



City of Grand Island

Tuesday, September 22, 2020

Council Session

Item C-1

Presentation of the Food & Beverage Occupation Tax Oversight Committee 2020 Annual Report

Staff Contact: Jerry Janulewicz

Council Agenda Memo

From: Jerry Janulewicz, City Administrator

Meeting: September 22, 2020

Subject: Annual Report by the Food & Beverage Occupation Tax Oversight Committee

Presenter(s): Ron Depue, Chairman

Background

The voters of the City of Grand Island approved an occupation tax on food and beverages of one and one half percent (1½%) at the May 10, 2016 election. Subsequent to the election, the city has adopted an ordinance that establishes the Food and Beverage Occupation Tax Oversight Committee to be responsible for reviewing the revenues and expenditures of the city's occupation tax imposed upon persons and entities engaging in the business of providing food services, drinking places, or restaurants. The Committee shall advise the public and city officials with regard to the city's Food and Beverage Tax, and shall confirm that the Food and Beverage Tax revenues are accounted for in the designated special revenue funds and are being expended on eligible projects as provided by city ordinances. The Occupation Tax Oversight Committee is required by the Grand Island City Code to make an annual report to the City Council.

Discussion

The Occupation Tax Oversight Committee has been conducting quarterly meetings during the last nine months as required by the City Code. The committee met on September 10, 2020, reviewed and approved the annual report and voted to forward it on to the City Council for its review.

**REPORT OF THE OCCUPATION TAX OVERSIGHT COMMITTEE
TO THE GRAND ISLAND CITY COUNCIL
DATED: September 11, 2020.**

1. **BACKGROUND:** The original Food and Beverage Occupation Tax was approved by ordinance of the Grand Island City Council in September 2008, effective December 1, 2008. The ordinance imposed a 1.5% Occupation Tax on the sale of prepared food and non-alcoholic beverages that were subject to Nebraska Sales Tax. Tax funds were initially used to support the construction of the Community Field House located at Fonner Park as part of the City's required financial contribution related to the relocation of the Nebraska State Fair. Tax revenues were subsequently approved for disbursement for other State Fair related expenses, including relocating softball and soccer fields from Fonner Park to the Veterans Athletic Field Complex and fulfilling the City's matching funds requirement to the State Lottery. The initial ordinance contained a sunset provision providing for the termination of the tax upon the City meeting all of its financing and debt obligations with Wells Fargo related to the construction of the Community Field House.

In anticipation of the sunset of the original tax, in May 2016, Grand Island voters approved the continuation of the City's 1.5% Occupation Tax on the sale of food and beverages (including alcoholic beverages) which are subject to Nebraska Sales Tax. In May 2016, the Council enacted an ordinance which repealed the original tax and enabled enforcement of the voter approved Occupation Tax (the "New Ordinance"). The New Ordinance states that revenue derived from the voter approved Food and Beverage Tax shall be used for the following community enhancements:

- (i) To make the City's quarterly payments to the Nebraska State Fair Support and Improvement Fund as required by Neb. Rev. Stat. §§2-108-110;
- (ii) Promote entertainment, agricultural and livestock shows, trade shows and similar events that will attract visitors to Grand Island;
- (iii) Ongoing enhancement and development of recreation and athletic facilities such as hike, bike and recreational trails, ball fields and other community activity needs; and
- (iv) Invest in community development projects and activities that stimulate progress and growth for Grand Island.

The New Ordinance also created the Occupation Tax Oversight Committee (the "Committee") composed of five members. Current Committee members are: Karl Kostbahn, Brad Bauer, Tanya Hansen and Ron Depue. There is an opening for one additional committee member. Ron Depue was re-elected to a 2-year term as Committee Chair on September 10, 2020. The Committee's charge is: (i) to advise the public and City officials with regard to the City's Food and Beverage Tax, and (ii) confirm that the tax revenues are accounted for in the designated special revenue funds and are being expended on eligible projects as provided by City

ordinances. The Committee is required to meet at least semi-annually in March and September of each year and submit a written report to the Council on its findings and suggestions each September. At its initial meeting, the Committee decided to meet on a quarterly basis and has done so without fail.

