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CITY MANAGERS OFFICE  
LAWRENCE, KS

September 5, 2008

David Corliss, City Manager  
City Hall  
P. O. Box 708  
Lawrence, KS 66044

Re: 2008 2nd Quarter DLI Report

Dear Dave:

DLI continues to enjoy a great year. Several new initiatives have proven to be highly successful while building on past accomplishments. Here are some of the highlights:

#### **Membership Expansion & Retention**

- Communication – More and more members are using the new electronic format for the weekly communications to promote news and information about their businesses to members. A second electronic communication is now in place as well. POP messages (Promotional Opportunity Posting) are being sent to members when special opportunities for advertising or other promotions arise.
- Membership Campaign – By the end of the second quarter, 86% of all 2007 paid members had renewed, 4 lapsed members had rejoined and 6 new members were on the role.

#### **Coop Promotional Projects**

- Downtown Map and Visitor Guide – We continued distribution of the map and visitor guide and began preparations for a revised edition for publication in the Fall.
- Periodic Promotions – We continued to participate in crafting the RFQ for the Lawrence Identity Initiative. The Marketing and Promotions Committee worked with a new firm to design improved print ads utilizing our “signature” water color renderings and a comprehensive schedule and budget were finalized. Ads are being placed in local and regional publications.

#### **Community Events and Downtown Activities**

- Sidewalk Sale – Preparations for Sidewalk Sale continued with a significant investment in print and radio advertising.
- Film Festival – Everything was in place for the first two films, unfortunately the one item we have no control over, weather, cancelled the first two films prompting further discussion about contingency plans for next year.

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- Walking Tours - The KU students proved to be eager and inquisitive in their research for the walking tours. The classes' demonstration tours were lively and informative. Four students were chosen to conduct tours throughout the summer and fall. We offered free tours to the general public throughout the month of June and the response was nearly overwhelming. We averaged 25 people each weekend in June.
- Busker Fest 2008 – Planning for Busker Fest continued and grants were received from both the Kansas Arts Commission and the Lawrence Arts Commission. The committee began promoting the event through their network of performers and the Internet with excellent results. An entertaining line up of performers emerged promising a great event..

#### **Business Development Assistance**

- Quarterly newsletter - Feedback on the newsletter has been very positive. Planning for the summer edition got underway.
- Centralized Database – Data collection boxes were distributed and data collection has begun.

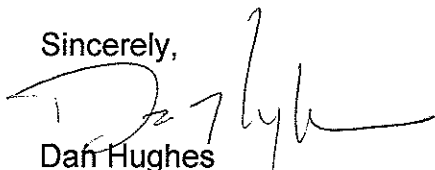
#### **New Business Recruitment**

- Prospects – Our director has fielded a number of inquiries about space availability. In addition, there has been some very preliminary discussion about developing a retail "incubator" space.

I would like to compliment you and your staff for your efforts to help us succeed. I hear nothing but good things about our director's experience with City employees on all levels. We could not accomplish nearly as much as we do without their guidance and cooperation.

Please let me know if you have any questions. I have attached our current financial statement for your review.

