

**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
and AFFILIATES**

Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
and AFFILIATES**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Anchorage Downtown Partnership, Ltd. and Affiliates
Anchorage, Alaska

Opinion

We have audited the consolidated financial statements of Anchorage Downtown Partnership, Ltd. (a nonprofit organization) and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Anchorage Downtown Partnership, Ltd. and Affiliates as of December 31, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Anchorage Downtown Partnership, Ltd. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska
September 25, 2025

ANCHORAGE DOWNTOWN PARTNERSHIP, LTD. and AFFILIATES
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 904,198	\$ 838,276
Restricted	-	115,000
	904,198	953,276
Accounts receivable	14,316	28,200
Prepaid expenses	24,808	32,306
Total Current Assets	943,322	1,013,782
Operating lease right of use	137,582	5,650
Property, vehicles and equipment	384,438	637,167
Less accumulated depreciation	(238,968)	(525,442)
Total property, vehicles and equipment - net	145,470	111,725
TOTAL ASSETS	\$ 1,226,374	\$ 1,131,157
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Current		
Accounts payable	\$ 72,167	\$ 50,686
Accrued liabilities	94,569	68,816
Refundable advances	-	100,000
Total Current Liabilities	166,736	219,502
Operating lease obligations	145,307	5,650
TOTAL LIABILITIES	312,043	225,152
NET ASSETS		
Without donor restrictions	838,339	796,247
With donor restrictions	75,992	109,758
TOTAL NET ASSETS	914,331	906,005
TOTAL LIABILITIES AND NET ASSETS	\$ 1,226,374	\$ 1,131,157

See Independent Auditor's Report and accompanying notes to the financial statements.

ANCHORAGE DOWNTOWN PARTNERSHIP, LTD. and AFFILIATES
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024	2023
Change in Net Assets without Donor Restrictions:		
Support		
Grants	\$ 278,000	\$ 168,374
Sponsorships	67,022	65,338
Memberships	22,826	20,745
Total Support	367,848	254,457
Revenue		
Assessment contract	1,079,047	1,035,673
Events	10,046	51,660
Contracts	20,480	81,591
Sales	54,827	66,623
Other	124,707	99,681
Total Revenue	1,289,107	1,335,228
Total Support and Revenue	1,656,955	1,589,685
Operating Expenses		
Program services:		
Clean and safe	742,760	768,005
Events and marketing	280,865	287,744
Total program services	1,023,625	1,055,749
Supporting activities:		
General and administrative	625,004	572,646
Total Expenses	1,648,629	1,628,395
Increase (Decrease) in Net Assets without Donor Restrictions	8,326	(38,710)
Change in Net Assets with Donor Restrictions:		
ARPA Purchased equipment, net of depreciation	-	37,461
Grants, Contributions and Contracts	-	15,000
Increase (Decrease) in Net Assets with Donor Restrictions	-	52,461
Increase (Decrease) in Net Assets	8,326	13,751
Net assets, beginning of year	906,005	892,254
Net assets, end of year	\$ 914,331	\$ 906,005

See Independent Auditor's Report and accompanying notes to the financial statements.

ANCHORAGE DOWNTOWN PARTNERSHIP, LTD. and AFFILIATES
Consolidated Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

	Program Services			Supporting Activities	2024 Total
	Clean and Safe	Events and Marketing	Total	General and Administrative	
	Personnel	\$ 628,968	158,696	787,664	
Contract and professional services	8,089	120,913	129,002	81,454	210,456
Supplies	60,242	587	60,829	14,515	75,344
Insurance	617	-	617	80,832	81,449
Equipment and repairs	16,512	40	16,552	7,391	23,943
Facilities	17,704	-	17,704	42,862	60,566
Communications	10,063	-	10,063	1,277	11,340
Travel and training	40	-	40	3,184	3,224
Depreciation	-	-	-	29,406	29,406
Other	525	629	1,154	29,124	30,278
	\$ 742,760	280,865	1,023,625	625,004	\$ 1,648,629

