

THE EAST SIDE

BUSINESS IMPROVEMENT DISTRICT NO. 20

2024 OPERATING PLAN

September 15, 2023

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THE EAST SIDE BUSINESS IMPROVEMENT DISTRICT

2024 OPERATING PLAN

I. INTRODUCTION

In 1984, the Wisconsin legislature created Sec. 66.1109 of the Statutes enabling cities to establish Business Improvement Districts (BIDs) upon the petition of at least one property owner within the proposed district. The purpose of the law is "... to allow businesses within those districts to develop, manage and promote the districts and to establish an assessment method to fund these activities." Upon petition from property owners within the East Side business district, the Common Council of the City of Milwaukee on 9/23/97 Resolution File Number 970779 created BID No. 20 (The East Side Business Improvement District) and adopted its initial operating plan.

The BID law requires that a BID Board "shall annually consider and make changes to the operation plan. The board shall then submit the operating plan to the local legislative body for approval." The Board of BID No. 20 (The East Side Business Improvement District) submits this 2023 BID operating plan in fulfillment of the statutory requirement.

This plan proposes a continuation and expansion of the activities described in the initial 1997 BID operating plan. Therefore, it incorporates by reference the earlier plans as adopted by the Common Council. In the interest of brevity, this plan emphasizes the elements, which are required by Sec. 66.1109, Wis. Stats. and the proposed changes for 2023. This plan does not repeat the background information that is contained in the initial operating plan.

II. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY

No changes in the district planning or zoning have occurred since adoption of the initial operating plan.

III. DISTRICT BOUNDARIES

A district map is attached in Appendix B and listing of the properties in the district is provided in Appendix C.

IV. PROPOSED OPERATING PLAN 2024

A. Plan Objectives

The objectives of the BID are as follows:

- Act as a catalyst for private investment. Closely monitor new development opportunities, actively recruit quality retail in new development and new vacancies, and market the area for renewed reinvestment.
- Promote the BID District as a desirable place to do business, visit, and live. Host events on a regular basis that drive traffic to the district.
- Improve the overall appearance, perception, and image of the area via clean-up programs, landscaping, and holiday lighting programs.
- Fully activate new Board of Directors Committee Structure and secure new Board and Committee Members

B. Proposed Activities

Principal activities undertaken by the BID during 2024 will include, but are not limited to:

- Continue to enhance the infrastructure of the Ivanhoe Public Plaza that was established in May 2023, utilizing City grant funding and BID funds, as well as exploring the possibility of private funding or sponsorships.
- Continue to enhance the public programming of events in the Plaza to attract residents and the public-at-large to the East Side and all our BID business members.
- Monitor the success of the City of Milwaukee's rapid implementation program completed in the summer of 2023 and make any necessary adjustments as needed to increase the safety and comfort of people walking, biking, and driving in the BID.
- Finalize planning for TID financed North Avenue comprehensive streetscaping project and commence execution of project consisting of improvement related to safety, traffic calming, intersection improvements, and streetscape design.
- Planning and execution of signature events, e.g., Summer Soulstice Music Festival and new, reoccurring events such as special events targeted for Ivanhoe Public Plaza Black Cat Alley such as a reoccurring music series.

- Activation of the Oak Leaf Trail to include partnering with the County and BID businesses to place signage on the trail and leading to and from the BID district.
- Recruitment of new businesses and retention of existing businesses.
- Increased programming for area cleanliness, maintenance, and landscaping.

C. Proposed Revenue and Expenditures

Income for 2024

(Numbers rounded)

Expected Carryover 2023 to 2024	\$180,000
2024 Assessment	\$222,458
Other income	\$ 85,000
Projected Funds Available in 2024	\$485,458

Expenses for 2024

Operating Expenses (office, contracts, district maintenance)	\$200,000
Event & Program Expenses	\$ 75,000
Total Expenses for 2024	\$275,000

The BID Board will have the authority and responsibility to prioritize expenditures and to revise the district budget as necessary to match the funds available. Any funds unspent at the end of 2024 shall be carried over to 2025 and applied against future expenses.

V. METHOD OF ASSESSMENT

A. Assessment Rate and Method

As of January 1, 2023, the properties in the district had a total value of \$171,151,200 of which \$110,841,501 is assessable for the BID. This plan proposes to assess the taxable property in the district at a rate of \$5.00 per \$1,000 of assessed value with a cap at

\$5,000 for the purposes of the BID. Appendix A shows the projected BID assessment for each property included in the district.

The principle behind the assessment methodology is that each property owner should contribute to the BID in proportion to the benefit derived from the BID. After consideration of assessment methods, it was determined that the assessed value of a property was the characteristic most directly related to the potential benefit provided by the BID. Therefore, a uniform rate applied on the assessed value of each property was selected as the basic assessment method for BID No. 20.

