the Year Ended June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 16,690,081	\$ 17,035,000
Payments to suppliers	(4,939,416)	(4,897,947)
Payments to employees	(2,602,909)	(2,491,551)
Other operating payments	<u>(1,687,861)</u>	<u>-</u>
Net Cash (Used)/Provided By Operating Activities	<u>7,459,895</u>	<u>9,645,502</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Noncapital transfers from other funds	<u>-</u>	<u>-</u>
Net Cash (Used)/Provided By Noncapital Financing Activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from capital debt	49,723,161	36,287,876
Purchases of capital assets	(30,387,059)	(12,765,963)
Principal paid on capital debt	-	(3,314,705)
Interest paid on capital debt	(1,723,402)	(776,659)
Other capital payments	<u>(30,399)</u>	<u>1,110,229</u>
Net Cash (Used)/Provided By Capital and Related Financing Activities	<u>17,582,301</u>	<u>20,540,778</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash earned on investments	-	308,254
Sale of investments	-	-
Purchase of investments	(38,143,784)	(22,105,039)
Transfers (to) from designated PILOT trust funds	18,382,719	-
Issuance of loans receivable under Loan Program	-	(8,127,381)
Interest and dividends	-	37,892
Collections on loans receivable under Loan Program	-	-
Other investing payments	<u>-</u>	<u>-</u>
Net Cash (Used)/Provided By Investing Activities	<u>(19,761,065)</u>	<u>(29,886,274)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,281,131	300,006
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>11,618,216</u>	<u>11,318,210</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 16,899,347</u>	<u>\$ 11,618,216</u>
<b>CASH AND CASH EQUIVALENTS ARE SHOWN ON THE COMBINED STATEMENT OF NET POSITION AS FOLLOWS:</b>		
Cash and cash equivalents	\$ 10,264,556	\$ 10,311,387
Designated cash and cash equivalents	<u>6,634,791</u>	<u>1,306,829</u>
<b>TOTAL</b>	<u>\$ 16,899,347</u>	<u>\$ 11,618,216</u>

*See independent auditors' report and notes to the combined financial statements*

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

**Combined Statements of Cash Flows**

*(Continued)*

**For the Year Ended June 30, 2023**

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY</b>		
<b>OPERATING ACTIVITIES:</b>		
Operating income	\$ 7,955,555	\$ 1,940,913
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	1,399,152	1,444,822
(Increase) decrease in:		
Receivables, net	(1,981,209)	2,668,607
Accounts payable	(346,993)	3,280,962
Accrued interest payable	293,122	348,696
Other accrued interest payable	<u>140,268</u>	<u>(38,798)</u>
Net cash provided by operating activities	<u>\$ 7,459,895</u>	<u>\$ 9,645,202</u>

*See independent auditors' report and notes to the combined financial statements*

## **DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Notes to the Combined Financial Statements

For the Year Ended June 30, 2023

*(With Summarized Comparative Information for the Year Ended June 30, 2022)*

### **NOTE 1 - ORGANIZATION AND BUSINESS ACTIVITY:**

These financial statements are a combination of the following related entities:

- The Downtown Memphis Commission and Related Entities (the "DMC") was formed in January 1977 by the Council of the City of Memphis, Tennessee. Shelby County became a partner in the organization shortly thereafter. During 2012, the Memphis Center City Commission changed the name to Downtown Memphis Commission and Related Entities. The purpose of the DMC is to represent an official partnership between the governments of the City of Memphis and Shelby County, Tennessee and the private business community. The DMC promotes, manages, and coordinates the comprehensive redevelopment of the center city area. The DMC also appoints and administers the Center City Design Review Board.
- The Memphis Center City Revenue Finance Corporation ("CCRFC") is a state-chartered industrial development board. The CCRFC implements the provisions of the Tennessee Industrial Development Act involving revenue bonds and property tax relief for downtown development.
- The Memphis Center City Development Corporation ("CCDC") administers the Development Loan Program, Public Improvements Program, and other programs designed to assist private development projects. The CCDC is tax-exempt under Section 501(c)(3) of the Internal Revenue Code.
- The Downtown Parking Authority ("DPA") is a municipal parking authority chartered by the State of Tennessee. The DPA was designed to establish uniform parking policies and coordinate parking management. The DPA is responsible for initiating strategic planning for existing and future parking facilities and facilitating continuing development in downtown Memphis. DPA is now doing business as Downtown Mobility Authority.

The annual operating funds for the DMC are derived primarily from an assessment from the Central Business Improvement District ("CBID"). Fees generated through incentives and programs offered by the CCRFC are contributed to CCDC for the purpose of funding development projects and funding the excess of DMC operating expenses over operating revenues, if any.

CCRFC, CCDC, and DPA are considered to be component units of the DMC. The financial statements for the above component entities are presented on a blended basis because the DMC is financially responsible for each entity and the activities of each are interrelated such that the exclusion of any entity would cause the DMC's financial statements to be misleading.

## **NOTE 2 - SUMMARY OF ACCOUNTING POLICIES:**

### *Measurement focus, basis of accounting and financial statement presentation*

The DMC prepares its financial statements in accordance with accounting principles 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 Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. When an expense has been incurred for purposes for which both restricted and unrestricted net position are available, the DMC will first apply restricted resources to such expense. In the statement of revenues, expenses, and changes in fund net position, income and expense will be reflected as from/used in operating activities, while non-operating income/expense, such as investment income/expense, will be presented below operating income/expense.

### *Cash and Cash Equivalents*

Cash equivalents include time deposits with maturities of three months or less when purchased.

### *Capital Assets*

Land, construction in progress, buildings, streetscape improvements, leasehold improvements and furniture and equipment are stated at cost. Equipment under leases, which are essentially purchase agreements, are capitalized. The DMC provides for depreciation using the straight-line method over the estimated useful lives of the assets, ranging from 3 - 40 years. Expenditures over \$500 for single items and \$1,000 for groups of items are capitalized.

### *Income Taxes*

No provision for federal and state income taxes has been provided since the DMC is an agency established under the ordinances of the City of Memphis. One of the entities included herein, the Memphis Center City Development Corporation, files a Form 990, information return. The Downtown Memphis Commission and its related entities are subject to review by any of the various taxing authorities for up to four (4) years from the applicable entity's year end.

### *Basis of Presentation*

The combined financial statements include the accounts of Downtown Memphis Commission, Memphis Center City Revenue Finance Corporation, Memphis Center City Development Corporation, and Downtown Parking Authority as of and for the year ended June 30, 2023.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Events Occurring after Reporting Date*

Management has evaluated events and transactions that have occurred through December 31, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No subsequent events have been recognized or disclosed.

### **NOTE 3 - CASH AND CASH EQUIVALENTS:**

As required by Tennessee Code Annotated, Section 5-8-201, all of the DMC's cash and cash equivalents in bank accounts, designated and undesignated, are either insured or collateralized.

Designated cash and cash equivalents includes the Tourism Surcharge, which is used to pay debt services on indebtedness incurred pursuant to the Surcharge Act to finance or refinance cost incurred in connection with the development of certain qualified public use facilities, reserves for capital improvements and the rental of various parking garages owned by the City of Memphis administered through the Downtown Parking Authority.

Designated cash and cash equivalent balances as of June 30, 2023 and 2022, are designated for the following:

	2023	2022
Tourism Surcharge	\$ 4,124,318	\$ 480,664
Retainage Mobility Center	1,714,852	267,176
Parking Garage Capital Improvement Reserve	451,741	243,989
Parking Garage Rent Reserve	217,665	315,000
PILOT Trust Funds	10,613,023	28,995,742
151 Madison Ave.	322	
Grants	112,500	
RegionSmart	<u>13,393</u>	<u>-</u>
Total	<u>\$ 17,247,814</u>	<u>\$ 30,302,571</u>

Funds included in the above programs are reflected in the accompanying Combined Statements of Net Position as of June 30, 2023 and 2022, are as follows:

	2023	2022
Current assets	\$ 6,634,791	\$ 1,306,829
Non-current assets	<u>10,613,023</u>	<u>28,995,742</u>
Total designated unrestricted net position	<u>\$ 17,247,814</u>	<u>\$ 30,302,571</u>

Designated funds consisting of the following at June 30, 2023 and 2022, are designated for the following:

Custodian	Cash Instrument	2023	2022
Regions Trust	Fidelity Government Portfolio	\$ 7,151,989	\$ 13,386,447
State of Tennessee, Treasury Department	State of Tennessee Local Government Investment Pool (LGIP)	4,130,440	16,168,284
BankTennessee	Checking Account	3,268,504	747,840
First Horizon	Checking	<u>2,696,880</u>	<u>-</u>
Total designated funds		<u>\$ 17,247,813</u>	<u>\$ 30,302,571</u>