In October 2016, the City and Grow Grand Island, Inc. a Nebraska nonprofit corporation (“GGI”) entered into an Agreement For Community Enhancement Programs (the “Agreement”) for an initial term of 2 years which automatically renewed for an additional 2 years in 2018 and expires on September 30, 2020. The Agreement provided that the City will provide a minimum of \$500,000.00 of food and beverage tax funds on November 1st of each year through November 1, 2019.

In November, 2016 the City approved Ordinance #9610 authorizing a loan not to exceed \$5,000,000.00 to provide financing for a portion of the costs of certain improvements to the City parks and trails system to be paid from revenue sources, including but not limited to, the City’s Food and Beverage Tax (“Loan Funds”).

On September 8, 2020, the City approved the Amended and Restated Agreement For Community Enhancement Programs (the “Amended Agreement”). The Amended Agreement replaces the Agreement, has an initial 2-year term and automatically renews for a second 2-year term unless terminated as provided therein. Under the Amended Agreement GGI is required to adopt a procurement policy; City funds are required to be maintained in a segregated account and in order to foster collaboration, the Mayor may appoint up to 3 representatives as liaisons to attend GGI Executive Committee Meetings. Due to significant carryover of City funds paid to GGI in prior years, the 2019 distribution was not paid to GGI. The Amended Agreement ratified the \$500,000 distributions paid in 2016, 2017 and 2018, eliminates the 2019 distribution, and provides for \$150,000 to be distributed to GGI on September 1, 2020. Annual distributions to GGI will be made thereafter at \$500,000 per year, subject to: (i) availability of food and beverage tax funds, and (ii) a schedule of payments approved by the City. Unused City funds allocated to a project shall be returned to the City if not expended within 90 days of project completion. GGI must provide an annual audit.

Food and Beverage tax funds, regardless of whether distributed to GGI under the Agreement or Amended Agreement are subject to the following restrictions:

Limitation on Use. City funds shall be utilized and expended by GGI solely for such project, programs and purposes that serve and carry out a public purpose as expressly authorized, necessarily or fairly implied in or incidental to those expressly authorized and those essential to the declared objects and purposes of a city of the first class as expressed by Nebraska statutes as from time to time amended. Such projects, programs, and purposes shall encompass and be directed toward encouraging immigration, new industries, and investment and to conduct and carry on a publicity campaign, including a publicity campaign conducted for the purpose of exploiting and advertising the various agricultural, horticultural, manufacturing, commercial, and other resources, including

utility services, of the city; to promote entertainment, agricultural and livestock shows, trade shows and similar events that will attract visitors to Grand Island; and investment in community development projects and activities that stimulate progress and growth for Grand Island. No more than 10% of the City Funds will be allowed to be used for employee and operation expenses.

2. REVIEW AND ANALYSIS: Pursuant to its directive, the Committee held quarterly meetings over the past year, reviewed the receipt and distribution of tax funds by the City and GGI, met with City and GGI representatives and reports as follows:

A. Initial Food and Beverage Tax Carryover Funds.

Upon termination of the initial Food and Beverage Tax on June 30, 2016, there were surplus funds in the amount of \$1,244,202.19 (“Restricted Funds”). By City Council resolution adopted in June 2016, the Restricted Funds were earmarked to be used for the following purposes:

- (1) To pay expenses to be incurred for removal and replacement of artificial field turf at the Grand Island Field House;
- (2) To pay expenses to be incurred for design and construction of restrooms at the City’s Veterans Sports Complex; and
- (3) The remainder to pay future quarterly payments to the Nebraska State Fair Support and Improvement Fund as required by Neb. Rev. Stat. §2-108-110.

The distribution of the Restricted Funds is set forth in the reports of the City Finance Department concerning receipt and distribution of the Food and Beverage Tax Funds from July 1, 2016 - September 30, 2017, October 1, 2017 - September 30, 2018, October 1, 2018 – September 30, 2019, October 1, 2019 - July 31, 2020 and Summary of All Years are collectively attached hereto as Exhibit “A”. All Restricted Funds have been expended appropriately with no remaining Restricted Funds on hand.