	Program Services			Supporting Activities	2023 Total
	Clean and Safe	Events and Marketing	Total	General and Administrative	
	Personnel	\$ 638,703	151,600	790,303	
Contract and professional services	8,754	135,112	143,866	78,741	222,607
Supplies	19,129	484	19,613	4,706	24,319
Inventory	42,400	-	42,400	-	42,400
Insurance	-	-	-	67,666	67,666
Equipment and repairs	31,804	-	31,804	3,237	35,041
Facilities	15,152	-	15,152	41,658	56,810
Communications	10,796	-	10,796	-	10,796
Travel and training	35	100	135	1,005	1,140
Depreciation	-	-	-	26,943	26,943
Other	1,232	448	1,680	23,163	24,843
	\$ 768,005	287,744	1,055,749	572,646	\$ 1,628,395

See Independent Auditor's Report and accompanying notes to the financial statements.

ANCHORAGE DOWNTOWN PARTNERSHIP, LTD. and AFFILIATES
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 8,326	\$ 13,751
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	31,057	26,943
(Increase) Decrease in Assets:		
Accounts Receivable	13,884	(15,819)
Prepaid expenses	7,498	(5,659)
Operating lease right of use	(131,932)	-
Increase (Decrease) in Liabilities:		
Accounts payable	21,481	(8,691)
Accrued liabilities	25,753	(10,443)
Refundable advances	(100,000)	(45,335)
Operating lease obligations	139,657	-
Net Cash Provided (Used) by Operating Activities	15,724	(45,253)
Cash Flows from Investing Activities:		
Additions to Property, Vehicles and Equipment	(92,327)	(52,479)
Disposals of Property, Vehicles and Equipment	278,875	-
Recapture of Depreciation	(251,350)	-
Net Cash Provided (Used) by Investing Activities	(64,802)	(52,479)
Net Increase (Decrease) in Cash and Cash Equivalents	(49,078)	(97,732)
Cash and Cash Equivalents, Beginning of Year	953,276	1,051,008
Cash and Cash Equivalents, End of Year	\$ 904,198	\$ 953,276
Supplemental cash flow disclosures:		
Cash and Cash Equivalents:		
Unrestricted	\$ 904,198	\$ 743,518
Restricted	-	209,758
Total Cash and Cash Equivalents	\$ 904,198	\$ 953,276

See Independent Auditor's Report and accompanying notes to the financial statements.

**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
and AFFILIATES**

Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES

On January 2, 1996, Anchorage Downtown Partnership, Ltd., (ADP) was founded as a nonprofit corporation whose purpose is to promote a safe, clean and vital downtown Anchorage. In 2003, Anchorage Downtown Partnership, Ltd. formed two subsidiaries: ADP Development Corporation and ADP Community Services. ADP Development Corporation was formed as a holding company that leases property to ADP and its affiliates. ADP Community Services was formed to act as a 501(c)(3) nonprofit organization in order to accept tax-deductible donations from corporate and individual donors to be used to finance charitable and civic events within the downtown Anchorage area. For the purposes of these financial statements, ADP encompasses all three organizations.

Currently, a majority of the board of directors for the two subsidiaries are either members of Anchorage Downtown Partnership, Ltd.'s management or the ADP Board of Directors. ADP Development Corporation and ADP Community Services contract management services from ADP. ADP has both an economic interest in ADP Development Corporation and ADP Community Services, and control of these organizations through a majority voting interest in their board of directors. Accordingly, the accompanying financial statements include the accounts of Anchorage Downtown Partnership Ltd., ADP Development Corporation, and ADP Community Services (collectively ADP). All intercompany accounts have been eliminated in consolidation.

ADP achieves its purpose by providing the following services:

Clean and Safe - ADP provides cleaning services to keep sidewalks clear of snow, ice, and debris, and security services to provide assistance to those at risk, support for emergency personnel and helpful directions to those visiting downtown.