Undesignated funds consist of the following at June 30, 2023 and 2022, are designated for the following:

Custodian	Cash Instrument	2023	2022
Guaranty Bank	Checking Account	\$ 60,048	\$ 59,763
State of Tennessee, Treasury Department	State of Tennessee Local Government Investment Pool (LGIP)	8,605,712	10,430,467
Bank Tennessee	Checking Account	<u>1,598,796</u>	<u>65,146</u>
Total undesignated funds		<u>\$ 10,264,556</u>	<u>\$ 10,555,376</u>

**NOTE 4 - LOANS RECEIVABLE:**

The CCDC Development Loan Program provides financing for property owners for building improvements. As these loans are collected, the funds are deposited in CCDC's bank account. Per the promissory note on all loans, they are past due if unpaid on the 15th of the month when the payment is due. The allowance for doubtful accounts is based on the balances of the loans or percentage of the loan balance that has been determined to be uncollectible. At June 30, 2023, total amount of outstanding loans in this program was \$2,009,948, net of the related allowance for doubtful accounts of \$(102,944). Loans determined to be uncollectible are written off when the debtor no longer exists (e.g. bankrupt, expired, etc.). The DMC does not write the loan off if the individual or entity can have a judgment placed against them that may ultimately be collected. All loans are secured by each individual property.

The DPA has four loans receivable with four tenants for parking garages. The first loan requires monthly payments of \$17,679, bears interest at 2.203%, and matures May 2064. The second loan requires monthly payments of \$15,555, bears interest at 3.041%, and matures December 2077. The third loan requires monthly payments of \$6,250, bears interest at 0.800%, and matures December 2040. The fourth loan bears a 2% interest rate, requires monthly payments of \$26,379 and matures on October 1, 2072. These four loans are secured by the parking garages. The outstanding balance on these four loans receivable was \$21,908,324 as of June 30, 2023. Interest earned on these loans receivable was \$495,646 for the year ended June 30, 2023.

Loans receivable consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Amount due as of year-end	\$ 23,918,272	\$ 24,225,141
Less: allowance for doubtful accounts	<u>(102,944)</u>	<u>(102,944)</u>
	23,815,328	24,122,197
Less: Current Portion of Loans Receivable	<u>(405,240)</u>	<u>(912,021)</u>
Long-term loans receivable	<u>\$ 23,410,088</u>	<u>\$ 23,210,176</u>



## **NOTE 5 - FAIR VALUE MEASUREMENTS:**

The FASB Accounting Standards Codification Subtopic 820-10 *Fair Value Measurements* (formerly SFAS No. 157), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

All mutual funds and common stocks are held by CCDC, which is a 501(c)(3) entity. The estimated fair value of the CCDC's financial instruments has been determined by management using available market information. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the fair values are not necessarily indicative of the amounts that the CCDC could realize in a current market exchange. The use of different market assumptions may have a material effect on the estimated fair value amounts. The carrying amounts of cash, cash equivalents, accounts payable, and long-term debt are a reasonable estimate of their fair value.

*See next page*

All financial assets that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. Assets measured at fair value on a recurring basis as of June 30, 2023 and 2022 are summarized in the tables below:

	Total	Level 1	Level 3
<b>June 30, 2023</b>			
Fixed income	\$ 734,139	\$ 734,139	\$ -
Money Market funds	113,206	113,206	-
Mutual Funds	856,633	856,633	-
ETF- Equity	656,833	656,833	-
Common stock	252,684	252,684	-
Preferred stock	267,228	267,228	-
Development loans	<u>23,815,328</u>	<u>-</u>	<u>23,815,328</u>
<b>Total</b>	<b><u>\$ 26,696,051</u></b>	<b><u>\$ 2,880,723</u></b>	<b><u>\$ 23,815,328</u></b>
<b>June 30, 2022</b>			
Fixed income	\$ 1,248,409	\$ 1,248,409	\$ -
Money market funds	18,591	18,591	-
Mutual funds	-	-	-
ETF- Equity	557,085	557,085	-
Common stock	239,325	239,325	-
Preferred stock	-	-	-
Development loans	<u>24,122,197</u>	<u>-</u>	<u>24,122,197</u>
<b>Total</b>	<b><u>\$ 26,185,607</u></b>	<b><u>\$ 2,063,410</u></b>	<b><u>\$ 24,122,197</u></b>

### *Level 1 Fair Value Measurements*

The fair value of the fixed income bonds is based on the closing prices reported on the active market where the individual bonds are traded.

### *Level 3 Fair Value Measurements*

The fair value of development loans approximates the amortized cost of the loans because the loans are secured by each loan holder's property deed. The table below sets forth a summary of changes in the Level 3 assets for the years ended June 30, 2023:

Fair value as of June 30, 2021	\$ 23,779,786
Issuances	684,235
Collections	<u>(341,824)</u>
Fair value as of June 30, 2022	24,122,197
Issuances	40,300
Collections	<u>(347,169)</u>
Fair Value as of June 30, 2023	<b><u>\$ 23,815,328</u></b>

## **NOTE 6 - INVESTMENTS:**

### *Investments*

Funds will be invested in low risk instruments that allow access to the funds at the point that they are needed for expenditures with financial institutions that provide collateral as required by Tennessee Statute.

### *Investment Risk Disclosures*

- *Interest rate risk:* Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Additionally, the fair values of the investments may be highly sensitive to interest rate fluctuations. One of the ways that the CCDC manages its exposure to interest rate risk is by the purchasing of a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion is maturing or coming close to maturing evenly over time, as necessary to provide the cash flow and liquidity needs for operations.
- The CCDC has the ability and generally has the intention to hold all investments until their respective maturity dates. The average maturity of the CCDC's pooled cash and investments as of June 30, 2023, was approximately 85 months. If it becomes necessary or strategically prudent for the CCDC to sell a security prior to maturity, the CCDC's investment policy allows for occasional restructuring of the portfolio to minimize the loss of market value and/or to maximize cash flows.
- *Credit risk:* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.
- *Concentration of credit risk:* The CCDC's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Office of Congressional and Government Affairs.

As of June 30, 2023, the CCDC had total investments of \$2,169,779, consisting of fixed income investments and other investments with credit rating and maturities as follows:

Type of Investments	Credit Rating	Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	Carrying Value
<b><u>Fixed Income</u></b>							
Certificates of deposit	NR	\$ -	\$ -	\$ -	\$ 39,873	\$ -	\$ 39,873
Corporate	A	-	-	-	22,480	70,363	92,843
Corporate	AA	-	-	19,988	19,706	40,399	80,093
Corporate	BB	-	-	-	20,778	-	20,778
Corporate	BBB	-	-	24,659	168,732	242,368	435,759
Mortgage Pool	AA	-	-	-	21,230	6,925	28,155
Municipal Bonds	AAA	-	-	-	18,025	-	18,025
Municipal Bonds	AA	-	6,951	-	22,150	-	29,101
Municipal Bonds	BBB	-	-	-	29,388	-	29,388
Total fixed income		<u>-</u>	<u>6,951</u>	<u>44,647</u>	<u>362,362</u>	<u>360,055</u>	<u>774,015</u>
<b><u>Other Investments</u></b>							
Mutual funds		-	-	-	-	-	739,452
Common stock		-	-	-	-	-	252,684
Preferred stock		-	-	-	-	-	267,229
Cash		-	-	-	-	-	136,399
Total		<u>\$ -</u>	<u>\$ 6,951</u>	<u>\$ 44,647</u>	<u>\$ 362,362</u>	<u>\$ 360,055</u>	<u>\$ 2,169,779</u>

*See next page*

As of June 30, 2022, the CCDC had total investments of \$2,063,410, consisting of fixed income investments and other investments with credit rating and maturities as follows:

Type of Investments	Credit Rating	Under 30 Days	31-180 Days	181-365 Days	1-5 Years	Over 5 Years	Carrying Value
<b>Fixed Income</b>							
Certificates of deposit	NR	\$ -	\$ -	\$ -	\$ 36,197	\$ -	\$ 36,197
Corporate	A1	-	-	-	-	-	-
Corporate	A2	-	5,998	-	-	-	5,998
Corporate	A3	-	-	-	4,835	-	4,835
Corporate	Aaa	-	-	-	-	-	-
Corporate	Ba1	-	-	-	-	-	-
Corporate	Baa1	-	-	-	-	-	-
Corporate	Baa2	-	-	-	23,519	29,029	52,548
Corporate	Baa3	10,000	39,822	20,181	167,912	109,705	347,620
Corporate	NR	-	-	-	21,531	-	21,531
Mortgage Pool	Aaa	-	-	-	65,559	268,184	333,743
Municipal Bonds	Aa1	-	-	6,966	54,220	-	61,186
Municipal Bonds	NR	-	-	-	-	-	-
Total fixed income		<u>10,000</u>	<u>45,820</u>	<u>27,147</u>	<u>373,773</u>	<u>406,918</u>	<u>863,658</u>
<b>Other Investments</b>							
Preferred stock		-	-	-	-	-	288,033
ETF Fixed Income		-	-	-	-	-	83,594
Commercial Paper		-	-	-	-	-	10,000
ETF Fixed Income		-	-	-	-	-	560,209
Cash		-	-	-	-	-	128
Money Market Funds		-	-	-	-	-	18,463
Common stock		-	-	-	-	-	<u>239,325</u>
Total		<u>\$ 10,000</u>	<u>\$ 45,820</u>	<u>\$ 27,147</u>	<u>\$ 373,773</u>	<u>\$ 406,918</u>	<u>\$ 2,063,410</u>

The CCDC undesignated investments as of June 30, 2023 and 2022, are carried at fair value and include the following:

	2023	2022
Fidelity Government Port-I	\$ 8,350	\$ -
Vanguard Total Stock Equity Market ETF	199,353	169,036
Schwab U.S. Broad Market ETF	191,807	163,945
iShares Core MSCI Europe	86,313	73,734
iShares Russell 1000 Value ETF	87,596	80,458
VMWARE INC CL A	718	570
MATANUSKA-SUSITMA BORO AK 5.000% Due 3/1/2025	6,178	6,441
SPDR Portfolio Short Term Corporate	40,333	40,730
iShares Intermediate Credit	-	36,763
GNMA Ser 68 CMO V-M, 5.496%, due November 20, 2037	6,922	-
GNMA II PL, 4.000%, due August 20, 2025	5,465	-
iShares Core S&P U.S. Value	41,087	-
SBA TOWER TRUST 3.448% Due 3/15/2023	-	24,791
Fresb 2018-SB54 A7F 3.670% Due 9/25/25	-	12,258
Fresb Multi CMO V-M, 3.670%, due September 25, 2025	11,600	-
iShares Core S&P 500 ETF	28,971	24,645
NEBO UT SCH DIST GO 5.000% Due 7/1/2026	18,025	18,748
JP Morgan Chase & Co	22,543	17,455

	2023	2022
Gilead Sciences Inc	19,268	15,453
Cisco Systems, Inc.	15,522	12,792
Jackson Cnty or Sch Dist 5.674% Due 6/30/2027	12,154	12,495
Pawnee Equipment ABS 1.820% July 15, 2027	37,061	-
SE 2021 1A A M 2.670% Due 2/20/2032	-	7,889
Martin Marietta, 4.250%, due July 2, 2024	14,819	15,084
PWNE 2021-1 B 1.820% Due 7/15/2027	-	36,571
OPTN 2021 C A 2.180% Due 10/8/2031	-	23,145
JACK 2022-1A A2II Q (FMAN) 4.136% Due 2/25/2032	-	22,147
GNR 2007-68 PF 0.521% Due 11/20/2037	-	7,925
FSMT 2021-9INV A1 2.500% Due 9/25/2041	-	41,009
New York NY GO, 5.399%, due 12/1/2024	15,972	16,535
Morgan Stan MTN V-Q, 1.470%, due April 11, 2023	-	15,031
JP Morgan Chase V-D, 1.045%, due November 19, 2026	19,706	19,578
Blackbird Capitt ABS 2.443% Due 7/15/2046	20,642	23,257
Aqua Finance TR ABS 1.540% July 17, 1946	12,225	-
Aligned Data Cen ABS 1.937% August 15, 1946	21,860	-
Wendy's Funding CMO 2.370% June 15, 2051	20,260	-
Velocity Com CMO V-M 1.960% October 25, 2051	17,623	-
DB Master FIN ABS 2.791% November 20, 2051	19,503	-
Jack In The Box ABS 4.136% February 26, 2052	19,731	-
Neighborly ABS 7.308% January 30, 2053	9,687	-
Sunrun Callisto ABS 2.270% January 30, 2057	18,487	-
Owl Rock Core Income Cor 3.125% due 9/23/2026	17,234	17,267
Owl Rock Technology, 4.750%, due December 15, 2025	18,112	18,819
AQFIT 2021-A A 1.540% Due 7/17/2046	-	17,608
Mondelez International, Inc.	14,588	12,418
Organon & Co.	104	169
Chevron Corporation	13,375	12,306
Verizon Communications	6,769	9,237
Delta Air Lines Inc	6,418	3,911
Humana Inc, 2.900%, due December 15, 2022	-	10,000
Lazard Group LLC, 3.625%, due March 1, 2027	9,293	9,433
CVS Health Corp	12,789	17,142
Bank of America Corp	9,898	10,740
Bank of America Corp 4.75%	-	12,396
FNMA PL #Ma3030, 3.000%, due June 1, 2027	4,165	6,713
Alphabet Inc CL A	21,546	19,613
Real Estate Select Sect SPDR	9,046	9,806
Procter & Gamble Co.	12,139	11,503
Microsoft Corp.	20,432	15,410
Athene Global Finding, 2.950% November 12, 2026	17,725	18,406
KYNDRYL Holdings Inc. 2.050% 10/15/26	8,629	8,435
Macy S Inc	5,618	6,412
U.S. Bancorp New	4,460	6,213
iShares Core MSCI EAFE ETF	7,763	6,768
Hemet CA Unit Sch, 2.739%, due October 1, 2023	6,951	6,966
iShares 5-10y INV Grade Corp ETF	36,410	-
iShares Core U.S. Aggregate Bond	5,877	6,101
Qualcomm Inc	11,904	12,774
Qualcomm Inc V-Q, 2.497%, due January 30, 2023	-	5,998
Coca Cola Co	6,925	7,235
Trinity Capital Inc/MD 4.250% Due 12/15/2026	20,778	21,531
HERCULES CAPITAL INC 3.375% Due 1/20/2027	12,994	13,150
Ford Motor Co DEL 'new'	7,565	5,565
Albemarle Corp 4.650% Due 6/1/2027	19,477	19,757
Main Street Capital, 5.200%, due May 1, 2024	9,841	9,978

	2023	2022
Sixth Street Special 3.875%, due November 1, 2024	14,462	-
FHLB 5.500% June 26, 2024	9,989	-
FHLB 5.200% June 28, 2024	9,999	-
Prospect Capital, 3.706%, due January 22, 2026	8,787	8,868
Bain Capital Spec, 2.950%, due March 10, 2026	17,740	17,830
Bain Capital Specialty F, 2.550% due 10/13/2026	12,862	12,858
Sbl Holding LLC, 6.500%, due November 13, 2026	-	16,100
Sbl Holding Inc V-S, 6.500%, due December 31, 1999	10,857	-
General Electric Corp.	5,932	3,438
Merck & Co Inc.	5,770	4,559
Exxon Mobil Corp.	5,363	4,282
iShares Preferred & Income SEC	2,938	3,124
Walt Disney Company	-	2,360
Disney Walt Co New	2,232	-
Synchrony Financial	-	2,403
Freeport-McMoRan Inc	10,000	7,315
GE HealthCare Technologies	1,462	-
Alerian MLP ETF	1,961	1,723
Customers Bancorp Inc VR 2.875% Due August 15, 2031	11,441	13,745
Oportun Funding ABS 20180% October 8, 2031	22,493	-
Schlumberger LTD	2,210	1,609
Dell Technologies, Inc.	-	555
Dell Technologies, Inc. CL C	649	-
Arbor Realty, 6.375% PFD Ser D REIT	21,960	24,612
Axos Financial V-Q, 4.875% October 1, 2030	-	-
AGNC Investment Corp.	-	21,120
AGNC Investment Corp. PFD Ser E REIT	22,600	-
Alliance Bancshares V-Q, 4.700% October 1, 2029	18,155	19,930
Amalgamated Fin Corp 3.250% Due 11/15/2031	15,844	18,488
Armour Residential REIT	-	16,548
Armour Residen, 7.000% PDF Ser C REIT	16,704	-
Atlantic Union Bancshare	-	10,240
Atlantic Union, 6.875% Ser A	8,124	-
BCP Trust CMO V-M, 1.297% June 15, 2038	17,430	19,186
Homestreet Inc 3.500% Due 1/30/2032	14,500	23,234
Service Experts ABS 2.670% February 2, 2032	5,902	-
BankUnited Inc, 5.125% June 11, 2030	11,459	14,537
Brighthouse FIN Inc, 5.375% PFD Ser C	10,008	11,568
Canadian NATL Resources, 2.050% July 15, 2025	9,315	9,365
ADC 2021-1A A2 1.937% Due 8/15/2046	-	22,115
Citigroup Inc, 3.400% May 01, 2026	4,755	4,835
WEN 2021-1A A21 Q (MJSD) 2.370% Due 6/15/2051	-	20,979
Citrix Systems Inc, 4.500% December 1, 2027	-	-
Electronic Arts Inc.	6,481	6,083
Ellington Financial	-	8,676
Ellington Financial PFD Ser A REIT	9,100	-
ENTERPRISE FINANCIAL SER PFD 5.000% PFD Ser A	6,176	7,500
VCC 2021-3 A 1.960% Due 10/25/2051	-	21,850
Equitable Holdings Inc	-	5,803
Equitable Hlds, 5.250% PFD Ser A	5,497	-
Fidelity Government Money Market	-	18,463
DNKN 2021-1A A23 Q (FMAN) 2.791% Due 11/20/2051	-	20,496
Flagstar Ba Inc V-Q, 4.125% November 1, 2030	21,445	24,164
Flagstar Mtg CMO V-M 2.500% September 25, 2041	34,153	-
SUNRN 2021-2A AQ (JAJO) 2.270% Due 1/30/2057	-	20,578
G2 4759	-	10,018
Gladstone Com 6.625% Ser E REIT	9,090	12,330