B. Receipt and Expenditure of Food and Beverage Tax Funds under the New Ordinance.

The report of the City Finance Department concerning the receipt and expenditure of Food and Beverage Tax Funds under the New Ordinance from July 1, 2016 through July 31, 2020 (“Unrestricted Funds”) is also set forth on Exhibit “A”. The balance of Unrestricted Funds as of July 31, 2020 is \$3,320,556.80 which includes Loan Funds (labeled as “Other Bond Proceeds”). Attached Exhibit “B” is a monthly summary of the Food and Beverage Tax Funds received from October 1, 2015 thru July 31, 2020.

C. Grow Grand Island's Receipt and Expenditure of Tax Funds.

GGI's audits for years ending December 31, 2018 and 2019 are attached as Exhibit "C". A summary of funds received and distributed and project dashboard are attached as Exhibit "D". Tax Funds distributed by the City to GGI are currently deposited into GGI's FDIC insured account at Home Federal Bank of Grand Island. Account funds in excess of \$250,000.00 FDIC limits are collateralized by pledged securities as required by the Agreement.

D. COMMENTS:

- (1) GGI's accounts have been continuously insured or collateralized by pledged securities as required by the Agreement continuously for the past year.
- (2) The Agreement states, "*No more than 10% of the City Funds will be allowed to be used for employee and operation expenses.*" Total administrative expenses since the inception of the Agreement are in compliance with the 10% lid.
- (3) The City has appropriately pursued enforcement and collection measures to collect delinquent accounts tax accounts.

3. COMMITTEE FINDINGS:

Based upon the Committee's review of all applicable records and reports and discussions with City legal and financial staff and GGI management, it is the opinion of the Committee that the receipt and expenditure of Food and Beverage Tax Funds through July 31, 2020 comply with the requirements of applicable City Ordinances and Agreements.

4. COMMITTEE RECOMMENDATIONS:

A. The Committee recommends that:

- (1) GGI continue to provide to the City and the Committee monthly written confirmation that all Tax Funds are fully insured or collateralized as required by the Agreement; and
- (2) The established practice of obtaining City preapproval with Committee subsequent review of all GGI projects using Tax Funds should continue.

OCCUPATION TAX OVERSIGHT COMMITTEE

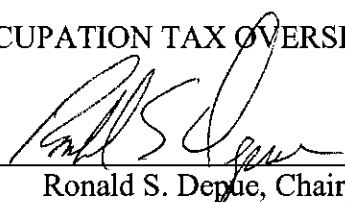
BY 
Ronald S. Depue, Chairperson

EXHIBIT A

Food and Beverage
Occupation Tax Committee

Activity since July 1, 2016-Sept. 30, 2017

ACCOUNT DESCRIPTION/PROJECT NAME	Restricted Activity	Unrestricted Activity	Comments
BEGINNING CASH	\$1,244,202.19	\$0.00	
REVENUE			
FOOD & BEV OCCUPATION TAX	\$0.00	\$2,805,136.64	
OTHER REVENUE	\$0.00	\$64,500.00	Northwestern Energy for State Fair
OTHER BOND PROCEEDS	\$0.00	\$50,001.00	Initial drawdown of loan
Subtotal Revenues	\$0.00	\$2,919,637.64	
EXPENSES			
ENG/DESIGN - UNRESTRICTED	\$0.00	\$1,400.00	Water Park Study
VETS FIELD-RESTROOM AND CONC BUILDING	\$275,716.86	\$0.00	
SUCKS LAKE RETAINING WALL (2017)	\$0.00	\$142,094.00	
HSP LAND IMPROVEMENTS (2017)	\$0.00	\$9,997.00	
VETS BALLFIELD	\$0.00	\$295,384.01	
BIKE/PED PROJECT	\$0.00	\$7,981.93	
ECONOMIC DEVELOPMENT	\$518,931.00	\$0.00	State Fair Payments
OTHER EXPENDITURES	\$0.00	\$20.81	CC Fees for payments
INTEREST EXPENSE	\$0.00	\$275.00	
GROW GRAND ISLAND DONATIONS	\$0.00	\$500,000.00	
UNASSIGNED CAPITAL PROJECTS	\$170,145.00	\$8,887.50	Turf and Eng. Services
Subtotal Expenses	\$964,792.86	\$966,040.25	
ENDING CASH	\$279,409.33	\$1,953,597.39	