The variables used to determine the regular BID assessments are:

- The total assessed value of each tax key parcel within the district; and
- The specific dollar amount per \$1,000 of the assessed value of each tax key parcel.

The assessment methodology is as follows: For each of the taxable tax key parcels within the BID boundaries, the BID assessment is calculated by applying a \$5.00 per \$1,000 charge against the assessed value of the parcel.

B. Excluded and Exempt Property

The BID law requires explicit consideration of certain classes of property. In compliance with the law, the following statements are provided:

1) Sec. 66.1109 (1m): The district may contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the method set forth in this plan because it is assumed that they will benefit from development in the district.

2) Sec. 66.1109 (5) (a): Property known to be used exclusively for residential purposes will not be assessed. Such properties are identified as exempt properties as revised each year.

3) In accordance with Sec. 66.1109 (1) (b), Wis. Stats., property exempt from general real estate taxes have been included in the district. Privately-owned tax-exempt property, which is expected to benefit from district activities, may be asked to make a financial contribution on a voluntary basis.

4) *In accordance with 66.1109 (5) (d): If real property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. 70.11 or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.*

VI. CITY ROLE IN DISTRICT OPERATION

The City of Milwaukee has committed to helping private property owners in the district promote its development. To this end, the City has played a significant role in the creation of the BID and in the implementation of its operating plan.

In particular, the City will continue to:

- Provide technical assistance to the proponents of the district through adoption of the operating plan and provide assistance as appropriate thereafter.
- Monitor and, when appropriate, apply for outside funds, which could be used in support of the district.
- Collect BID assessments; maintain the BID assessments in a segregated account; and disburse the BID assessments to the district.
- Receive annual audits as required per Sec. 66.1109 (3) (c) of the BID law.
- On or before June 1st of each plan year, provide the Board, through the Tax Commissioner's Office, with the official City records on the assessed value of each tax key number within the district as of January 1st of each plan year for the purposes of calculating the BID assessments.
- Encourage the State of Wisconsin, Milwaukee County and other units of government to support the activities of the district.

VII. BUSINESS IMPROVEMENT DISTRICT NO. 20 BOARD OF DIRECTORS

The Board's primary responsibility will be implementation of this operating plan. The current BID No. 20 Board of Directors and staff is comprised as follows:

- **Dan Katt**, Treasurer & Interim President -- Business owner of Good City Brewing, 1 block outside district area
- **Jonathan Jackson**, Vice President -- CEO of Milwaukee Film, operator of Oriental Theatre
- **Michael Vitucci**, Secretary -- Business owner, Izzy Hops Swig & Swish; Property owner, Murray Avenue Partnership
- **Spencer Kronz**, Business and property owner, East Side Family Chiropractic
- **Tim Gokhman**, Property owner, New Land Enterprises
- **Scott Blum**, Business owner, Rockstar Design
- **Joey Wisniewski**, Development Consultant, East Side neighbor
- **Stephanie Townsend**, Business Owner, Upper East Bar
- **Summer Thompson**, Regional Business Director, East Side neighbor

VIII. FUTURE YEARS' OPERATING PLANS

It is anticipated that the BID will continue to revise and develop the operating plan annually in response to changing development needs and opportunities in the district, in accordance with the purposes and objectives defined in this operating plan.

Section 66.1109 (3) (a) of the BID law requires the BID Board and the City to annually review and make changes as appropriate in the operating plan. Therefore, while this document outlines in general terms the complete development project, it focuses upon 2023 activities. Information on specific assessed values, budget amounts, and assessment amounts are based on 2022 conditions. Greater detail about subsequent years' activities will be provided in the required annual plan updates. Approval by the Common Council of such operating plan updates shall be conclusive evidence of compliance with this operating plan and the BID law.

In later years, the BID operating plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. The method of assessing shall not be materially altered, except with the consent of the City of Milwaukee.

IX. AMENDMENT, SEVERABILITY, AND EXPANSION

The BID has been created under the authority of Section 66.1109 of the Statutes of the State of Wisconsin. Should any court find any portion of this statute invalid or unconstitutional, its decision will not invalidate or terminate the BID and this BID operating plan shall be amended to conform to the law without need of reestablishment.

Should the legislature amend the statute to narrow or broaden the process of a BID so as to exclude or include as assessable properties of a certain class or classes of properties, then this BID operating plan may be amended by the Common Council of the City of Milwaukee as and when it conducts its annual review and approval of the operating plan and without necessity to undertake any other act. This is specifically authorized under Sec. 66.1109 (3) (b), Wis. Stats.

Appendix A

66.1109 Business improvement districts.

(1) In this section:

(a) "Board" means a business improvement district board appointed under sub. (3) (a).

(b) "Business improvement district" means an area within a municipality consisting of contiguous parcels and may include railroad rights-of-way, rivers, or highways continuously bounded by the parcels on at least one side, and shall include parcels that are contiguous to the district but that were not included in the original or amended boundaries of the district because the parcels were tax-exempt when the boundaries were determined and such parcels became taxable after the original or amended boundaries of the district were determined.