Sincerely,



Dan Hughes  
President  
Board of Directors

cc: Diane Stoddard  
Cynthia Boecker

**Downtown Lawrence, Inc.**  
**Balance Sheet Prev Year Comparison**  
 As of August 31, 2008

	<u>Aug 31, 08</u>	<u>Aug 31, 07</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
Firststar CD matures 11/10/2008	6,118.52	5,822.08	296.44	5.1%
FIRSTAR OPERATING ACCT 4960	4,411.96	9,601.73	-5,189.77	-54.1%
ING Direct	40,054.12	0.00	40,054.12	100.0%
Sweep Savings 2-455-4004-4238	0.00	66,450.94	-66,450.94	-100.0%
<b>Total Checking/Savings</b>	<u>50,584.60</u>	<u>81,874.75</u>	<u>-31,290.15</u>	<u>-38.2%</u>
<b>Accounts Receivable</b>				
Accounts Receivable	7,194.24	8,900.26	-1,706.02	-19.2%
<b>Total Accounts Receivable</b>	<u>7,194.24</u>	<u>8,900.26</u>	<u>-1,706.02</u>	<u>-19.2%</u>
<b>Total Current Assets</b>	<u>57,778.84</u>	<u>90,775.01</u>	<u>-32,996.17</u>	<u>-36.4%</u>
<b>Fixed Assets</b>				
Accumulated Depreciation	-16,499.00	-16,499.00	0.00	0.0%
Plant, Property&Equipment	38,802.34	38,203.60	598.74	1.6%
<b>Total Fixed Assets</b>	<u>22,303.34</u>	<u>21,704.60</u>	<u>598.74</u>	<u>2.8%</u>
<b>TOTAL ASSETS</b>	<u><b>80,082.18</b></u>	<u><b>112,479.61</b></u>	<u><b>-32,397.43</b></u>	<u><b>-28.8%</b></u>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
Accounts Payable	-114.84	-154.00	39.16	25.4%
<b>Total Accounts Payable</b>	<u>-114.84</u>	<u>-154.00</u>	<u>39.16</u>	<u>25.4%</u>
<b>Other Current Liabilities</b>				
FICA & Fed W/H Payable	-3,690.52	-542.13	-3,148.39	-580.7%
KS & Fed Unemployment Payable	-648.08	-72.42	-575.66	-794.9%
KS W/H Payable	196.79	126.08	70.71	56.1%
<b>Total Other Current Liabilities</b>	<u>-4,141.81</u>	<u>-488.47</u>	<u>-3,653.34</u>	<u>-747.9%</u>
<b>Total Current Liabilities</b>	<u>-4,256.65</u>	<u>-642.47</u>	<u>-3,614.18</u>	<u>-562.5%</u>
<b>Total Liabilities</b>	<u>-4,256.65</u>	<u>-642.47</u>	<u>-3,614.18</u>	<u>-562.5%</u>
<b>Equity</b>				
FundBalance	61,316.66	53,009.28	8,307.38	15.7%
Net Income	-7,944.86	29,025.77	-36,970.63	-127.4%
<b>Total Equity</b>	<u>53,371.80</u>	<u>82,035.05</u>	<u>-28,663.25</u>	<u>-34.9%</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>49,115.15</b></u>	<u><b>81,392.58</b></u>	<u><b>-32,277.43</b></u>	<u><b>-39.7%</b></u>

**Downtown Lawrence, Inc.**  
**Profit & Loss Prev Year Comparison**  
**December 2007 through August 2008**

	Dec '07 - Aug 08	Dec '06 - Aug 07	\$ Change	% Change
<b>Ordinary income/Expense</b>				
<b>Income</b>				
Direct Mail Project				
Spring 2007	0.00	7,339.00	-7,339.00	-100.0%
<b>Total Direct Mail Project</b>	<b>0.00</b>	<b>7,339.00</b>	<b>-7,339.00</b>	<b>-100.0%</b>
Downtown Lawrence Map	9,142.50	7,605.00	1,537.50	20.2%
Dues	32,836.38	29,311.26	3,525.12	12.0%
Dues Early Discount	-438.50	-550.75	112.25	20.4%
Econ. Devel. Contract Income	23,500.00	45,600.00	-22,100.00	-48.5%
Gift Crtfc sold by DLI direct	4,399.23	3,929.58	469.65	12.0%
Grant support	450.00	0.00	450.00	100.0%
<b>Miscellaneous Income</b>				
Direct Mail participation	298.62	895.86	-597.24	-66.7%
Miscellaneous Income - Other	70.25	52.85	17.40	32.9%
<b>Total Miscellaneous Income</b>	<b>368.87</b>	<b>948.71</b>	<b>-579.84</b>	<b>-61.1%</b>
Sidewalk Sale	200.00	0.00	200.00	100.0%
<b>Sponsorship</b>				
Holiday Lighting Ceremony	1,290.00	0.00	1,290.00	100.0%
KU-MU football watch party	1,038.75	0.00	1,038.75	100.0%
Sponsorship - Other	5,100.00	3,928.00	1,172.00	29.8%
<b>Total Sponsorship</b>	<b>7,428.75</b>	<b>3,928.00</b>	<b>3,500.75</b>	<b>89.1%</b>
<b>Total Income</b>	<b>77,887.23</b>	<b>98,110.80</b>	<b>-20,223.57</b>	<b>-20.6%</b>
<b>Gross Profit</b>	<b>77,887.23</b>	<b>98,110.80</b>	<b>-20,223.57</b>	<b>-20.6%</b>
<b>Expense</b>				
Advertising	7,429.68	5,186.52	2,243.16	43.3%
Bank Chrg	180.55	274.00	-93.45	-34.1%
Contracted Services	0.00	2,583.33	-2,583.33	-100.0%
GC Stale Dated Check	372.06	355.00	17.06	4.8%
Gift Certificate Promotion	381.99	0.00	381.99	100.0%
Gift Certificates to sell	5,525.00	4,220.00	1,305.00	30.9%
Insurance	2,460.00	2,292.00	168.00	7.3%
Internet	182.43	67.66	114.77	169.6%
Maintenance	324.84	167.27	157.57	94.2%
Meals & Entertainment	30.00	0.00	30.00	100.0%
Meetings	669.73	1,354.60	-684.87	-50.6%
Membership Functions	766.12	0.00	766.12	100.0%
Memberships	881.00	275.00	606.00	220.4%
Miscellaneous	177.34	432.98	-255.64	-59.0%
Office Supplies	1,702.55	802.83	899.72	112.1%
<b>Payroll</b>				
Administrator	23,937.09	20,996.40	2,940.69	14.0%
Commission	2,166.09	0.00	2,166.09	100.0%
Payroll - Other	3,000.00	0.00	3,000.00	100.0%
<b>Total Payroll</b>	<b>29,103.18</b>	<b>20,996.40</b>	<b>8,106.78</b>	<b>38.6%</b>
<b>Payroll Expenses</b>	<b>1,231.85</b>	<b>0.00</b>	<b>1,231.85</b>	<b>100.0%</b>
<b>Payroll Taxes</b>				
FICA	729.05	197.63	531.42	268.9%
Unemployment taxes	0.00	2.58	-2.58	-100.0%
Payroll Taxes - Other	838.46	0.00	838.46	100.0%
<b>Total Payroll Taxes</b>	<b>1,567.51</b>	<b>200.21</b>	<b>1,367.30</b>	<b>682.9%</b>
Postage	718.37	359.72	358.65	99.7%
Printing	89.54	1,794.57	-1,705.03	-95.0%
<b>Prof Fees</b>				
Accounting	1,800.00	1,600.00	200.00	12.5%
Layout and Design	2,525.00	1,681.25	843.75	50.2%
Legal	0.00	40.00	-40.00	-100.0%
<b>Total Prof Fees</b>	<b>4,325.00</b>	<b>3,321.25</b>	<b>1,003.75</b>	<b>30.2%</b>
<b>Promotions</b>				
Christmas Lighting	2,670.88	0.00	2,670.88	100.0%