Food and Beverage
Occupation Tax Committee

Activity Oct. 1, 2017-Sept. 30, 2018

ACCOUNT DESCRIPTION/PROJECT NAME	Restricted Activity	Unrestricted Activity	Comments
BEGINNING CASH	\$279,409.33	\$1,953,597.39	
REVENUE			
FOOD & BEV OCCUPATION TAX	\$0.00	\$2,329,914.61	
OTHER REVENUE	\$0.00	\$86,411.26	Northwestern Energy for State Fair & CCRbate
OTHER BOND PROCEEDS	\$0.00	\$4,949,999.00	Initial drawdown of loan
Subtotal Revenues	\$0.00	\$7,366,324.87	
EXPENSES			
VETS FIELD-RESTROOM AND CONC BUILDING	\$12,226.13	\$0.00	
STERLING ESTATES PARK EQUIPMENT	\$0.00	\$81,342.32	
VETS BALLFIELD	\$0.00	\$3,459,129.15	
LOAN PRINCIPAL/EXPENSE	\$0.00	\$219,180.08	
LOAN INTEREST EXPENSE	\$0.00	\$68,112.09	
ECONOMIC DEVELOPMENT	\$267,183.20	\$180,317.80	State Fair Payments
OTHER EXPENDITURES	\$0.00	\$6.08	CC Fees for payments
GROW GRAND ISLAND DONATIONS	\$0.00	\$500,000.00	
CONTRACT SERVICES	\$0.00	\$12,500.00	Attorney fees for loan
Subtotal Expenses	\$279,409.33	\$4,520,587.52	
ENDING CASH	\$0.00	\$4,799,334.74	

Food and Beverage
Occupation Tax Committee

Activity Oct. 1, 2018-Sept. 30, 2019

ACCOUNT DESCRIPTION/PROJECT NAME	Unrestricted Activity	Comments
BEGINNING CASH	\$4,799,334.74	
REVENUE		
FOOD & BEV OCCUPATION TAX	\$2,416,974.54	
OTHER REVENUE	\$107,500.00	Northwestern Energy for State Fair & CCRbate
Subtotal Revenues	\$2,524,474.54	
EXPENSES		
VETS BALLFIELD	\$2,415,733.92	
PLAYGROUND EQUIPMENT	\$44,943.23	
PICKLEBALL COURTS	\$26,493.03	
BIKE/PED PROJECT	\$109.77	
VETERANS TRAIL CONNECTION	\$1,384.62	
LOAN PRINCIPAL/EXPENSE	\$447,854.84	
LOAN INTEREST EXPENSE	\$126,211.82	
ECONOMIC DEVELOPMENT	\$460,677.00	State Fair Payments
OTHER EXPENDITURES	\$320.64	CC Fees for payments
HUSKER HARVEST DAYS PAYMENT TO CRA	\$324,416.70	2019 - Also includes Parks Assessment Payoff
GROW GRAND ISLAND DONATIONS	\$500,000.00	
Subtotal Expenses	\$4,348,145.57	
ENDING CASH	\$2,975,663.71	

Food and Beverage
Occupation Tax Committee

Activity Oct. 1, 2019-July 31, 2020

ACCOUNT DESCRIPTION/PROJECT NAME	Unrestricted Activity	Comments
BEGINNING CASH	\$2,975,663.71	
REVENUE		
FOOD & BEV OCCUPATION TAX	\$1,818,945.14	
OTHER REVENUE	\$78,952.14	Northwestern Energy for State Fair & CCRbate
Subtotal Revenues	\$1,897,897.28	
EXPENSES		
ENG/DESIGN - UNRESTRICTED	\$13,950.00	Pickleball courts
VETS BALLFIELD	\$285,325.66	
PLAYGROUND EQUIPMENT	\$28,804.28	
PICKLEBALL COURTS	\$1,669.59	
BIKE/PED-PROJECT		
VETERANS TRAIL CONNECTION	\$357.94	
LOAN PRINCIPAL/EXPENSE	\$459,903.39	
LOAN INTEREST EXPENSE	\$114,262.35	
ECONOMIC DEVELOPMENT	\$419,057.00	State Fair Payments
OTHER EXPENDITURES		
HUSKER HARVEST DAYS PAYMENT TO CRA	\$229,673.98	Includes Grant Prep Services and MA Fees on Loan
GROW GRAND ISLAND DONATIONS		
UNASSIGNED CAPITAL PROJECTS		
Subtotal Expenses	\$1,553,004.19	
ENDING CASH	\$3,320,556.80	