(c) "Chief executive officer" means a mayor, city manager, village president or town chairperson.

(d) "Local legislative body" means a common council, village board of trustees or town board of supervisors.

(e) "Municipality" means a city, village or town.

(f) "Operating plan" means a plan adopted or amended under this section for the development, redevelopment, maintenance, operation and promotion of a business improvement district, including all of the following:

1. The special assessment method applicable to the business improvement district.

1m. Whether real property used exclusively for manufacturing purposes will be specially assessed.

2. The kind, number and location of all proposed expenditures within the business improvement district.

3. A description of the methods of financing all estimated expenditures and the time when related costs will be incurred.

4. A description of how the creation of the business improvement district promotes the orderly development of the municipality, including its relationship to any municipal master plan.

5. A legal opinion that subs. 1. to 4. have been complied with.

(g) "Planning commission" means a plan commission under s. 62.23, or if none a board of public land commissioners, or if none a planning committee of the local legislative body.

(2) A municipality may create a business improvement district and adopt its operating plan if all of the following are met:

(a) An owner of real property used for commercial purposes and located in the proposed business improvement district designated under par. (b) has petitioned the municipality for creation of a business improvement district.

(b) The planning commission has designated a proposed business improvement district and adopted its proposed initial operating plan.

(c) At least 30 days before creation of the business improvement district and adoption of its initial operating plan by the municipality, the planning commission has held a public hearing on its proposed business improvement district and initial operating plan. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of the proposed initial operating plan and a copy of a detail map showing the boundaries of the proposed business improvement district shall be sent by certified mail to all owners of real property within the proposed business improvement district. The notice shall state the boundaries of the proposed business improvement district and shall indicate that copies of the proposed initial operating plan are available from the planning commission on request.

(d) Within 30 days after the hearing under par. (c), the owners of property to be assessed under the proposed initial operating plan having a valuation equal to more than 40 percent of the valuation of all property to be assessed under the proposed initial operating plan, using the method of valuation specified in the proposed initial operating plan, or the owners of property to be assessed under the proposed initial operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property to be assessed under the proposed initial operating plan, have not filed a petition with the

planning commission protesting the proposed business improvement district or its proposed initial operating plan.

(e) The local legislative body has voted to adopt the proposed initial operating plan for the municipality.

(2m) A municipality may annex territory to an existing business improvement district if all of the following are met:

(a) An owner of real property used for commercial purposes and located in the territory proposed to be annexed has petitioned the municipality for annexation.

(b) The planning commission has approved the annexation.

(c) At least 30 days before annexation of the territory, the planning commission has held a public hearing on the proposed annexation. Notice of the hearing shall be published as a class 2 notice under ch. 985. Before publication, a copy of the notice together with a copy of a detail map showing the boundaries of the territory proposed to be annexed to the business improvement district shall be sent by certified mail to all owners of real property within the territory proposed to be annexed. The notice shall state the boundaries of the territory proposed to be annexed.

(d) Within 30 days after the hearing under par. (c), the owners of property in the territory to be annexed that would be assessed under the operating plan having a valuation equal to more than 40 percent of the valuation of all property in the territory to be annexed that would be assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property in the territory to be annexed that would be assessed under the operating plan having an assessed valuation equal to more than 40 percent of the assessed valuation of all property in the territory to be annexed that would be assessed under the operating plan, have not filed a petition with the planning commission protesting the annexation.

(3)

(a) The chief executive officer shall appoint members to a business improvement district board to implement the operating plan. Board members shall be confirmed by the local legislative body and shall serve staggered terms designated by the local legislative body. The board shall have at least 5 members. A majority of board members shall own or occupy real property in the business improvement district.

(b) The board shall annually consider and may make changes to the operating plan, which may include termination of the plan, for its business improvement district. The board shall then submit the operating plan to the local legislative body for its approval. If the local legislative body disapproves the operating plan, the board shall consider and may make changes to the operating plan and may continue to resubmit the operating plan until local legislative body approval is obtained. Any change to the special assessment method applicable to the business improvement district shall be approved by the local legislative body.

(c) The board shall prepare and make available to the public annual reports describing the current status of the business improvement district, including expenditures and revenues. The report shall include one of the following:

1. If the cash balance in the segregated account described under sub. (4) equaled or exceeded \$300,000 at any time during the period covered by the report, the municipality shall obtain an independent certified audit of the implementation of the operating plan.

2. If the cash balance in the segregated account described under sub. (4) was less than \$300,000 at all times during the period covered by the report, the municipality shall obtain a reviewed financial statement for the most recently completed fiscal year. The statement shall be prepared in accordance with generally accepted accounting principles and include a review of the financial statement by an independent certified public accountant.