	2023	2022
New York Mtg PFD Ser F REIT	14,728	-
BANK OZK 4.625%	7,625	9,005
Bk of America Corp 4.750% PFD Ser SS	12,342	-
iShares Russell 3000 Value	-	35,112
CTO REALTY GROWTH INC 6.375% Ser A REIT	14,813	17,235
New Residential INV Corp	-	41,496
New York Mtge, 7.875% PFD Ser E REIT	6,510	6,081
New York Mortgage Trust	-	15,768
Ready Capital Corp, 6.500% PFD Ser E REIT	11,172	12,018
PENNYMAC MTGE INVESTMENT 6.75%	9,470	9,365
RAYMOND JAMES FINANCIAL 6.375%	-	6,000
Signature Bank New York, 5.000% PFD A	-	14,492
Rithm Capital Corp PFD REIT	44,402	-
Textainer Group Holdings PFD Ser A	6,013	5,913
TPG RE FINANCE TRUST 6.250%	21,396	23,880
TPG Specialty Lending IN 3.875% Due 11/1/2024	-	14,488
AIR LIQUIDE US LLC 0.000% Due 9/15/2022	-	10,000
Flagstar Bank CD 5.250% April 24, 2025	39,873	-
Valley Natl Bancorp 5.125% Due September 27, 2023	-	20,181
Liberty Mutual, 4.300% February 1, 2061	9,436	10,144
Wesbanco Inc PFD Ser A	9,500	10,480
U.S. Treasury Bills	<u>128,048</u>	<u>-</u>
<b>Total</b>	<u>\$ 2,169,779</u>	<u>\$ 2,063,410</u>



**NOTE 7 - CAPITAL ASSETS, NET:**

Capital assets as of June 30, 2023, consisted of the following:

	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
Capital Assets not being depreciated:				
Land	\$ 2,668,522	\$ -	\$ -	\$ 2,668,522
Construction in Progress	12,499,608	28,335,376	-	40,834,984
Capital Assets being depreciated or amortized:				
Buildings	40,240,474	1,360,421	-	41,600,895
Streetscape improvements	6,534,636	21,460	-	6,556,096
Leasehold	2,515,821	86,708	-	2,602,529
Furniture and equipment	2,041,311	156,409	-	2,197,720
Right of use asset	-	426,695	-	426,695
Intangibles: Website & Internet domain	46,321	-	-	46,321
Total capital assets being depreciated or amortized	<u>51,378,563</u>	<u>2,051,693</u>	<u>-</u>	<u>53,430,256</u>
Accumulated depreciation and amortization:				
Buildings	(14,296,639)	(1,141,761)	-	(15,438,400)
Streetscape improvements	(6,396,350)	(43,945)	-	(6,440,295)
Leasehold	(1,776,983)	(147,135)	-	(1,924,118)
Furniture and equipment	(1,989,857)	(55,575)	-	(2,045,432)
Intangibles: Website & Internet domain	(31,945)	(10,735)	-	(42,680)
Total accumulated depreciation and amortized	<u>(24,491,774)</u>	<u>(1,399,151)</u>	<u>-</u>	<u>(25,890,925)</u>
Total capital assets being depreciated or amortized, net	<u>26,886,789</u>	<u>652,542</u>	<u>-</u>	<u>27,539,331</u>
Total capital assets, net	<u>\$ 42,054,919</u>	<u>\$ 28,987,918</u>	<u>\$ -</u>	<u>\$ 71,042,837</u>

Capital assets as of June 30, 2022, consisted of the following:

	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
Capital Assets not being depreciated:				
Land	\$ 2,668,522	\$ -	\$ -	\$ 2,668,522
Construction in Progress	-	12,499,608	-	12,499,608
Capital Assets being depreciated or amortized:				
Buildings	40,240,474	-	-	40,240,474
Streetscape improvements	6,534,636	-	-	6,534,636
Leasehold	2,306,222	209,599	-	2,515,821
Furniture and equipment	1,994,337	46,974	-	2,041,311
Intangibles: Website & Internet domain	30,482	15,839	-	46,321
Total capital assets being depreciated or amortized	<u>51,106,151</u>	<u>272,412</u>	<u>-</u>	<u>51,378,563</u>
Accumulated depreciation and amortization:				
Buildings	(13,375,553)	(921,086)	-	(14,296,639)
Streetscape improvements	(6,197,594)	(198,756)	-	(6,396,350)
Leasehold	(1,549,811)	(227,172)	-	(1,776,983)
Furniture and equipment	(1,901,933)	(87,924)	-	(1,989,857)
Intangibles: Website & Internet domain	(22,061)	(9,884)	-	(31,945)
Total accumulated depreciation and amortized	<u>(23,046,952)</u>	<u>(1,444,822)</u>	<u>-</u>	<u>(24,491,774)</u>
Total capital assets being depreciated or amortized, net	<u>28,059,199</u>	<u>(1,172,410)</u>	<u>-</u>	<u>26,886,789</u>
Total capital assets, net	<u>\$ 30,727,721</u>	<u>\$ 11,327,198</u>	<u>\$ -</u>	<u>\$ 42,054,919</u>

## **NOTE 8 - LONG-TERM DEBT:**

Long-term debt consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Borrowing from the City of Memphis for the construction of the Peabody Place Garage. Balance accrues 5.005% simple, non-compounding interest. The note is secured by deed of trust, fixture filing and assignment of rents. Total principal and accrued interest is due July 29, 2034. In the event of default, at the option of the lender or other holder of the Note, the entire unpaid principal balance together with all interest accrued shall become due.	\$ 5,120,000	\$ 5,120,000
4.46% note payable to Bank Tennessee for purchase of the First Parking Garage by the Downtown Parking Authority secured by deed of trust and assignment of leases and rents. Payment of principal and interest of \$18,757 are due monthly, maturing June 5, 2032. In the event of default, the entire unpaid balance together with all interest accrued shall become due.	1,682,976	1,828,366
Center City Development Corporation entered into a construction loan with Liberty Bank in the amount of \$1,968,000. The loan is for 60 months and carries an interest rate of 4.250%. Commencing on April 18, 2022, the organization is required to make interest only payments on the outstanding balance. As of June 30, 2023, \$1,498,496 was outstanding. Average monthly interest payments on the outstanding balance is \$3,298.	1,498,496	125,500
Memphis Center City Revenue Finance Corporation entered into a construction loan with Regions and Renasant Bank for the construction, renovation or expansion of parking garages and other parking infrastructure located in the central business district of Memphis TN. The \$40,000,000 loan bears an interest rate of 3.75%. As of June 30, 2023, the total outstanding amount is \$40,000,000. The organization is required to make interest only payments until December 1, 2024, when the first principal payment of \$1,000,000 is due.	40,000,000	28,297,500
In March 1999, the Downtown Mobility Authority entered into a master lease with the City of Memphis ("City") to lease certain parking garages and associated real estate. Under the terms of the master lease, the DPA was assigned the City's rights and obligations under the existing leases associated with the leased property. The initial term of the lease expired, but the lease was renewed for an additional ten-year period beginning on April 1, 2018, and shall end on March 31, 2028. Under the terms of the lease, DPA pays \$120,330 per year. There was no explicit interest rate present in the lease agreement therefore DMA used its current borrowing rate of 5% to calculate the present value of future minimum lease payments	426,684	-
	48,728,156	35,371,366
Less: current portion	(219,812)	(1,291,568)
Total long-term debt	\$ 48,508,344	\$ 34,079,798