Food and Beverage
Occupation Tax Committee

Summary of All Years

ACCOUNT DESCRIPTION/PROJECT NAME	Restricted Activity	Unrestricted Activity	Comments
BEGINNING CASH	\$1,244,202.19	\$0.00	
REVENUE			
FOOD & BEV OCCUPATION TAX	\$0.00	\$9,370,970.93	
OTHER REVENUE	\$0.00	\$337,363.40	
OTHER BOND PROCEEDS	\$0.00	\$5,000,000.00	
	\$0.00	\$14,708,334.33	
EXPENSES			
ENG/DESIGN - UNRESTRICTED	\$0.00	\$15,350.00	
VETS FIELD-RESTROOM AND CONC BUILDING	\$287,942.99	\$0.00	
PLAYGROUND EQUIPMENT	\$0.00	\$73,747.51	
SUCKS LAKE RETAINING WALL (2017)	\$0.00	\$142,094.00	
STERLING ESTATES PARK EQUIPMENT	\$0.00	\$81,342.32	
HPSP LAND IMPROVEMENTS (2017)	\$0.00	\$9,997.00	
VETS BALLFIELD	\$0.00	\$6,455,572.74	
PICKLEBALL COURTS	\$0.00	\$28,162.62	
BIKE/PED PROJECT	\$0.00	\$8,091.70	
VETERANS TRAIL CONNECTION	\$0.00	\$1,742.56	
LOAN PRINCIPAL/EXPENSE	\$0.00	\$1,126,938.31	
LOAN INTEREST EXPENSE	\$0.00	\$308,586.26	
ECONOMIC DEVELOPMENT	\$786,114.20	\$1,060,051.80	State Fair Payments
OTHER EXPENDITURES	\$0.00	\$347.53	CC Fees for payments
INTEREST EXPENSE	\$0.00	\$275.00	
HUSKER HARVEST DAYS PAYMENT TO CRA	\$0.00	\$554,090.68	
GROW GRAND ISLAND DONATIONS	\$0.00	\$1,500,000.00	
UNASSIGNED CAPITAL PROJECTS	\$170,145.00	\$8,887.50	
CONTRACT SERVICES	\$0.00	\$12,500.00	Attorney fees for loan
	\$1,244,202.19	\$11,387,777.53	
	\$0.00	\$3,320,556.80	

