

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

(With Summarized Totals for the Year Ended December 31, 2007)

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE

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**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Summarized Totals for the Year Ended December 31, 2007)**

	Unrestricted	
	2008	2007
REVENUE		
Assessment Income	\$ 2,852,110	\$ 2,693,211
City of Milwaukee	35,000	35,000
Contributions	50,000	50,000
Shops of Grand Avenue	---	4,000
Holiday Lights	37,319	113,604
Special Events Income	54,000	52,816
Trolley Loop	58,500	58,500
Interest Income	43,354	78,541
Ornament Revenue	9,214	15,971
Marquette Interchange Project	76,500	76,500
Miscellaneous Income	3,944	2,185
Total Revenue	\$ 3,219,941	\$ 3,180,328
EXPENSES		
Program	\$ 2,610,896	\$ 2,234,716
General and Administrative	892,569	890,539
Total Expenses	\$ 3,503,465	\$ 3,125,255
CHANGE IN NET ASSETS	\$ (283,524)	\$ 55,073
Net Assets at Beginning of Year	902,166	847,093
NET ASSETS AT END OF YEAR	\$ 618,642	\$ 902,166

The accompanying notes are an integral part of these financial statements.

Independent Auditor's Report

Board of Directors
Milwaukee Downtown Business Improvement District No. 21 and Affiliate

We have audited the accompanying balance sheet of Milwaukee Downtown Business Improvement District No. 21 and Affiliate (nonprofit organizations) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Milwaukee Downtown Business Improvement District No. 21 and Affiliate's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations' 2007 financial statements and, in our report dated July 9, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Downtown Business Improvement District No. 21 and Affiliate as of December 31, 2008, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Milwaukee Downtown Business Improvement District No. 21 and Affiliate taken as a whole. The accompanying schedule of functional expenses and schedule of activities by organization are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ritz Holman LLP

RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
July 7, 2009

Ritz Holman LLP
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**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
BALANCE SHEET
DECEMBER 31, 2008
(With Summarized Totals for December 31, 2007)**

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 135,022	\$ 107,433
Accounts Receivable	8,914	67,293
Prepaid Expenses	15,878	18,902
Investments	779,035	718,829
Inventory	15,967	15,967
Total Current Assets	<u>\$ 954,816</u>	<u>\$ 928,424</u>
FIXED ASSETS		
Holiday Light Fixtures	\$ 290,302	\$ 247,447
Clean Sweep Equipment	170,846	203,290
Office Equipment	32,200	32,828
Leasehold Improvements	34,364	34,364
Website Design	12,354	10,279
Total Fixed Assets	<u>\$ 540,066</u>	<u>\$ 528,208</u>
Less: Accumulated Depreciation	(320,216)	(298,700)
Net Fixed Assets	<u>\$ 219,850</u>	<u>\$ 229,508</u>
TOTAL ASSETS	<u><u>\$ 1,174,666</u></u>	<u><u>\$ 1,157,932</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 556,024	\$ 255,766
Total Liabilities	<u>\$ 556,024</u>	<u>\$ 255,766</u>
NET ASSETS		
Unrestricted	\$ 618,642	\$ 902,166
Total Net Assets	<u>\$ 618,642</u>	<u>\$ 902,166</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,174,666</u></u>	<u><u>\$ 1,157,932</u></u>

The accompanying notes are an integral part of these financial statements.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Summarized Totals for the Year Ended December 31, 2007)**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (283,524)	\$ 55,073
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	62,537	47,380
(Gain) Loss on Disposal of Assets	(3,000)	(250)
(Increase) Decrease in Accounts Receivable	58,379	(38,462)
(Increase) Decrease in Prepaid Expenses	3,024	(3,729)
(Increase) Decrease in Inventory	---	(1,844)
Increase (Decrease) in Accounts Payable	300,258	52,113
	<u>300,258</u>	<u>52,113</u>
Net Cash Provided by Operating Activities	<u>\$ 137,674</u>	<u>\$ 110,281</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	\$ (4,250,616)	\$ (3,742,000)
Sale of Investments	4,190,412	3,763,007
Proceeds From Sale of Assets	3,000	44,190
Purchase of Fixed Assets	(52,881)	(110,564)
	<u>(52,881)</u>	<u>(110,564)</u>
Net Cash Used by Investing Activities	<u>\$ (110,085)</u>	<u>\$ (45,367)</u>
Net Increase in Cash and Cash Equivalents	\$ 27,589	\$ 64,914
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>107,433</u>	<u>42,519</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 135,022</u></u>	<u><u>\$ 107,433</u></u>

The accompanying notes are an integral part of these financial statements.

MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE A - Summary of Significant Accounting Policies

Organization

The Milwaukee Downtown Business Improvement District #21 (MDBID) was created by the Common Council of the City of Milwaukee pursuant to Wisconsin Statutes. The purpose of MDBID is to sustain the competitiveness of the downtown area of the City of Milwaukee and to ensure a safe, clean environment conducive to business activity.

Milwaukee Downtown Business Improvement District #21 is exempt from tax as an affiliate of a governmental unit under Section 501(a) of the Internal Revenue Code.

Combined Financial Statements

The combined financial statements include the accounts of Milwaukee Downtown Business Improvement District #21 and Milwaukee Downtown Incorporated (MDI). MDI is incorporated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation. MDI's board of directors is appointed by MDBID. All significant intercompany transactions and accounts are eliminated.

Accounting Method

The financial statements of Milwaukee Downtown Business Improvement District #21 and Affiliate have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards SFAS No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions

Milwaukee Downtown Business Improvement District #21 and Affiliate account for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

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.

Inventory

Inventory consists of holiday ornaments which are recorded at cost.

Fixed Assets

Fixed Assets are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of assets. The Organizations capitalize expenses greater than \$500.

Allowance for Uncollectible Accounts

Management believes all receivables will be collected in accordance with the terms of the agreement. Thus, no allowance for uncollectible accounts is necessary at year-end.

NOTE B - Comparative Financial Information

The financial information shown for 2007 in the accompanying financial statements is included to provide a basis of comparison with 2008 and presents summarized totals only.

NOTE C - Assessment Income

In order to provide revenues to support the MDBID's mission, the Common Council of the City of Milwaukee enforced an assessment on property located within a specified downtown area. The assessment is calculated based on the assessed values of the properties as of every Fall. The assessment levied on the downtown properties was \$.00153 for every dollar of assessed property value for the year ended December 31, 2008. Resulting assessment revenues recorded in 2008 were \$2,887,110.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE D - Commitments

MDBID has various management contracts for landscaping, graffiti removal, public service, street sweeping, and holiday lighting which now expire in 2009. Future payments for the next year are as follows:

2009	\$1,475,095
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NOTE E - Grants to Others

The Organization awards grants to its affiliate, Milwaukee Downtown, Inc. The grant for the year ended December 31, 2008, was \$639,703 and is for the accomplishment of the Organization's objectives.

NOTE F - Leases

The Organization has a noncancelable operating lease for the rental of a building in Milwaukee, Wisconsin, that expires June 30, 2013.

The Organization has a 60-month copier lease with monthly payments of \$295.70. The lease ends on June 12, 2014.

Future minimum lease payments under operating leases that have remaining terms in excess of one year for the years ending December 31, are as follows:

2009	\$41,880
2010	43,778
2011	44,228
2012	44,708
2013	24,248
Thereafter	1,479

NOTE G - Investments

Investments represent mutual funds and commercial paper that are recorded at cost and approximate fair market value.

NOTE H - SEP Retirement Contribution

The Organization has a SEP plan that covers all employees who worked at MDBID for at least one year. Eligible wages are based on total calendar year wages. The Organization made a contribution of 10% of eligible wages and incurred expenses of \$17,806 during 2008.

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Summarized Totals for the Year Ended December 31, 2007)**

EXPENSES	Program	General and Administrative	2008 Total	2007 Total
Salaries and Wages	\$ 48,114	\$ 144,340	\$ 192,454	\$ 184,264
Contract Labor -				
Public Service Ambassadors	881,414	---	881,414	795,352
Clean Sweep Ambassadors	491,759	---	491,759	507,088
Planter Maintenance	271,833	---	271,833	207,933
Graffiti Removal	4,039	---	4,039	4,025
Employee Benefits	---	54,646	54,646	55,294
Payroll Taxes	---	12,079	12,079	11,616
Supplies	5,420	5,419	10,839	21,180
Telephone	---	8,308	8,308	7,204
Postage and Shipping	---	19,406	19,406	23,728
Occupancy	---	38,054	38,054	36,507
Equipment Rental and Maintenance	6,762	---	6,762	6,303
Insurance	---	22,142	22,142	24,161
Depreciation	62,537	---	62,537	47,380
Gain on Disposal of Equipment	(3,000)	---	(3,000)	(250)
Payroll Fees	---	1,911	1,911	1,988
Accounting Fees	---	35,755	35,755	26,159
Legal Fees	---	40,899	40,899	44,306
Dues, Licenses, and Permits	---	8,809	8,809	8,846
Bank Charges	---	347	347	753
Lights and Decorating	458,523	---	458,523	422,690
Trolley Loop	88,681	---	88,681	107,452
Contingency	294,814	---	294,814	80,087
Marketing	---	268,290	268,290	266,532
Awards and Promotions	---	8,937	8,937	4,033
Travel and Conferences	---	11,132	11,132	9,136
Annual Meeting	---	48,304	48,304	48,570
Recruitment	---	150,276	150,276	150,499
Meals and Entertainment	---	5,365	5,365	7,145
Website (parkmilwaukee.com)	---	---	---	10,000
Miscellaneous	---	8,150	8,150	5,274
TOTALS	\$ 2,610,896	\$ 892,569	\$ 3,503,465	\$ 3,125,255