(cg) For calendar years beginning after December 31, 2018, the dollar amount at which a municipality is required to obtain an independent certified audit under par. (c) 1. and the dollar amount at which a municipality is required to obtain a reviewed financial statement under par. (c) 2. shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban

consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 2017, as determined by the federal department of labor. Each amount that is revised under this paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10.

- (cr)** The municipality shall obtain an additional independent certified audit of the implementation of the operating plan upon termination of the business improvement district.
- (d)** Either the board or the municipality, as specified in the operating plan as adopted, or amended and approved under this section, has all powers necessary or convenient to implement the operating plan, including the power to contract.
- (4)** All special assessments received from a business improvement district and all other appropriations by the municipality or other moneys received for the benefit of the business improvement district shall be placed in a segregated account in the municipal treasury. No disbursements from the account may be made except to reimburse the municipality for appropriations other than special assessments, to pay the costs of audits and reviewed financial statements required under sub. (3) (c), or on order of the board for the purpose of implementing the operating plan. On termination of the business improvement district by the municipality, all moneys collected by special assessment remaining in the account shall be disbursed to the owners of specially assessed property in the business improvement district, in the same proportion as the last collected special assessment.
- (4g)** A municipality may convert a business improvement district under this section into a neighborhood improvement district under s. [66.1110](#) if an owner of real property that is subject to general real estate taxes, that is used exclusively for residential purposes, and that is located in the business improvement district petitions the municipality for the conversion. If the municipality approves the petition, the board shall consider and may make changes to the operating plan under s. [66.1110 \(4\) \(b\)](#).
- (4m)** A municipality shall terminate a business improvement district if the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, file a petition with the planning commission requesting termination of the business improvement district, subject to all of the following conditions:
 - (a)** A petition may not be filed under this subsection earlier than one year after the date the municipality first adopts the operating plan for the business improvement district.
 - (b)** On and after the date a petition is filed under this subsection, neither the board nor the municipality may enter into any new obligations by contract or otherwise to implement the operating plan until the expiration of 30 days after the date of hearing under par. (c) and unless the business improvement district is not terminated under par. (e).
 - (c)** Within 30 days after the filing of a petition under this subsection, the planning commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a class 2 notice under ch. [985](#). Before publication, a copy of the notice together with a copy of the operating plan and a copy of a detail map showing the boundaries of the business improvement district shall be sent by certified mail to all owners of real property within the business improvement district. The notice shall state the boundaries of the business improvement district and shall indicate that copies of the operating plan are available from the planning commission on request.
 - (d)** Within 30 days after the date of hearing under par. (c), every owner of property assessed under the operating plan may send written notice to the planning commission indicating, if the owner signed a petition under this subsection, that the owner retracts the owner's request to terminate the business

improvement district, or, if the owner did not sign the petition, that the owner requests termination of the business improvement district.

- (e) If after the expiration of 30 days after the date of hearing under par. (c), by petition under this subsection or subsequent notification under par. (d), and after subtracting any retractions under par. (d), the owners of property assessed under the operating plan having a valuation equal to more than 50 percent of the valuation of all property assessed under the operating plan, using the method of valuation specified in the operating plan, or the owners of property assessed under the operating plan having an assessed valuation equal to more than 50 percent of the assessed valuation of all property assessed under the operating plan, have requested the termination of the business improvement district, the municipality shall terminate the business improvement district on the date that the obligation with the latest completion date entered into to implement the operating plan expires.

(5)