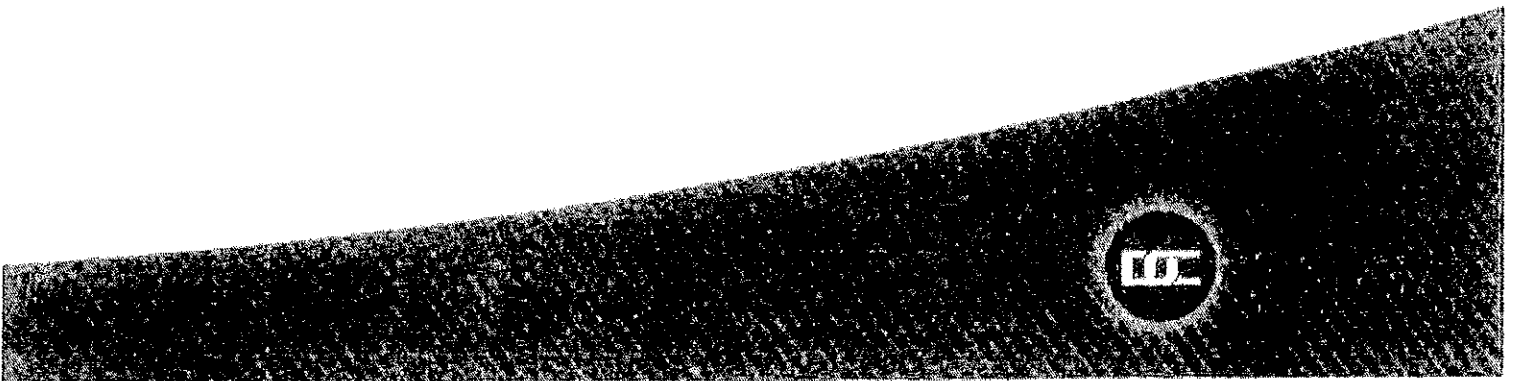


Food and Beverage Occupation Tax - As Received Basis*

	Actual FY 2015-2016	Actual FY 2016-2017	Change from Previous YR	Actual FY 2017-2018	Change from Previous YR	Actual FY 2018-2019	Change from Previous YR	Actual FY 2019-2020	Change from Previous YR
October	129,020.52	190,964.23	48.01%	186,606.85	-2.28%	207,080.68	10.97%	204,527.48	-1.23%
November	107,234.83	179,240.56	67.15%	191,946.97	7.09%	194,084.01	1.11%	191,474.72	-1.34%
December	141,486.71	164,568.71	16.31%	168,050.34	2.12%	170,414.75	1.41%	204,154.53	19.80%
January	133,807.58	187,718.82	40.29%	206,066.75	9.77%	212,480.21	3.11%	215,978.93	1.65%
February	205,365.64	154,074.55	-24.98%	157,965.35	2.53%	162,444.83	2.84%	179,029.74	10.21%
March	147,802.65	168,087.66	13.72%	173,549.58	3.25%	187,166.21	7.85%	189,527.88	1.26%
April	162,503.45	197,618.93	21.61%	210,944.44	6.74%	210,731.93	-0.10%	160,289.11	-23.94%
May	214,430.97	183,478.07	-14.43%	206,202.77	12.39%	210,976.65	2.32%	121,199.63	-42.55%
June	133,374.71	187,008.76	40.21%	205,246.34	9.75%	201,785.80	-1.69%	172,011.17	-14.76%
July	157,130.94	202,172.43	28.66%	210,139.70	3.94%	214,414.93	2.03%	180,751.95	-15.70%
August	189,181.36	192,971.26	2.00%	207,974.48	7.77%	216,092.88	3.90%		-100.00%
September	227,637.64	219,854.06	-3.42%	205,221.04	-6.66%	229,301.66	11.73%		-100.00%
Total Receipts	1,948,977.00	2,227,758.04		2,329,914.61		2,416,974.54		1,818,945.14	
Year to Date (YTD) Total	1,532,158.00	1,814,932.72	18.46%	1,916,719.09	5.61%	1,971,580.00	2.86%	1,818,945.14	-7.74%
YTD Percent Collected	78.61%	81.47%		82.27%		93.88% of Budget		79.67% of Budget	
						2019 Budget	2,100,000	2020 Budget	2,283,000

* Receipts lag the actual collection by one month. For example, January receipts are based on December sales.

GROW GRAND ISLAND, INC.
FOOD AND BEVERAGE FUND
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018



GROW GRAND ISLAND, INC.
FOOD AND BEVERAGE FUND
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grow Grand Island, Inc.
Grand Island, Nebraska

We have audited the accompanying financial statements of Grow Grand Island, Inc., Food and Beverage Fund, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - cash basis of Grow Grand Island, Inc., Food and Beverage Fund as of December 31, 2019 and 2018, and the changes in its net assets for the years then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Food and Beverage Fund and do not purport to, and do not present fairly the financial position of Grow Grand Island, Inc., as of December 31, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended. Our opinion is not modified with respect to this matter.

Dana J Cole + Company, LLP

Grand Island, Nebraska
July 2, 2020

GROW GRAND ISLAND, INC.
 STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS
 FOOD AND BEVERAGE FUND
 YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
ASSETS		
Cash	962,531	
Due from related entities	<u> </u>	<u>948,740</u>
TOTAL ASSETS	<u>962,531</u>	<u>948,740</u>
NET ASSETS		
NET ASSETS		
With donor restrictions	<u>962,531</u>	<u>948,740</u>

