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APR 04 2007

CITY MANAGERS OFFICE
LAWRENCE, KS

March 28, 2007

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

Re: 2006 Annual DLI Report

Dear David:

Downtown Lawrence, Inc. would like to submit its 2006 annual report. I have attached copies of the 2006 balance sheet and profit and loss statement.

Over the past year, DLI has worked to focus its approach and mission. We will continue to be an advocate for the Downtown business community, but we have decided that most of our efforts will be used to promote and maintain Downtown Lawrence as the retail and community center of our City, for both residents and out of town visitors and tourists. We figure that the more revenue generated *for* all the businesses Downtown will equate into less sensitivity on issues concerning the revenue generated *by* Downtown businesses. A simple but not easy plan, and one that we believe can be best accomplished only by a private organization such as DLI.

The plan began with our Board and the hiring of our excellent man-on-the-street, Rick Marquez. Rick has been extremely diligent in bridging gaps, tying up loose ends, and improving Downtown Lawrence as a destination for shoppers, both local and out of town. He is a full time employee of DLI who has been implementing, creating, and completing a course of action designed to keep Downtown Lawrence the strongest and most key economic center of Lawrence.

There have been a multitude of major and minor events and issues that could be discussed such as the organization and implementation of another successful sidewalk sale, the Get Down Town event, and the parades and other events that Downtown Lawrence loves to host and sponsor. But we want to use this report to outline the more unique items of the year and to give a wider view of where the next year will take us.

It starts with the marketing campaign during the waterline replacement. With the funding assistance provided by the City, we worked with businesses, both DLI members and non-members, to develop a coordinated matching fund marketing strategy. We decided that it was important to understand that the goal of this marketing was to bring visitors and shoppers to Downtown Lawrence and that an increase in the number of people is advantageous to everyone. We were also able to develop our very first targeted marketing project, a direct mail campaign that featured multiple businesses and took advantage of being able to combine customer mailing lists. This was

important because it provided a method for all participants to showcase their individual business while capitalizing on being a member of the Downtown Community.

We will carry this idea forward in 2007 with our three tiered approach; general mass market advertising and branding, targeted marketing through direct mail and specialty media, and community events that showcase Downtown Lawrence while offering sales opportunities to all business owners. We will capitalize on the cultural and historic strengths of the area to invite visitors from other cities to come to Downtown Lawrence, shop in our wonderful mix of stores, dine in our eclectic group of cafes and restaurants, take advantage of our world class arts, music, and entertainment scene, and spend the night in our first class hotels and bed and breakfast inns. We will make sure that local residents are aware of the great mix of national retailers and one-of-a-kind shops that exist here. We will strive to put more feet on the sidewalks, buyers at the till, and heads in the beds.

Let us take advantage of this opportunity to publicly announce one of our new community events. In the summer of 2007 we will be hosting Downtown Movie Nights using the parking garage as the screen area. We are all very excited to implement Rick's movie idea, and believe it will be a wonderful event for Downtown.

Although promotion will take most of our efforts, we will also continue to work on projects that will help to make owning a business in Downtown Lawrence more profitable. Our planning committee was formed at the end of 2006 and will work on helping to ensure long term vitality. Additionally, we are taking real action to help attract the successful mom-and-pop shop that Downtown is famous for. Rick has already met with two spectacular merchants from Wichita who may have an interest in opening new stores Downtown. Hopefully something will materialize.

The attached financial reports detail income and expenditures for 2006. A total of \$48,937 was spent last year on advertising and promotions. This included media advertising, the new Downtown Lawrence Map and Visitor Guide, and new Christmas decorations. As a way to track effectiveness of advertising, Downtown Lawrence Gift Certificate sales totaled \$135,755 for the year, an increase of 30% over 2005. Information on where and how to purchase the gift certificates is included with ads we produce, including those that are run in neighboring cities.

Sincerely,



Chris Burger
President
Board of Directors
Downtown Lawrence, Inc.

cc: Debbie Van Saun

2:09 PM
03/26/07
Cash Basis

Downtown Lawrence, Inc.
Profit & Loss
January through December 2006

	Jan - Dec 06
Ordinary Income/Expense	
Income	
Downtown Lawrence Map	4,132.50
Dues	30,275.00
Econ. Devel. Contract Income	47,500.00
Gift Cert sold by DLI direct	3,560.66
Gift Certificate Sales	132,195.40
Handling Charge	2.50
Miscellaneous Income	
Direct Mail participation	1,441.72
Miscellaneous Income - Other	6,367.69
Total Miscellaneous Income	7,809.41
Sidewalk Sale	500.00
Sponsorship Income	2,400.00
Stale Dated Gift Certificates	7,810.00
Total Income	236,185.47
Cost of Goods Sold	
Gift Certificate Redeemed & Oth	116,370.00
Total COGS	116,370.00
Gross Profit	119,815.47
Expense	
Advertising	13,670.19
Bank Chrg	504.67
Contracted Services	20,726.64
Contribution	100.00
GC Stale Dated Check	275.00
Gift Certificate expense	889.28
Gift Certificates to sell	3,530.00
Insurance	1,953.00
Meetings	1,855.02
Membership Functions	132.84
Memberships	195.00
Miscellaneous	743.52
Office Supplies	1,018.39
Payroll	
Administrator	-1,259.61
Total Payroll	-1,259.61
Payroll tax penalty & interest	-387.58
Postage	2,677.38
Printing	1,070.94
Prof Fees	
Accounting	6,165.00
Legal	352.00
Total Prof Fees	6,517.00
Promotions	
Christmas Lighting	15,961.57
Map/brochure project	16,526.19
Promotions - Other	2,780.00
Total Promotions	35,267.76
Property Tax	68.26
Reconciliation Discrepancies	80.00
Rent	3,510.00
Sidewalk sale expense	123.85
Supplies	-859.05
Telephone	995.61
Voided check	0.00
Website development	271.43
Total Expense	93,669.54
Net Ordinary Income	26,145.93
Other Income/Expense	
Other Income	
Interest Received	658.35
Other Income	12,913.36

2:09 PM
03/26/07
Cash Basis

Downtown Lawrence, Inc.
Profit & Loss
January through December 2006

	Jan - Dec 06
Total Other Income	13,571.71
Other Expense	
Interest Paid	-42.53
Penalty	-1,182.26
Total Other Expense	-1,224.79
Net Other Income	14,796.50
Net Income	40,942.43

2:12 PM
03/26/07
Cash Basis

Downtown Lawrence, Inc.
Balance Sheet
As of December 31, 2006

	<u>Dec 31, 06</u>
ASSETS	
Current Assets	
Checking/Savings	
Do.Co Gift Cert 990205	62,400.00
Firstar CD matures 2/8/07	5,706.09
FIRSTAR OPERATING ACCT 4960	9,573.71
Sweep Savings 2-455-4004-4238	37,800.38
Total Checking/Savings	115,480.18
Other Current Assets	
Undeposited Funds	598.62
Total Other Current Assets	598.62
Total Current Assets	116,078.80
Fixed Assets	
Accumulated Depreciation	-16,499.00
Plant, Property&Equipment	37,704.60
Total Fixed Assets	21,205.60
TOTAL ASSETS	<u>137,284.40</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Gift Certificate Payable	47,035.00
KS & Fed Unemployment Payable	-25.00
Total Other Current Liabilities	47,010.00
Total Current Liabilities	47,010.00
Total Liabilities	47,010.00
Equity	
FundBalance	49,331.47
Opening Bal Equity	0.50
Net Income	40,942.43
Total Equity	90,274.40
TOTAL LIABILITIES & EQUITY	<u>137,284.40</u>