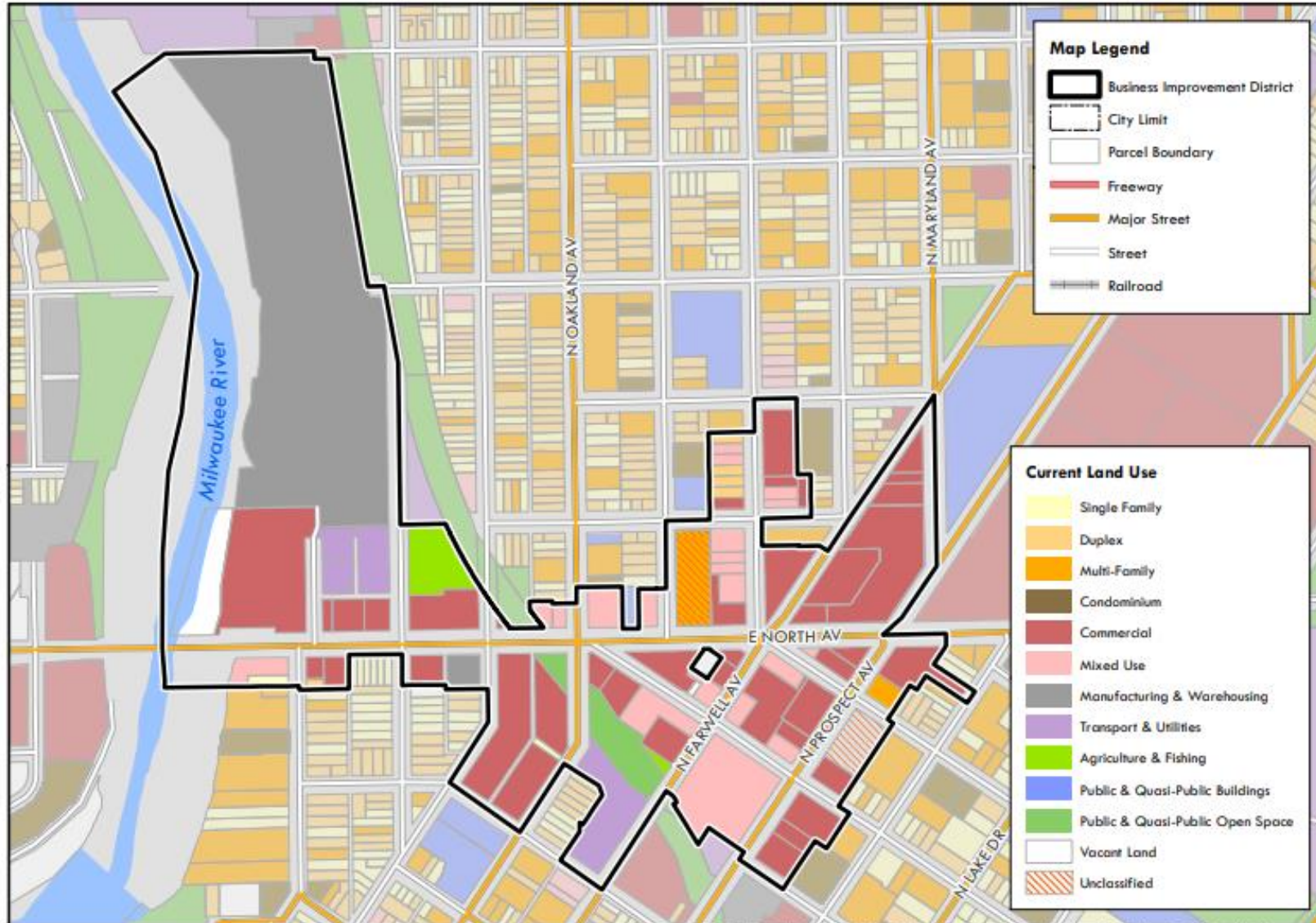
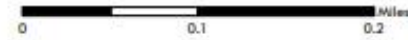
- (a) Real property used exclusively for residential purposes and real property that is exempted from general property taxes under s. [70.11](#) may not be specially assessed for purposes of this section.
- (b) A municipality may terminate a business improvement district at any time.
- (c) This section does not limit the power of a municipality under other law to regulate the use of or specially assess real property.
- (d) If real property that is specially assessed as authorized under this section is of mixed use such that part of the real property is exempted from general property taxes under s. [70.11](#) or is residential, or both, and part of the real property is taxable, the municipality may specially assess as authorized under this section only the percentage of the real property that is not tax-exempt or residential. This paragraph applies only to a 1st class city.

History: [1983 a. 184](#); [1989 a. 56 s. 258](#); [1999 a. 150 s. 539](#); Stats. 1999 s. 66.1109; [2001 a. 85](#); [2017 a. 59, 70, 189](#).

APPENDIX B MAP

BID NO. 20: EAST NORTH AVENUE
CITY OF MILWAUKEE

Prepared by the Dept. of City Development Planning Division, 7/6/2017
Source: City of Milwaukee Information Technology Management Division;
Dept. of City Development Commercial Corridors Team



Document Path: E:\GIS_Data\Projects\2017 Projects\17-01-30 Updated BID Maps\Up-Updated Maps (7-5-17)\Map - BID 20 - East North Avenue .mxd

Appendix D The East Side BID #20 Annual Report (Activities Sept. 2022 – August 2023)

The East Side Business Improvement District's mission is to build a coalition to curate Milwaukee's most vibrant neighborhood. Core Programs

Core Programs

- We hired a part time marketing consultant to handle regular social media posting, keep our East Side and Black Cat Alley websites up to date, e.g., business directory, news, event calendar, etc., publish a quarterly newsletter, and market our BID businesses and BID events.
- We started the process of updating the platform of our website to allow for a more robust and informative customer experience. We expect to have the website updated by the end of 2023.
- We transitioned leadership of the Board to interim President Dan Kaat after the resignation of our President Polly Kaplan in June 2023.
- We renewed our agreement with HS Services for weekly cleaning of our sidewalks and curbs as well as graffiti removal.
- We continued our relationship with KEI, who plant and maintain our flowered planters. We added 24 hanging planters this summer and brought back our 10 bike planters.
- We decorated the core of the district with Holiday lighting from November to February to enhance the overall look and feel during the Holiday season.
- We continued to manage Black Cat Alley. We put out a Call to Artists and chose a local artist to paint a new mural. We've partnered with BID businesses, mainly Crossroads Collective, and other non-BID businesses to activate the Alley and launch new programming and uses for the Alley.
- The Board currently meets at least 6 times per year, but additional meetings are called as needed to discuss high-level items that arise.
- We provide staff support for the East Side Architectural Review Board and facilitated approval a number of applications for new business signage and other developmental projects