GROW GRAND ISLAND, INC.
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
 FOOD AND BEVERAGE FUND
 YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUE		
Support		
City of Grand Island		500,000
Interest income net of fees	<u>14,978</u>	<u>3,632</u>
Total revenue	<u>14,978</u>	<u>503,632</u>
EXPENSES		
Administrative	1,187	7,375
Grants distributed	<u> </u>	<u>32,976</u>
Total expenses	<u>1,187</u>	<u>40,351</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME	<u>13,791</u>	<u>463,281</u>
TRANSFER IN FROM BUSINESS FUND	<u> </u>	<u>5,066</u>
INCREASE NET ASSETS	13,791	468,347
NET ASSETS, beginning of year	<u>948,740</u>	<u>480,393</u>
NET ASSETS, end of year	<u>962,531</u>	<u>948,740</u>

GROW GRAND ISLAND, INC.
FOOD AND BEVERAGE FUND
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Grow Grand Island, Inc., was incorporated August 25, 2016. The purpose of the Corporation is to promote, encourage, and develop projects and programs to promote entertainment, agricultural and livestock shows, trade shows, and similar events that will attract visitors to Grand Island. The Corporation is to invest in community development projects and activities that stimulate progress and growth for Grand Island. The Corporation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The majority of the Corporation's revenue is from private and corporate contributions, grants, gifts, and other sources.

The Corporation operates two funds, the Business Fund and the Food and Beverage Fund. Prior to 2018 for the Business Fund and 2019 for the Food and Beverage Fund, the funds for Grow Grand Island, Inc., were held at Grand Island Community Foundation, Inc. Since that time separate bank accounts have been established for each fund and separate records have been maintained.

Basis of Accounting

The Corporation prepares its financial statements on the cash basis. These statements represent a summary of the cash activity of the various funds of the Corporation and do not include certain transactions that would be included if the Corporation prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. Under the cash basis, revenues are recognized when paid rather than when incurred. Consequently, these financial statements are not intended to present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The financial statements included in this report are only reporting on the Food and Beverage Fund of Grow Grand Island, Inc.

The financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions.

GROW GRAND ISLAND, INC.
FOOD AND BEVERAGE FUND
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions

The Corporation accounts for contributions in accordance with the recommendations of FASB ASC 958-605. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All funds in the Food and Beverage Fund are restricted by ballot language and state statute.

Income Taxes

The Internal Revenue Service has determined that the Corporation is exempt from federal income tax under Section 501(c)(3) of the Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income.

The Corporation has adopted the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. Management does not expect the interpretation will have a material impact (if any) on its results from operations or financial position.

NOTE 2. CONCENTRATION OF CREDIT RISK

Essentially all of the Corporation's funding for the Food and Beverage Fund is provided by support from the City of Grand Island, Nebraska, for the years ended December 31, 2019 and 2018. If this major funding ceased, the Corporation could not continue the level of services currently provided.

GROW GRAND ISLAND, INC.
 FOOD AND BEVERAGE FUND
 NOTES TO FINANCIAL STATEMENTS

NOTE 2. CONCENTRATION OF CREDIT RISK (Continued)

At December 31, 2019 and 2018, all of the Corporation's deposits with financial institutions were either fully insured or collateralized by securities held in the Corporation's name in the form of joint safekeeping receipts.

NOTE 3. NET ASSETS

Net assets consist of:

	2019	2018
Net assets with donor restrictions	<u>962,531</u>	<u>948,740</u>

NOTE 4. CITY OF GRAND ISLAND AGREEMENT

Beginning October 25, 2016, the City of Grand Island, Nebraska, entered into a contract with Grow Grand Island, Inc. Per the agreement, the City shall provide annually a minimum of \$500,000 to Grow Grand Island, Inc., from the funds derived as a result of the City's occupation tax of food and beverage retailers. The term is for a twenty-four month period with an automatic renewal. The current term expires September 30, 2020. The parties are currently in renegotiation.

The funds are to be expended by Grow Grand Island, Inc., solely for projects, programs, and purposes that serve and carry out a public purpose as expressly authorized. Employee and operation expense shall be no more than 10% of the City Funds.

For the year ended December 31, 2019, the City of Grand Island did not forward the \$500,000 annual payment to the Food and Beverage Fund at Grow Grand Island, Inc. Based on an agreement between the two parties, funds will remain with the City until such time as needed for cash flow purposes by Grow Grand Island, Inc.