*\*No principal or interest is payable on this note to the City of Memphis, for the construction of the Peabody Place Garage until its maturity on July 24, 2034. At June 30, 2023, the accrued interest payable is \$(6,183,896), and is included in Long-Term Liabilities in the accompanying Combined Statements of Net Position.*

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 2,974,187	\$ 1,655,379	\$ 1,318,808
2025	3,955,337	1,621,720	2,333,617
2026	4,955,436	1,606,319	3,349,117
2027	5,305,437	1,440,098	3,865,339
2028	32,349,168	1,587,182	30,761,986
Thereafter	<u>7,427,204</u>	<u>327,915</u>	<u>7,099,289</u>
	<u>\$ 56,966,769</u>	<u>\$ 8,238,613</u>	<u>48,728,156</u>
Less current portion			(219,812)
Total long-term debt			<u>\$ 48,508,344</u>

*See next page*

**NOTE 9 - LEASES:**

In March 1999, the Downtown Mobility Authority entered into a master lease with the City of Memphis ("City") to lease certain parking garages and associated real estate. Under the terms of the master lease, the DPA was assigned the City's rights and obligations under the existing leases associated with the leased property. The initial term of the lease expired, but the lease was renewed for an additional ten-year period beginning on April 1, 2018, and shall end on March 31, 2028. Under the terms of the lease, DPA pays \$120,330 per year. During the fiscal year end June 30, 2023 Downtown Mobility Authority adopted the standards of GASB 87 to account for this lease. As a result Downtown Mobility Authority has recognized a right of use asset and lease liability. The lease liability is based on the present value of the lease payments expected to be paid during the term of the lease. The right of use asset is valued at the lease liability less accumulated amortization expense through out the life of the lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 are as follows:

	<u>2023</u>	<u>2022</u>
2023	\$ -	\$ 263,817
2024	120,330	166,482
2025	120,330	166,482
2026	120,330	166,482
2027	<u>120,330</u>	<u>240,660</u>
Total minimum lease payments-	<u>481,320</u>	<u>1,003,923</u>
Less amount representing interest	<u>54,636</u>	<u>-</u>
Total future minimum lease payments less interest	<u>\$ 426,684</u>	<u>\$ 1,003,923</u>

**NOTE 10 - RETIREMENT PLAN:**

Effective August 1, 1987, the DMC established a defined contribution retirement plan ("Center City Commission Money Purchase Plan #003") for all salaried employees. The plan is administered by Nationwide Retirement Solutions.

Forfeitures may be used to pay administrative expenses or to reduce employer contributions.

Benefits vest on a 5-year graded schedule or immediate upon death or permanent disability. The DMC contributes 5% of each participant's annual salary. Participants vest in the employer's contributions at a rate of 20% per year.

Funds contributed are deposited and investment earnings are credited to each employee's account. Employees are entitled only to funds deposited on their behalf.

The amount contributed to the retirement plan and expensed for the year ended June 30, 2023 is \$90,379.

At June 30, 2023, the DMC did not report a payable for any outstanding amount of contributions to the pension plan.

**NOTE 11 - CONTINGENCIES AND COMMITMENTS:**

The Center City Revenue Finance Corporation (CCRFC) has claims made against it in the form of mechanics liens arising out of construction of several projects. CCRFC's liability with respect to such liens is limited to its interest in the property leased to the projects. There has been no liability accrued because the outcome is uncertain.

The Downtown Memphis Commission's "Open on Main" initiative pairs emerging retailers and entrepreneurs with vacant storefronts in downtown. The program is designed to help retailers test their market strategies and to create a stronger retail ecosystem and better pedestrian experience in the core of the city. DMC pays for the cost of the space for the tenant for one year. As of June 30, 2023 DMC has four retailers in this program with rents ranging from \$750-\$850 per month.

**NOTE 12 - RISK MANAGEMENT:**

The DMC is exposed to the normal risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The DMC's policy is to minimize these risks through the purchase of commercial insurance. Settled claims have not exceeded the commercial insurance coverage in the past four years.

**NOTE 13 - RESERVES FOR CONTINGENCIES:**

The Downtown Memphis Commission is funded by an assessment on commercial property in the Central Business Improvement District (CBID), which is reinvested into funding incentives and activations designed to support the growth of both downtown's population and appraised commercial property values. Commercial property owners have the right to appeal the assessed value of their property, which could result in a lower CBID assessment. Downtown Memphis Commission maintains reserves for potential CBID assessment appeals. As of June 30, 2023 and 2022 respectively, the Downtown Memphis Commission maintained the following reserves for appeals on CBID assessments.

	<u>2023</u>	<u>2022</u>
DMC reserve for CBID appeals	\$ <u>319,190</u>	\$ <u>178,922</u>
Total	\$ <u><u>319,190</u></u>	\$ <u><u>178,922</u></u>

**NOTE 14 - CONDUIT DEBT OBLIGATIONS:**

Memphis Center City Revenue Finance Commission entered into conduit debt obligations to arrange, for a fee, the financing of acquisition, construction and rehabilitation of properties located in the CBID district. The conduit debt obligations are secured by the property financed and are payable solely from revenues pledged under the applicable loan documents and/or certain tax increment financing approved by the applicable taxing authorities. The Board is not obligated in any manner for repayment of the obligations. Accordingly, the obligations are not reported as liabilities in the accompanying financial statements. At June 30, 2023, the Board had \$23,440,616 of conduit debt obligations outstanding: See Exhibit A.

*See next page*

**EXHIBIT A**  
**Listing of Currently Outstanding Debt**  
**As of December 31, 2022**

Conduit Debt Placements

<b>Name of Issue; Dated Date</b>	<b>Final Maturity Date</b>	<b>Initial Par Amount</b>	<b>Project Name</b>	<b>Date of Report on Debt Obligation</b>	<b>Principal Outstanding</b>	<b>Trustee Information</b>	<b>Tax Status Type of Issue, Etc.</b>
Qualified Energy Conservation Bonds, Series 2015A; February 18, 2015	January 5, 2025	\$ 8,316,000	Crosstown Concourse	February 18, 2015	\$ 1,663,200	Regions Bank	Taxable; Privately Placed
Qualified Energy Conservation Bonds, Series 2015B; April 29, 2015	January 5, 2025	\$ 2,015,300	Self Tucker Headquarters	April 29, 2015	201,530	Regions Bank	Taxable; Privately Placed
Qualified Energy Conservation Bonds, Series 2015C; April 29, 2015	January 5, 2025	\$ 340,700	Knowledge Quest Headquarters	April 29, 2015	34,070	Regions Bank	Taxable; Privately Placed
Sports Facility Revenue Bonds, Series 2014A & B (Stadium Project); March 28, 2014	February 1, 2029	\$ 23,645,000	AutoZone Park	March 28, 2014	12,275,000	Regions Bank	Series A - Tax-Exempt; Series B - Taxable; Publicly Sold
Tax-Exempt Revenue Bonds, (Crosstown Arts Theater Project) Series 2016)	June 1, 2026	\$ 11,000,000	Crosstown Arts Theatre	September 27, 2016	9,266,816	N/A	Tax-Exempt Privately Placed