Economic Development

Since our last report, the following new businesses have opened:

- Pomona Cider Company
- James May Gallery
- Brew 'd Burger Shop
- Nute's Café
- Atwood HYW BBQ Company
- Counter Day Bar
- Cool Cat Cookies
- Tsaocaa
- Do

A few businesses have moved or closed:

- Shred 415
- D.P. Dough
- Lash Heaven USA
- Triciclo Peru

One business is planning to open in the Fall:

- Vier North (former site of Vitucci's)

Core Events in 2023

- Summer Soulstice Music Festival was expanded to include a fourth musical stage and over 50 vendors. Over 10,000 people attended this all-day festival, an increase of 30% from 2022.
- Hosting a series of 4 monthly DJ Dance events in Black Cat Alley in August through November, building on the energy of Summer Soulstice.
- The BID issued a call for artists in August 2023 and a panel of seven jurists chose a winner out of an applicant pool of over 100 artists. The mural is expected to be completed by September 15th.

APPENDIX E

EAST SIDE BUSINESS IMPROVEMENT
DISTRICT #20
MILWAUKEE, WISCONSIN

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**EAST SIDE BUSINESS IMPROVEMENTS
DISTRICT # 20
MILWAUKEE, WISCONSIN**

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20

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LGA Tax Services LLC

Services Offered:

Individual Tax Prep
Corporate Tax Prep
Non Profit Returns
Tax Planning
IRS Audit Defense
Legal Service Plans

Independent Accountant’s Review Report

Board of Directors
East Side Business Improvement District # 20
Milwaukee, Wisconsin

We have reviewed the accompanying financial statements of the East Side business Improvement District #20, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such opinion.

Management’s Responsibility for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State of America; this includes 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.

Accountant’s Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant’s Conclusion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

LGA Tax Services LLC
Glendale, Wisconsin
August 25, 2023

Office:

5225 N. Ironwood Rd. #110
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lancegordontax@gmail.com

**EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 120,032	\$ 85,596
Uncategorized Asset	1,187	
Prepaid Expenses	<u>1,317</u>	<u>1,317</u>
	122,536	86,913
 PROPERETY AND EQUIPMENT		
Computer Equipment	799	799
Accumulated Depreciation	<u>(799)</u>	<u>(799)</u>
	0	0
TOTAL ASSETS	<u>\$ 122,536</u>	<u>\$ 86,913</u>

LIABILITIES AND NET ASSET

LIABILITIES		
Accounts Payable	\$ 299	\$ 13,406
Accrued Payroll and payroll taxes	0	<u>3,039</u>
 TOTAL LIABILITIES	 299	 16,445
 NET EQUITY		
Unrestricted Assets	70,468	15,466
Net Revenue	<u>51,769</u>	<u>55,002</u>
 TOTAL NET EQUITY	 122,237	 <u>70,468</u>
 TOTAL LIABILITY AND NET ASSETS	 <u>\$ 122,536</u>	 <u>\$ 86,913</u>

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUE		
BID assessments	\$ 224,759	\$ 224,203
Donations and Grants	9,334	20,750
Events – sponsorships and fees	58,503	34,827
Other income	11,621	590
Payroll Ptection (PPP) Forgiveness	<u>0.00</u>	<u>23,433</u>
Total Revenue	<u>304,217</u>	<u>303,803</u>
EXPENSES		
Program services		
BID maintenance	102,162	120,833
Events and promotion	<u>87,250</u>	<u>70,041</u>
	189,412	190,874
Supporting services		
Fundraising and development	12,266	-
Administrative and general	<u>50,770</u>	<u>57,928</u>
Total expenses	252,448	248,802
Changes in net assets (net revenue)	<u>51,769</u>	<u>55,002</u>
Net asets at the beginning of year	70,468	15,499
Net assets at the end of year	<u>122,237</u>	<u>70,468</u>
Changes in net assets	<u>51,769</u>	<u>55,002</u>

NOTE: The accompanying noptes are an integral part of these financial statements.