NOTE 5. DONOR-RESTRICTED NET ASSETS

Donor-restricted net assets as of December 31, 2019 and 2018, are available for the following purposes:

	2019	2018
City of Grand Island restricted to promote activities that will stimulate progress and growth for Grand Island	<u>962,531</u>	<u>948,740</u>

GROW GRAND ISLAND, INC.
 FOOD AND BEVERAGE FUND
 NOTES TO FINANCIAL STATEMENTS

NOTE 6. RELEASE OF DONOR-RESTRICTED NET ASSETS

During the years ended December 31, 2019 and 2018, net assets were released from donor restrictions by incurring expense satisfying the restricted purpose specified by donors.

	2019	2018
City of Grand Island	<u>1,187</u>	<u>35,285</u>

NOTE 7. SUBSEQUENT EVENTS

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through July 2, 2020, the date the financial statements were available to be issued.

Due to recent spread of the Coronavirus (COVID-19) and anticipated slowing of business activity in the geographical area that the Corporation serves, this may result in decline in revenue for some months of the year ending December 31, 2020. The dollar value of the anticipated decline in revenue is not known at the time of issuance of the financial statements. The Corporation expects to have a proportional decline in grant expenditures that could offset the anticipated decline in revenue.

Grow Grand Island - Food & Beverage Fund Summary	AS OF August 31, 2020
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CITY FY View	Incl. w/Admin							
Oct-Sept	Allocation	Projects Exp	Admin Exp		Total Disbursed	GICF Fees	GICF Interest	HF Interest
2016-17	500,000.00	430,646.03	29,130.28	5.83%	459,776.31	1,669.00	644.15	
2017-18	500,000.00	19,353.97	79,201.90	15.84%	98,555.87	5,656.75	2,571.95	
GGI***			(5,115.99)		-5,115.99			
2018-19	500,000.00		3,851.94	0.77%	3,851.94	3,851.94	2,556.03	9,593.29
2019-20	0.00	41,193.54	2,171.40		43,364.94	0.00		12,153.14
TOTALS	1,500,000.00	491,193.54	109,239.53	7.28%	600,433.07	11,177.69	5,772.13	21,746.43
Interest:	27,518.56							
Revenue:	1,527,518.56		150,000.00	CAP				
Disbursed:	(600,433.07)		40,760.47	Remaining				
Bank:	927,085.49							
Committed:	(582,659.46)							
Available:	344,426.03							
Pipeline:	504,000.00							

GGI*** Check written by GGI to F&B fund to balance GICF fees/interest for the first two years of the agreement.

Grow Grand Island Project Dashboard (2016-2020)

PROJECTS - Completed	GGI GRANT	OTHER Funds	LEVERAGED
Imagination Takes Flight***	\$15,000	\$101,140	87.08%
Railside Bike Racks***	\$8,000	\$5,000	50.00%
Railside Public Art***	\$7,500	\$88,300	92.17%
Workforce Analytics Software***	\$12,000	\$12,000	50.00%
Olympic Bunker Trap	\$150,000	\$581,790	79.50%
Equine Stalls	\$300,000	\$600,000	66.67%
GI Promo OTT 2019 Campaign	\$10,000	\$15,000	60.00%
Railside Wayfinding Totems***	\$0	\$14,360	100.00%
	\$502,500	\$1,417,590	

PROJECTS - In Progress	GGI GRANT	OTHER Funds	LEVERAGED
Event Incentive Fund	\$200,000		0.00%
Targeted Talent Attraction	\$65,000		0.00%
Future Builders	\$52,000	\$139,700	72.80%
Look Local Grow Local	\$36,978		0.00%
Fonner Park Lot	\$35,000	\$37,000	51.39%
Degree-Based Internship	\$225,000	TBD	0.00%
	\$613,978	\$176,700	

PROJECTS - Pipeline	GGI GRANT	OTHER Funds	LEVERAGED
Entryway Signage	\$199,050	\$4,450	2.24%
HEC Customer Experience	\$99,258	\$45,000	45.34%
HEC Outdoor Venue	\$123,905	\$35,000	28.25%
GI Image	\$80,000	\$8,000	10.00%
	\$502,213	\$92,450	

TOTALS	\$1,618,691	\$1,686,740	
GGI Funded without F&B***	\$42,500		
Adjusted Total	\$1,576,191		