Events and Marketing - ADP oversees the Downtown Improvement District encompassing 120 city blocks. ADP works to enhance the vitality of the downtown community by advocating for downtown businesses and the community and providing free community events to draw visitors into the downtown area.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation follows the recommendations of FASB Accounting Standards Codification (FASB ASC) 958-205, *Not-For-Profit Entities – Presentation of Finance Statements*. Under these provisions, the Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

See Independent Auditor's Report

**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
and AFFILIATES**

Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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. Donor-imposed restrictions are released when a restriction expires (when the stipulated time has elapsed), when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Revenue Recognition

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Event and contract revenues are recognized at the time the services are provided and the revenues earned. Membership payments received from ADP members are considered equivalent to contributions without donor restrictions and are recognized as revenue when received. ADP evaluates each award to determine whether to follow contribution guidance or exchange transaction guidance based on the applicable standards. This determination is based on whether the resource provider is receiving commensurate value in return for the resources transferred. For revenue recognition, ADP evaluates if the amount awarded includes donor-imposed conditions or restrictions.

ADP applies the provisions of Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. ASC 606 outlines a five-step model whereby revenue is recognized as performance obligations within the contract are satisfied.

ADP disaggregates revenue from contracts with customers by contract type and customer, as ADP believes these categories best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Performance obligations related to ADP contracts are satisfied over time as work progresses. Significantly all of ADP's contracts are service contracts, a time-elapsed output method is used to measure progress, and revenue is recognized straight-line over the term of the contract. Contract costs include labor and material.

ADP recognizes a liability for payments in excess of revenue recognized, which is presented as a contract liability on the balance sheet.

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**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
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Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Grants

Grant revenues that are paid by the grantor on a cost-reimbursable basis are deemed to be earned and reported as revenues when ADP has incurred the related costs.

Contributions

Contributions received are recorded with donor restrictions or without donor restrictions based on donor stipulations limiting the use of the contributions either through time or purpose restrictions.

All donor-restricted support is reported as an increase to net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Expenses

ADP charges direct expenses incurred for a specific function directly to the program or supporting service category. These costs are those that can be specifically identified as being incurred for the activities of that program or supporting service. Other costs that are incurred by ADP benefit more than one program or supporting service and are allocated on a reasonable basis based on management estimation of use by program that is consistently applied. Salaries and benefits, not directly charged, are allocated on the basis of estimates of time and effort. ADP reevaluates its allocation method each year to determine if there are adjustments that are necessary to the allocation method based on actual activities conducted during the year.

Income Taxes

Anchorage Downtown Partnership, Ltd. is exempt from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code, is subject to Federal income tax. ADP Community Services is exempt from Federal income tax under Section 501(c)(3) and ADP Development Corporation is exempt under Section 501(c)(2).

ADP applies the provisions of Topic 740 of the FASB Accounting Standards Codification relating to accounting for uncertainty in income taxes. ADP annually reviews its return and positions taken in accordance with the recognition standards. ADP believes that it has no uncertain tax positions taken in accordance with the recognition standards that would require disclosure or adjustment in these financial statements.

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**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
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Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Cash and Cash Equivalents

Cash and cash equivalents consist of monies in checking and savings accounts. Cash equivalents are carried at cost, which approximates fair value.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and presented net of the allowance for uncollectible accounts. The allowance for uncollectible accounts is ADP's best estimate of the amount of probable credit losses in ADP's existing accounts receivable. ADP determines the allowance based on historical write-off experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the December 31 year-end, are recorded as prepaid expenses.

Property and Equipment

Property and equipment consist of computers, furniture, office equipment, capital lease improvements, and vehicles and is carried at original cost if purchased and at estimated fair value if received by donation. Expenses for maintenance and repairs are charged to expense as incurred, and expenses for major renovations are capitalized. All expenses for equipment in excess of \$5,000 and an estimated life greater than one year are capitalized. Depreciation is provided over the estimated useful life of the assets of three to five years, on a straight-line basis.

Use of Estimates

In preparing the financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the date of the statement of the financial position of the financial statements and revenues and expenses for the reporting period. Actual results could differ from those estimates.

Annual Leave

Employees can earn annual leave. Unused annual leave is accrued utilizing current salary cost and is recorded as a current liability in the period earned.

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**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
and AFFILIATES**

Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 3 – CASH AND CASH EQUIVALENTS

ADP's cash is maintained in checking and investment accounts. ADP includes cash on deposit, cash on hand, and money market funds as cash equivalents. All funds were uninsured by the FDIC at December 31, 2024 and 2023.