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 51,769	\$ 55,002
Adjustments to reconcile changes in net assets		
To net cash provided by operating activities		
Depreciation	0	0
Decrease in accounts receivable	0	850
Decrease in prepaid expenses	0	234
Decrease in accounts payable	(13,107)	9,517
Increase in Assets	(1,187)	
Decrease in accrued payroll and payroll taxes	(3,039)	(3,926)
Decrease in refundable advance (PPP loan)	<u>0</u>	<u>(11,859)</u>
Net Cash provided by operating activities	<u>34,436</u>	<u>49,818</u>
Net increase in cash and cash equivalents	34,436	49,818
Cash and cash equivalents at the beginning of year	<u>85,596</u>	<u>35,778</u>
Cash and cash equivalents at the end of year	<u>120,032</u>	\$ <u>85,596</u>

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

EASTSIDE BUSINESS IMPROVEMENT DISTRICT # 20
STATEMENT OF FUNCTIONAL EXPENSES

PREPARED BY:
LANCE D. GORDON, CPA

	<u>PROGRAM SERVICES</u>		<u>SUPPORT SERVICES</u>	
	<u>MAINTENANCE</u>	<u>Events & Promotions</u>	<u>Administrative & General</u>	<u>Fundraising & Development</u>
				<u>Total</u>
Event Marketing	\$	5,999	\$	5,999
Insurance	790	1,204		1,994
Office and other Expenses			755	2,818
Bank Service Fee				509
Occupancy				70,355
Salaries and Wages	\$ 26,383	\$ 26,383	\$ 17,589	\$ 70,355
Payroll Taxes	\$ 2,053	\$ 2,053	\$ 1,369	\$ 5,475
Accounting			\$ 17,300	\$ 17,300
Consulting			\$ 14,703	\$ 14,703
Professional Fees		1,530		1,530
Public Relations and Marketing			330	330
General Public Improvements	\$ 28,162			28,162
Rent			2,555	
Loan Repayments to Milwaukee				
Maintenance of Streets	\$ 63,445			63,445
Special Events:				
General		17,459		17,459
Black Cat Alley (BAC)		15,210		15,210
Summer Soulstice (SSMF)		203		203
TOTAL	\$ 120,833	\$ 70,041	\$ 57,928	\$ 248,802

	<u>PROGRAM SERVICES</u>		<u>SUPPORT SERVICES</u>	
<u>BID</u>	<u>Events &</u>	<u>Administrative</u>	<u>Fundraising</u>	
<u>MAINTENANCE</u>	<u>Promotions</u>	<u>& General</u>	<u>& Development'</u>	<u>Total</u>
	<u>Total</u>			
Event Marketing	\$ -	\$ -	\$ 9,837	\$ 9,837
Insurance	\$ 1,108	\$ 2,213	\$ -	\$ 3,321
Utilities		\$ 180		\$ 180
Dues and Subscriptions		\$ 3,808		\$ 3,808
Bank Service Fee		\$ 6		\$ 6
Miscellaneous		\$ 1,699		\$ 1,699
Salaries and Wages	\$ 34,081	\$ 21,526	\$ -	\$ 89,688
Accounting		\$ 3,547		\$ 3,547
Consulting		\$ 12,000		\$ 12,000
License and Permits		\$ 786		\$ 786
Supplies		\$ 927	\$ 2,429	\$ 3,356
General Public Improvements	\$ 58,451			\$ 58,451
Rent		\$ 3,998		\$ 3,998
Postage		\$ 80		\$ 80
Special Events:				\$ -
Holiday Lighting	\$ 9,630			\$ 9,630
Black Cat Alley (BAC)	\$ 268			\$ 268
Summer Soulstice (SSMF)	\$ 51,793			\$ 51,793
TOTAL	\$ 102,162	\$ 50,770	\$ 12,266	\$ 252,448

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Organization and business activity

The East Side Business Improvement District # 20 (BID) represents Milwaukee's most exciting retail, entertainment, and residential district. Located between Lake Michigan, the Milwaukee River, downtown Milwaukee and the University of Wisconsin-Milwaukee, the BID is actively involved in the conscientious development of an enhanced business district designed for people looking for a dynamic place to live, work, shop and relax. The Mayor and the Common council created the BID in October 1997 under the authority granted by Wisconsin Statutes Section 66.1109. The BID is an association of property owners governed by seven board members. Members are appointed to three-year terms by the Mayor and confirmed by the Common Council.

2. Cash and cash equivalents

The BID considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

3. Accounts receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for program services. The BID determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2022 and 2021, management determined that no allowance for uncollectible accounts receivable was required. The BID has no accounts receivable at December 31, 2022 and 2021. Receivables from contracts with customers are reported as accounts receivable, in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

4. Property and equipment

Property and equipment are recorded at cost or fair market value if donated. The BID's policy is to capitalize all tangible assets which separately or in the aggregate have an acquisition cost of \$ 500 or greater. Major additions and improvements are capitalized. Property and equipment are depreciated over the estimated useful lives of the assets, using the straight-line method. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense for the years ended December 31, 2020 was \$ 266. There was no depreciation expense for year 2022 as all assets were fully depreciated.

5. Net assets

The BID follows the accrual method of accounting wherein revenues and expenses are recorded in the period earned or incurred. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows. *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. *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 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. The BID reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a 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.