**NOTE 15 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING**  
**STATEMENT OF NET POSITION:**

For the Year Ended June 30, 2023

**ASSETS**

	Downtown Memphis Commission (DMC)	Memphis Center City Development Corporation (CCDC)	Memphis Center City Revenue Finance Corporation (CCRFC)	Downtown Parking Authority (DPA)	Elimination	Total
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 2,567,284	\$ 5,551,128	\$ 463,304	\$ 1,682,840	\$ -	\$ 10,264,556
Designated cash and cash equivalents	-	126,214	5,839,171	669,406	-	6,634,791
Loans receivable, current portion	-	147,310	818,091	257,930	(818,091)	405,240
Accounts receivable	1,090,060	6,976	-	1,932,379	-	3,029,415
Prepaid expenses	<u>80,083</u>	<u>6,565</u>	<u>-</u>	<u>37,821</u>	<u>-</u>	<u>124,469</u>
Total Current Assets	<u>3,737,427</u>	<u>5,838,193</u>	<u>7,120,566</u>	<u>4,580,376</u>	<u>(818,091)</u>	<u>20,458,471</u>
<b>NON-CURRENT ASSETS:</b>						
Investments	-	2,169,779	-	-	-	2,169,779
Designated PILOT trust funds	-	-	10,613,023	-	-	10,613,023
Loans receivable, less current portion	-	1,759,694	-	23,650,394	-	25,410,088
Loans receivable from DPA	-	-	78,003,886	-	(78,003,886)	-
Capital assets not being depreciated	-	174,124	-	43,329,382	-	43,503,506
Capital assets being depreciated or amortized, net	<u>660,477</u>	<u>2,262,008</u>	<u>-</u>	<u>24,616,846</u>	<u>-</u>	<u>27,539,331</u>
Total non-current assets	<u>660,477</u>	<u>6,365,605</u>	<u>88,616,909</u>	<u>91,596,622</u>	<u>(78,003,886)</u>	<u>109,235,727</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,397,904</u>	<u>\$ 12,203,798</u>	<u>\$ 95,737,475</u>	<u>\$ 96,176,998</u>	<u>\$ (78,821,977)</u>	<u>\$ 129,694,198</u>

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 1,756,325	\$ 99,571	\$ 16,179	\$ 2,314,595	\$ -	\$ 4,186,670
Current maturities of long-term debt	<u>-</u>	<u>67,078</u>	<u>-</u>	<u>970,825</u>	<u>(818,091)</u>	<u>219,812</u>
Total Current Liabilities	<u>1,756,325</u>	<u>166,649</u>	<u>16,179</u>	<u>3,285,420</u>	<u>(818,091)</u>	<u>4,406,482</u>
<b>LONG-TERM LIABILITIES:</b>						
Accrued interest	-	-	125,000	6,183,896	-	6,308,896
Reserves for contingencies	319,190	-	-	-	-	319,190
Long-term debt, less current portion	-	1,431,420	40,000,000	7,076,924	-	48,508,344
Loan payable to CCRFC	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,003,886</u>	<u>(78,003,886)</u>	<u>-</u>
Total Long-Term Liabilities	<u>319,190</u>	<u>1,431,420</u>	<u>40,125,000</u>	<u>91,264,706</u>	<u>(78,003,886)</u>	<u>55,136,430</u>
<b>TOTAL LIABILITIES</b>	<u>2,075,515</u>	<u>1,598,069</u>	<u>40,141,179</u>	<u>94,550,126</u>	<u>(78,821,977)</u>	<u>59,542,912</u>
<b>NET POSITION:</b>						
Net investment in capital assets	660,477	937,635	-	17,209,757	-	18,807,869
Restricted	-	126,215	16,581,304	669,406	-	17,376,925
Unrestricted	<u>1,661,912</u>	<u>9,541,879</u>	<u>39,014,992</u>	<u>(16,252,291)</u>	<u>-</u>	<u>33,966,492</u>
Total Net Position	<u>2,322,389</u>	<u>10,605,729</u>	<u>55,596,296</u>	<u>1,626,872</u>	<u>-</u>	<u>70,151,286</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,397,904</u>	<u>\$ 12,203,798</u>	<u>\$ 95,737,475</u>	<u>\$ 96,176,998</u>	<u>\$ (78,821,977)</u>	<u>\$ 129,694,198</u>



**NOTE 15 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING**  
**STATEMENT OF NET POSITION (Continued):**

For the Year Ended June 30, 2022

**ASSETS**

	Downtown Memphis Commission	Memphis Center City Development Corporation	Memphis Center City Revenue Finance Corporation (CCRFC)	Downtown Parking Authority (DPA)	Elimination	Total
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 1,785,879	\$ 5,386,540	\$ 43,663	\$ 3,095,304	\$ -	\$ 10,311,386
Designated cash and cash equivalents	-	-	747,840	558,989	-	1,306,829
Loans receivable, current portion	-	256,022	551,959	655,999	(551,959)	912,021
Accounts receivable	613,192	115,297	-	319,719	-	1,048,208
Prepaid expenses	45,100	7,394	-	59,088	-	111,582
Total Current Assets	<u>2,444,171</u>	<u>5,765,253</u>	<u>1,343,462</u>	<u>4,689,099</u>	<u>(551,959)</u>	<u>13,690,026</u>
<b>NON-CURRENT ASSETS:</b>						
Investments	-	2,063,410	-	-	-	2,063,410
Designated PILOT trust funds	-	-	28,995,742	-	-	28,995,742
Loans receivable, less current portion	-	1,699,920	-	21,510,256	-	23,210,176
Loans receivable from DPA	-	-	41,499,060	-	(41,499,060)	-
Capital assets not being depreciated	-	174,124	-	14,994,007	-	15,168,131
Capital assets being depreciated or amortized, net	306,784	1,082,972	-	25,497,032	-	26,886,788
Total non-current assets	<u>306,784</u>	<u>5,020,426</u>	<u>70,494,802</u>	<u>62,001,295</u>	<u>(41,499,060)</u>	<u>96,324,247</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,750,955</u>	<u>\$ 10,785,679</u>	<u>\$ 71,838,264</u>	<u>\$ 66,690,394</u>	<u>\$ (42,051,019)</u>	<u>\$ 110,014,273</u>

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 345,280	\$ 162,124	\$ 43,664	\$ 3,982,596	\$ -	\$ 4,533,664
Current maturities of long-term debt	-	5,328	1,061,156	777,043	(551,959)	1,291,568
Total Current Liabilities	<u>345,280</u>	<u>167,452</u>	<u>1,104,820</u>	<u>4,759,639</u>	<u>(551,959)</u>	<u>5,825,232</u>
<b>LONG-TERM LIABILITIES:</b>						
Accrued interest	-	-	90,435	5,925,337	-	6,015,772
Reserves for contingencies	178,920	-	-	-	-	178,920
Long-term debt, less current portion	-	120,174	27,236,344	6,723,279	-	34,079,797
Loan payable to CCRFC	-	-	-	41,499,060	(41,499,060)	-
Total Long-Term Liabilities	<u>178,920</u>	<u>120,174</u>	<u>27,326,779</u>	<u>54,147,676</u>	<u>(41,499,060)</u>	<u>40,274,489</u>
<b>TOTAL LIABILITIES</b>	<u>524,200</u>	<u>287,626</u>	<u>28,431,599</u>	<u>58,907,315</u>	<u>(42,051,019)</u>	<u>46,099,721</u>
<b>NET POSITION:</b>						
Net investment in capital assets	306,784	1,257,096	-	20,491,109	-	22,054,989
Restricted	-	8,641,928	43,406,665	-	-	52,048,593
Unrestricted	1,919,971	599,029	-	(12,708,030)	-	(10,189,030)
Total Net Position	<u>2,226,755</u>	<u>10,498,053</u>	<u>43,406,665</u>	<u>7,783,079</u>	<u>-</u>	<u>63,914,552</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 2,750,955</u>	<u>\$ 10,785,679</u>	<u>\$ 71,838,264</u>	<u>\$ 66,690,394</u>	<u>\$ (42,051,019)</u>	<u>\$ 110,014,273</u>