NOTE 4 – AVAILABILITY AND LIQUIDITY

ADP manages its liquid resources by maintaining their current cash balances with a local banking institution. The bank accounts have no obligations or restrictions, and the cash is accessible for operating needs. As of December 31, 2024, ADP does not have any restrictions or long-term obligation on its cash. ADP focuses on collecting receivables time to maximize the cash collections due to ADP. ADP's financial assets available within one year of the statement of financial position date for general expenditure are as follows at December 31:

	2024	2023
Cash and cash equivalents	\$ 904,198	\$ 953,276
Accounts receivable	14,316	28,200
Total	\$ 918,514	\$ 981,476

NOTE 5 – PROPERTY, VEHICLES AND EQUIPMENT

As summary of property, vehicles, and equipment is as follows at December 31:

	2024	2023
Equipment	\$ 116,828	\$ 399,349
Vehicles	246,149	191,282
Capital lease improvements	21,461	46,536
	384,438	637,167
Less accumulated depreciation	(238,968)	(525,442)
Net property and equipment	\$ 145,470	\$ 111,725

Depreciation expense for the years ended December 31, 2024 and 2023 was \$31,057 and \$26,943, respectively. ADP purchased equipment with a cost of \$92,327 and \$52,479 during 2024 and 2023, respectively. Additionally, ADP disposed equipment with an original cost of \$278,875 and recaptured \$251,350 in depreciation.

See Independent Auditor's Report

**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
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Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, net assets with board designated restrictions were as follows:

		2024		2023
ARPA Purchased equipment, net of accumulated depreciation	\$	75,992	\$	94,758
Rasmuson Foundation		-		15,000
Total	\$	75,992	\$	109,758

NOTE 7 – OPERATING LEASES

ADP has an operating lease in Anchorage, Alaska for office space under the following terms: An 82-month lease beginning March 1, 2024, through December 31, 2030. Payments under this lease increase yearly and range from \$2,132 to \$2,546 per month. For march through May of 2024, no lease payments were due, and ADP only paid for utilities. Total lease costs are \$185,724.

Lease expenses were \$14,924 for the year ended December 2024. The following minimum lease payments due are:

2025	\$	26,417
2026		27,210
2027		28,026
2028		28,866
2029		29,733
After		30,548
Total	\$	170,800

NOTE 8 – RETIREMENT PLAN

ADP provides a 403(b) plan for eligible employees. The Plan covers all ADP employees who have completed one year of service. The Plan provides an employer match of 100% for all employee contributions up to 3.0% of the employee's defined eligible compensation. ADP contributed \$8,625 and \$7,282 to the plan during the years ended December 31, 2024 and 2023, respectively.

**ANCHORAGE DOWNTOWN PARTNERSHIP, LTD.
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Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

NOTE 9 – COMITMENTS AND CONTINGENCIES

Significant Contract

ADP receives revenues and support from the Municipality of Anchorage (MOA) in the form of an assessment contract and grant. Proceeds are subject to adjustment and refund should the MOA ultimately disallow any costs reported by ADP. Significant adjustments are not anticipated related to this activity, and no provision is made in the accompanying financial statements for any adjustment to revenues that would arise in the event of disallowed costs.

NOTE 10 – CONCENTRATIONS OF SUPPORT

For the years ended December 31, 2024 and 2023, ADP received 76% and 77%, respectively, of its funding from the Municipality of Anchorage for general operations assessment grants, various contracts, sponsorships and fees. A significant reduction in the level of this support, if this were to occur, may have an effect on ADP's programs and activities.

NOTE 11 – RELATED PARTIES

The ADP's Board of Directors includes individuals from organizations that provide funding to ADP and are in positions that can exercise significant influence on those organizations. ADP received the following during 2024 and 2023 from those organizations:

	<u>2024</u>	<u>2023</u>
Alaska Railroad Corporation	\$ 58,800	\$ 58,800
49 th St. Brewing Company	-	\$ 1,784

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2025, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally accepted accounting principles.