**MILWAUKEE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT #21 AND AFFILIATE
SCHEDULE OF ACTIVITIES BY ORGANIZATION
FOR THE YEAR ENDED DECEMBER 31, 2008
(With Summarized Totals for the Year Ended December 31, 2007)**

	Milwaukee Downtown Business Improvement District #21	Milwaukee Downtown Inc. ("Affiliate")	2008 Total	2007 Total
REVENUE				
Assessment Income	\$ 2,852,110	\$ ---	\$ 2,852,110	\$ 2,693,211
City of Milwaukee	35,000	---	35,000	35,000
Contributions	50,000	---	50,000	50,000
Shops of Grand Avenue	---	---	---	4,000
Holiday Lights	---	37,319	37,319	113,604
Special Events Income	---	54,000	54,000	52,816
Trolley Loop	58,500	---	58,500	58,500
Interest Income	30,290	13,064	43,354	78,541
Ornament Revenue	---	9,214	9,214	15,971
Milwaukee Transportation Partners	76,500	---	76,500	76,500
Miscellaneous Income	3,944	---	3,944	2,185
TOTAL REVENUE	\$ 3,106,344	\$ 113,597	\$ 3,219,941	\$ 3,180,328
EXPENSES				
Salaries and Wages	\$ 192,454	\$ ---	\$ 192,454	\$ 184,264
Contract Labor -				
Public Service Ambassadors	881,414	---	881,414	795,352
Clean Sweep Ambassadors	491,759	---	491,759	507,088
Planter Maintenance	271,833	---	271,833	207,933
Graffiti Removal	4,039	---	4,039	4,025
Employee Benefits	54,646	---	54,646	55,294
Payroll Taxes	12,079	---	12,079	11,616
Supplies	10,839	---	10,839	21,180
Telephone	8,308	---	8,308	7,204
Postage and Shipping	19,406	---	19,406	23,728
Occupancy	38,054	---	38,054	36,507
Equipment Rental and Maintenance	6,762	---	6,762	6,303
Insurance	16,159	5,983	22,142	24,161
Depreciation	---	62,537	62,537	47,380
Gain of Disposal of Assets	---	(3,000)	(3,000)	(250)
Payroll Fees	1,911	---	1,911	1,988
Accounting Fees	26,764	8,991	35,755	26,159
Legal Fees	40,899	---	40,899	44,306
Dues, Licenses, and Permits	8,809	---	8,809	8,846
Bank Charges	---	347	347	753
Lights and Decorating	---	458,523	458,523	422,690
Trolley Loop	88,681	---	88,681	107,452
Contingency	294,814	---	294,814	80,087
Marketing	16,430	251,860	268,290	266,532
Awards and Promotions	8,937	---	8,937	4,033
Travel and Conferences	11,132	---	11,132	9,136
Annual Meeting	48,304	---	48,304	48,570
Recruitment	---	150,276	150,276	150,499
Meals and Entertainment	5,365	---	5,365	7,145
Website (parkmilwaukee.com)	---	---	---	10,000
Miscellaneous	866	7,284	8,150	5,274
TOTAL EXPENSES	\$ 2,560,664	\$ 942,801	\$ 3,503,465	\$ 3,125,255
CHANGE IN NET ASSETS BEFORE TRANSFER	\$ 545,680	\$ (829,204)	\$ (283,524)	\$ 55,073
TRANSFER	(639,308)	639,703	---	---
CHANGE IN NET ASSETS	\$ (93,628)	\$ (189,501)	\$ (283,524)	\$ 55,073