**NOTE 16 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION:**

For the Year Ended June 30, 2023

	Downtown Memphis Commission (DMC)	Memphis Center City Development Corporation (CCDC)	Memphis Center City Revenue Finance Corporation (CCRFC)	Downtown Parking Authority (DPA)	Elimination	Total
<b>OPERATING REVENUES:</b>						
Administrative income	\$ -	\$ -	\$ 5,865,004	\$ -	\$ -	\$ 5,865,004
Tourism surcharge	-	-	3,685,088	-	-	3,685,088
Central Business Improvement District Assessment	4,535,342	-	-	-	-	4,535,342
Grant income	-	94,684	-	-	-	94,684
Operations income	11,936	7,542	-	-	-	19,478
Parking garage income	-	-	-	3,185,190	-	3,185,190
Total Operating Revenue	<u>4,547,278</u>	<u>102,226</u>	<u>9,550,092</u>	<u>3,185,190</u>	<u>-</u>	<u>17,384,786</u>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	2,522,618	-	-	88,995	-	2,611,613
Advertising	102,170	-	-	-	-	102,170
Business & Community Relations	36,344	-	-	-	-	36,344
Conferences and travel	17,595	-	-	-	-	17,595
Depreciation and amortization	68,990	41,530	-	1,288,630	-	1,399,150
Event production	292,050	-	-	-	-	292,050
Insurance	171,513	34,834	-	182,708	-	389,055
Office expenses	375,231	613	-	1,528	-	377,372
Parking garage expense	-	-	-	1,783,995	-	1,783,995
Planning and development	282,338	1,414,410	-	555,344	-	2,252,092
Professional fees	247,269	100,092	188,262	351,539	-	887,162
Property taxes	-	-	-	79,435	-	79,435
Repairs and maintenance	330,598	-	-	358	-	330,956
Subscriptions and dues	115,723	-	-	-	-	115,723
Total Operating Expenses	<u>4,562,439</u>	<u>1,591,479</u>	<u>188,262</u>	<u>4,332,532</u>	<u>-</u>	<u>10,674,712</u>
Operating income (loss)	<u>(15,161)</u>	<u>(1,489,253)</u>	<u>9,361,830</u>	<u>(1,147,342)</u>	<u>-</u>	<u>6,710,074</u>
Non-Operating Revenue (expenses):						
Interest income	106,214	307,457	375,738	495,646	-	1,285,055
Interest expense	-	(39,574)	(1,385,145)	(338,257)	-	(1,762,976)
Net Transfers in (out)	-	1,329,046	(1,329,046)	-	-	-
Taxes	-	-	-	-	-	-
Total Non-Operating Revenues (expenses)	<u>106,214</u>	<u>1,596,929</u>	<u>(2,338,453)</u>	<u>157,389</u>	<u>-</u>	<u>(477,921)</u>
Change In Net Position From Operations	91,053	107,676	7,023,377	(989,953)	-	6,232,153
Prior Period Adjustments	4,581	-	5,166,254	(5,166,254)	-	4,581
Total Net Position - Beginning	<u>2,226,755</u>	<u>10,498,053</u>	<u>43,406,665</u>	<u>7,783,079</u>	<u>-</u>	<u>63,914,552</u>
Total Net Position - Ending	<u>\$ 2,322,389</u>	<u>\$ 10,605,729</u>	<u>\$ 55,596,296</u>	<u>\$ 1,626,872</u>	<u>\$ -</u>	<u>\$ 70,151,286</u>

**NOTE 16 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (Continued):**

For the Year Ended June 30, 2022

	Downtown Memphis Commission	Memphis Center City Development Corporation	Memphis Center City Revenue Finance Corporation (CCRFC)	Downtown Parking Authority (DPA)	Elimination	Total
<b>OPERATING REVENUES:</b>						
Administrative income	\$ -	\$ -	\$ 6,175,191	\$ -	\$ -	\$ 6,175,191
Tourism surcharge	-	-	480,664	-	-	480,664
Central Business Improvement District Assessment	4,606,999	-	-	-	-	4,606,999
Grant income	-	211,850	-	-	-	211,850
Operations income	12,941	(93,739)	-	-	-	(80,798)
Parking garage management	-	-	-	2,877,081	-	2,877,081
Total Operating Revenue	<u>4,619,940</u>	<u>118,111</u>	<u>6,655,855</u>	<u>2,877,081</u>	<u>-</u>	<u>14,270,987</u>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	2,447,331	-	-	73,174	-	2,520,505
Advertising	87,688	-	-	-	-	87,688
Business community relations	27,751	-	-	-	-	27,751
Conferences and travel	13,161	-	-	-	-	13,161
Depreciation and amortization	216,550	43,913	-	1,184,359	-	1,444,822
Event production	254,601	-	-	-	-	254,601
Insurance	119,620	13,127	-	136,086	-	268,833
Office expenses	291,738	115	-	653	-	292,506
Other personnel expenses	-	56,186	-	-	-	56,186
Parking garage management fees	-	-	-	1,656,895	-	1,656,895
Planning and development	272,174	1,443,094	-	2,043,000	-	3,758,268
Professional fees	239,600	102,281	608,096	511,819	-	1,461,796
Property taxes	-	-	-	90,898	-	90,898
Repairs and maintenance	238,435	55,465	-	3,580	-	297,480
Subscriptions and dues	132,609	-	-	-	-	132,609
Total Operating Expenses	<u>4,341,258</u>	<u>1,714,181</u>	<u>608,096</u>	<u>5,700,464</u>	<u>-</u>	<u>12,363,999</u>
Operating income (loss)	<u>278,682</u>	<u>(1,596,070)</u>	<u>6,047,759</u>	<u>(2,823,383)</u>	<u>-</u>	<u>1,906,988</u>
Non-Operating Revenue (expenses):						
Interest income	4,971	(198,651)	32,923	308,254	-	147,497
Interest expense	-	(880)	(92,951)	(577,128)	-	(670,959)
Net Transfers in (out)	-	1,094,809	(1,094,809)	-	-	-
Total Non-Operating Revenues (expenses)	<u>4,971</u>	<u>895,278</u>	<u>(1,154,837)</u>	<u>(268,874)</u>	<u>-</u>	<u>(523,462)</u>
Change In Net Position From Operations	283,653	(700,792)	4,892,922	(3,092,257)	-	1,383,526
Total Net Position - Beginning	2,693,721	10,786,366	43,380,131	6,579,659	-	63,439,877
Change in Net Position From Non-Operating Activities	<u>(779,573)</u>	<u>412,479</u>	<u>(4,866,388)</u>	<u>4,295,677</u>	<u>-</u>	<u>(937,805)</u>
Total Net Position - Ending	<u>\$ 2,197,801</u>	<u>\$ 10,498,053</u>	<u>\$ 43,406,665</u>	<u>\$ 7,783,079</u>	<u>\$ -</u>	<u>\$ 63,885,598</u>

**NOTE 17 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING STATEMENT OF CASH FLOWS:**

For the Year Ended June 30, 2023

	<u>DMC</u>	<u>CCDC</u>	<u>CCRFC</u>	<u>DPA</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 4,178,072	\$ 518,003	\$ 9,925,830	\$ 2,068,176	\$ 16,690,081
Payments to suppliers	1,551,313	(1,652,076)	(215,749)	(4,622,904)	(4,939,416)
Payments to employees	(2,513,914)	-	-	(88,995)	(2,602,909)
Other operating payments	(1,980,984)	-	34,565	258,558	(1,687,861)
Net Cash (Used)/Provided By Operating Activities	<u>1,234,487</u>	<u>(1,134,073)</u>	<u>9,744,646</u>	<u>(2,385,165)</u>	<u>7,459,895</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Noncapital transfers from other funds	-	-	-	-	-
Net Cash (Used)/Provided By Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from capital debt	-	1,373,825	11,702,500	36,646,836	49,723,161
Purchases of capital assets	(422,683)	(1,220,565)	-	(28,743,811)	(30,387,059)
Principal paid on capital debt	-	-	-	-	-
Interest paid on capital debt	-	-	(1,385,145)	(338,257)	(1,723,402)
Other capital payments	(30,399)	-	-	-	(30,399)
Capital transfers from other funds	-	1,329,046	(1,329,046)	-	-
Capital transfers to other funds	-	-	5,166,255	(5,166,255)	-
Net Cash (Used)/Provided By Capital and Related Financing Activities	<u>(453,082)</u>	<u>1,482,306</u>	<u>14,154,564</u>	<u>2,398,513</u>	<u>17,582,301</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Cash earned on investments	-	-	-	-	-
Interest and dividends	-	-	-	-	-
Purchase of investments	-	(57,431)	(36,770,958)	(1,315,395)	(38,143,784)
Transfers (to)/from designated PILOT trust funds	-	-	18,382,719	-	18,382,719
Issuance of loans receivable under Loan Program	-	-	-	-	-
Collections on loans receivable under Loan Program	-	-	-	-	-
Other investing payments	-	-	-	-	-
Net Cash (Used)/Provided By Investing Activities	<u>-</u>	<u>(57,431)</u>	<u>(18,388,239)</u>	<u>(1,315,395)</u>	<u>(19,761,065)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	781,405	290,802	5,510,971	(1,302,047)	5,281,131
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,785,879</u>	<u>5,386,540</u>	<u>791,504</u>	<u>3,654,293</u>	<u>11,618,216</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,567,284</u>	<u>\$ 5,677,342</u>	<u>\$ 6,302,475</u>	<u>\$ 2,352,246</u>	<u>\$ 16,899,347</u>