6. Revenue and Revenue Recognition

Revenue is recognized from rental and programs when the services are provided. All services are transferred at a point in time. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2022 and 2021 the BID has no conditional contributions.

7. Streetscape improvements

Streetscape improvements are not capitalized; rather they are expensed as incurred as they are considered part of the City of Milwaukee's public infrastructure.

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

8. Donated services and in-kind contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair market value at the date of donation. The BID records donated professional services at the respective fair values of the services received. Note H.

9. Allocation of functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, office expenses, supplies, insurance, and other, which are allocated on the basis of estimates of time and effort.

10. Taxability

The BID is a not-for-profit corporation as described in Section 501(C)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

11. Income tax considerations

The BID evaluates its tax positions and assesses their uncertainty, if any, through review and application of various sources of tax authority including statutes, regulations, rulings, court cases and widely held administrative practices. The BID's informational returns are subject to examination by the IRS, generally for three years after they were filed. Management believes that no uncertain tax positions exist for the BID at December 31, 2022 and 2021. The BID has not incurred any interest or penalties for income taxes for the years December 31, 2022 and 2021.

12. Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

**EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

13. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through August 24, 2023, which is the date that the financial statements were available to be issued. See Note C.

B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting the use, within one year of the statements of financial position date of December 31, 2022 and 2021 comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 120,032	\$ 85,596
Accounts receivable	<u>0</u>	<u>0</u>
Total	<u>, 120,032</u>	<u>85,596</u>

As part of its liquidity plan, the BID invests cash in excess of daily requirements in short-term money market funds.

C – REFUNDABLE ADVANCE

The BID was granted a \$ 11,780 loan under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA) approved partner during the COVID-19 outbreak (see Note 1). The loan is uncollateralized and is fully guaranteed by the Federal government. The BID recorded the loan, plus accrued interest of \$ 36 as a refundable advance and will recognize grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer exists. No contribution revenue has been recorded for the year ended December 31, 2022 or 2021. Subsequent to year end, the BID received full forgiveness of the amount due. Subsequent to the year end, the BID applied for and received a second PPP loan of \$ 11,538 to help cover payroll costs, rent and utilities during the outbreak. The first PPP loan in the amount of \$ 11,780 was forgiven on April 21, 2021. The second PPL loan in the amount of \$ 11,538 was forgiven on July 27, 2021. Interest in the amount of \$ 79 and \$ 36 was also forgiven on the respective dates of the loan forgiveness.

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

D - ASSESSMENT INCOME

In order to provide revenues to support the BID's mission, the Common Council of the City of Milwaukee enforced an assessment on property located within a specified area of Milwaukee. The assessment is calculated based on assessed values of the properties every fall. The assessment is levied on the district properties was \$ 5 per \$ 1,000 of assessed property value with a maximum assessment of \$ 5,000 per parcel.

E – REPAYMENT OF CITY OF MILWAUKEE

The BID, in cooperation with the City of Milwaukee, finished streetscape improvements in 2003. Financing for the 1.7 million project was funded partially by a \$ 500,000 contribution from the City of Milwaukee plus proceeds from a city bond issue. The BID was obligated to repay the City of Milwaukee for streetscape improvement assistance over 20 years, plus interest at 5.89%. The principal and interest amounts were funded through future special tax assessments. The BID's annual debt service obligation to City of Milwaukee was repaid in full in 2020.

F – LEASE COMMITMENTS

The BID leased its office space under a five year lease through January 31, 2028. The lease amount is \$ 175 per month. The BID also leases storage space under a month-to-month operating lease. The monthly payment is \$ 135.00.

G – CONCENTRATION OF RISK

For the years ended December 31, 2022 and 2021 the BID received \$ 224,759 and \$ 224,203 from the City of Milwaukee. This represents 74% and 73% of total revenue, respectively from the City of Milwaukee. In 2019, before the pandemic, the City of Milwaukee only provided 59% of total revenue. While the percentage of city revenue dependence is dropping, it has not been reduced to the pre-pandemic levels.

H – DONATED FACILITIES, SERVICES AND PERSONAL PROPERTY.

The BID receives various types of contributed goods and services support, including professional services and auction items. Donated services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donaton. For years ending December 31, 2022 and 2021, there was no value computed for donated services. A substantial number of unpaid volunteers have made significant contributions of their time to develop the BID programs. No amounts have been recognized in the statements of activities because the criteria for recognition under U.S. GAAP have not been satisfied.

EAST SIDE BUSINESS IMPROVEMENTS DISTRICT # 20
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

I – RISK AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact support and revenue. The COVID-19 outbreak in the United States has resulted in reduced activities, cancellation or postponement of events, as well as temporary closures where mandated by the government. At the current time, the BID is unable to quantify the potential effects of the pandemic on future financial statements. Although there has been some improvement in activities, the impact still has been felt by all communities.