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**Downtown Lawrence, Inc.**  
**Profit & Loss Prev Year Comparison**  
**December 2007 through August 2008**

	Dec '07 - Aug 08	Dec '06 - Aug 07	\$ Change	% Change
Film Festival	5,184.17	5,378.32	-194.15	-3.6%
Map/brochure project	3,175.00	22,452.40	-19,277.40	-85.9%
Sidewalk Sale	2,951.58	0.00	2,951.58	100.0%
Walking Tour	577.72	0.00	577.72	100.0%
Promotions - Other	5,884.39	5,252.00	632.39	12.0%
<b>Total Promotions</b>	<b>20,443.74</b>	<b>33,082.72</b>	<b>-12,638.98</b>	<b>-38.2%</b>
Rent	4,125.00	3,540.00	585.00	16.5%
Sales Tax	71.80	43.08	28.72	66.7%
Shipping and Delivery	0.00	117.47	-117.47	-100.0%
Sidewalk sale expense	0.00	10.00	-10.00	-100.0%
Supplies	707.79	19.35	688.44	3,557.8%
Telephone	797.86	754.19	43.67	5.8%
Travel	136.69	380.58	-243.89	-64.1%
Voided check	0.00	0.00	0.00	0.0%
Website development	0.00	472.61	-472.61	-100.0%
<b>Total Expense</b>	<b>84,401.62</b>	<b>83,103.34</b>	<b>1,298.28</b>	<b>1.6%</b>
<b>Net Ordinary Income</b>	<b>-6,514.39</b>	<b>15,007.46</b>	<b>-21,521.85</b>	<b>-143.4%</b>
<b>Other Income/Expense</b>				
Other Income				
Interest Received	951.86	599.72	352.14	58.7%
<b>Total Other Income</b>	<b>951.86</b>	<b>599.72</b>	<b>352.14</b>	<b>58.7%</b>
Other Expense				
Interest Paid	36.75	0.00	36.75	100.0%
<b>Total Other Expense</b>	<b>36.75</b>	<b>0.00</b>	<b>36.75</b>	<b>100.0%</b>
<b>Net Other Income</b>	<b>915.11</b>	<b>599.72</b>	<b>315.39</b>	<b>52.6%</b>
<b>Net Income</b>	<b>-5,599.28</b>	<b>15,607.18</b>	<b>-21,206.46</b>	<b>-135.9%</b>