**NOTE 17 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING STATEMENT OF CASH FLOWS (Continued):**

For the Year Ended June 30, 2023

	<u>DMC</u>	<u>CCDC</u>	<u>CCRFC</u>	<u>DPA</u>	<u>TOTAL</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating Income (loss)	\$ 91,052	\$ (1,221,370)	\$ 9,737,568	\$ (651,695)	\$ 7,955,555
Adjustments to reconcile operating income to net cash provided (used by) operating activities:					
Depreciation and amortization	68,990	41,530	-	1,288,632	1,399,152
(Increase) decrease in:					
Receivables, net	(476,868)	108,320	-	(1,612,661)	(1,981,209)
Accounts payable	1,411,045	(62,553)	(27,487)	(1,667,998)	(346,993)
Accrued interest payable	-	-	34,565	258,557	293,122
Other accrued liabilities	140,268	-	-	-	140,268
<b>TOTAL</b>	<b><u>\$ 1,234,487</u></b>	<b><u>\$ (1,134,073)</u></b>	<b><u>\$ 9,744,646</u></b>	<b><u>\$ (2,385,165)</u></b>	<b><u>\$ 7,459,895</u></b>

**NOTE 17 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING STATEMENT OF CASH FLOWS (Continued):**

For the Year Ended June 30, 2022

	<u>DMC</u>	<u>CCDC</u>	<u>CCRFC</u>	<u>DPA</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 4,602,436	\$ 63,984	\$ 9,549,724	\$ 2,818,856	\$ 17,035,000
Payments to suppliers	(1,525,355)	(1,522,647)	(591,704)	(1,258,241)	(4,897,947)
Payments to employees	(2,418,377)	-	-	(73,174)	(2,491,551)
Other operating payments	-	-	-	-	-
Net Cash (Used)/Provided By Operating Activities	<u>658,704</u>	<u>(1,458,663)</u>	<u>8,958,020</u>	<u>1,487,441</u>	<u>9,645,502</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Noncapital transfers from other funds	<u>(783,744)</u>	<u>1,507,289</u>	<u>(5,961,197)</u>	<u>5,237,652</u>	<u>-</u>
Net Cash (Used)/Provided By Noncapital Financing Activities	<u>(783,744)</u>	<u>1,507,289</u>	<u>(5,961,197)</u>	<u>5,237,652</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from capital debt	-	125,501	28,297,500	7,864,875	36,287,876
Purchases of capital assets	(205,638)	(973,490)	-	(11,586,835)	(12,765,963)
Principal paid on capital debt	-	(39,583)	(92,951)	(3,182,171)	(3,314,705)
Interest paid on capital debt	-	(199,531)	-	(577,128)	(776,659)
Other capital payments	-	-	-	1,110,229	1,110,229
Net Cash (Used)/Provided Capital and Related Financing Activities	<u>(205,638)</u>	<u>(1,087,103)</u>	<u>28,204,549</u>	<u>(6,371,030)</u>	<u>20,540,778</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Cash earned on investments	-	-	-	308,254	308,254
Sale of investments	-	-	-	-	-
Interest and dividends	4,971	-	32,921	-	37,892
Other investing payments	-	-	-	-	-
Purchase of investments	-	237,639	(22,342,678)	-	(22,105,039)
Transfers (to)/from designated PILOT trust funds	-	-	-	-	-
Issuance of loans receivable under Loan Program	-	-	(8,127,381)	-	(8,127,381)
Collections on loans receivable under Loan Program	-	-	-	-	-
Other investing payments	-	-	-	-	-
Net Cash (Used)/Provided By Investing Activities	<u>4,971</u>	<u>237,639</u>	<u>(30,437,138)</u>	<u>308,254</u>	<u>(29,886,274)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(325,707)</u>	<u>(800,838)</u>	<u>764,234</u>	<u>662,317</u>	<u>300,006</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,111,586</u>	<u>6,187,379</u>	<u>27,269</u>	<u>2,991,976</u>	<u>11,318,210</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,785,879</u>	<u>\$ 5,386,541</u>	<u>\$ 791,503</u>	<u>\$ 3,654,293</u>	<u>\$ 11,618,216</u>

**NOTE 17 - DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES COMBINING STATEMENT OF CASH FLOWS (Continued):**

For the Year Ended June 30, 2022

	<u>DMC</u>	<u>CCDC</u>	<u>CCRFC</u>	<u>DPA</u>	<u>TOTAL</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating Income (loss)	\$ 312,606	\$ (1,596,070)	\$ 6,047,759	\$ (2,823,382)	\$ 1,940,913
Adjustments to reconcile operating income to net cash provided (used by) operating activities:					
Depreciation and amortization	216,550	43,913	-	1,184,359	1,444,822
(Increase) decrease in:					
Receivables, net	(22,475)	(54,127)	2,803,434	(58,225)	2,668,607
Accounts payable	190,821	147,621	16,392	2,926,128	3,280,962
Accrued interest payable	-	-	90,435	258,261	348,696
Other accrued liabilities	(38,798)	-	-	-	(38,798)
<b>TOTAL</b>	<b><u>\$ 658,704</u></b>	<b><u>\$ (1,458,663)</u></b>	<b><u>\$ 8,958,020</u></b>	<b><u>\$ 1,487,141</u></b>	<b><u>\$ 9,645,202</u></b>

**NOTE 18 - NET INVESTMENT IN CAPITAL ASSETS:**

Net investment in capital assets in the combined statement of net position as of June 30, 2023 is as follows:

Non-depreciable capital assets	\$ 43,503,506
Depreciable capital assets	53,430,256
Accumulated depreciation	<u>(25,890,925)</u>
Net Capital Assets	71,042,837
Total Debt	48,301,472
Less carrying value of debt not issued to finance capital assets or to refund capital assets related debt	<u>-</u>
Carrying value of capital assets related to borrowing	<u>48,301,472</u>
Net investment in capital assets	<u>\$ 22,741,365</u>

**NOTE 19 - INTERFUND RECEIVABLES AND PAYABLES:**

The composition of interfund balances as of June 30, 2023 is as follows:

	<b>CCRFC (Receivable)</b>	<b>DMA (Payable)</b>
One Commerce Loan	\$ 1,226,101	\$ (1,226,101)
Brewery Garage Loan	5,006,459	(5,006,459)
Bakery Garage Loan	5,753,919	(5,753,919)
One Beale Loan	9,921,846	(9,921,846)
Mobility Center Loan	46,163,652	(46,163,652)
100 North Main Loan	<u>10,750,000</u>	<u>(10,750,000)</u>
Total	<u>\$ 78,821,977</u>	<u>\$ (78,821,977)</u>

**NOTE 20 - SUBSEQUENT EVENTS:**

Subsequent events have been evaluated through December 31, 2023, which is the financial statement issuance date.



## **SUPPLEMENTARY INFORMATION**

## DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES

### Schedule of Changes In Long-Term Debt

Changes in long-term debt during the years ended June 30, 2023 and 2022, are as follows:

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding at 6/30/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
Loan Payable:								
Bank Tennessee Loan	\$ 2,975,000	4.46%	6/14/2012	6/5/2032	\$ 1,828,365	\$ -	\$ 145,390	\$ 1,682,976
Notes Payable:								
City of Memphis	5,120,000	5.05%	7/29/1999	07/29/2034	5,120,000	-		5,120,000
Loan Payable:								
Liberty Bank	1,968,000	4.250%	4/18/2021	04/18/2027	125,500	1,372,996	-	1,498,496
Loan Payable:								
Renasant and Regions Bank	40,000,000	3.75%	12/1/2021	12/1/2028	28,297,500	11,702,500	-	40,000,000
Capital Lease- Garages	<u>426,684</u>	5.00%	12/1/2021	12/1/2028	<u>-</u>	<u>426,684</u>	<u>-</u>	<u>426,684</u>
Total	<u>\$ 50,489,684</u>				<u>\$ 35,371,365</u>	<u>\$ 13,502,180</u>	<u>\$ 145,390</u>	<u>\$ 48,728,156</u>

**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***

To the Board of Directors  
Downtown Memphis Commission and Related Entities  
Memphis, Tennessee

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 basic combined financial statements of the Downtown Memphis Commission and Related Entities, which comprise the combined statements of net position as of June 30, 2023 and 2022, and the related combined statements of revenues, expenses, and changes in fund net position and cash flows for the years then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 31, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered Downtown Memphis Commission and Related Entities' 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 opinions on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Downtown Memphis Commission and Related Entities' internal control. Accordingly, we do not express an opinion on the effectiveness of Downtown Memphis Commission and Related Entities' 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 combined 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 Downtown Memphis Commission and Related Entities' basic combined 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 combined 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.

*Banks, Finley, White & Co*

Memphis, Tennessee  
December 31, 2023

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Schedule of Findings and Questioned Costs  
For the Year June 30, 2023

No matters were reported as findings for the fiscal year ended June 30, 2023.

**DOWNTOWN MEMPHIS COMMISSION AND RELATED ENTITIES**

Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2023

No matters were reported as findings for the fiscal year ended June 30, 2022.