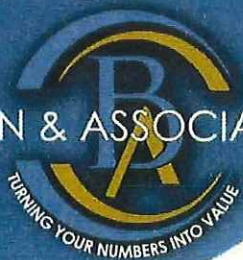


BINSON & ASSOCIATES LLC.



**NORTH AVENUE GATEWAY BUSINESS
IMPROVEMENT DISTRICT #28**

REPORT ON FINANCIAL STATEMENTS

For the years ended

December 31, 2017 and 2016

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
For the years ended December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Avenue Gateway Business Improvement District #28

Report on the Financial Statements

We have audited the accompanying statement of financial statements of North Avenue Gateway Business Improvement District #28 (the Organization) which comprise the Statement of Financial Position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

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 States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Avenue Gateway Business Improvement District #28 as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Binson and Associates, LLC.

Milwaukee, Wisconsin
October 18, 2018

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
STATEMENT OF FINANCIAL POSITION
As of December 31,

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 32,264	\$ 4,856
Total current assets	32,264	4,856
FIXED ASSETS:		
Furniture and equipment	20,442	20,442
Less: Accumulated depreciation	<u>(17,410)</u>	<u>(16,387)</u>
Total net fixed assets	<u>3,032</u>	<u>4,055</u>
Total assets	<u>\$ 35,295</u>	<u>\$ 8,911</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued interest	\$ 2,868	\$ 3,031
Accrued expenses	3,550	3,400
Note payable – current portion	<u>5,328</u>	<u>5,110</u>
Total current liabilities	11,746	11,541
NOTE PAYABLE -City of Milwaukee	<u>84,659</u>	<u>89,988</u>
Total Liabilities	96,405	101,529
NET ASSETS:		
Unrestricted	<u>(61,110)</u>	<u>(92,618)</u>
Total net assets	<u>(61,110)</u>	<u>(92,618)</u>
Total liabilities and net assets	<u>\$ 35,295</u>	<u>\$ 8,974</u>

See notes to financial statements

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
STATEMENT OF ACTIVITIES AND NET ASSETS
For the years ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES:		
City of Milwaukee Bid Assessment	\$ 73,319	\$ 59,777
Total revenue	73,319	59,777
EXPENSES:		
Program Services	10,675	18,332
Management and Supporting Services	<u>31,136</u>	<u>50,300</u>
Total expenses	<u>41,811</u>	<u>68,632</u>
Change in net assets	31,508	(8,855)
NET ASSETS, beginning of year	<u>(92,618)</u>	<u>(83,763)</u>
NET ASSETS, end of year	<u>\$ (61,110)</u>	<u>\$ (92,618)</u>

See notes to financial statements

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
SCHEDULE OF FUNCTIONAL EXPENSES
For the years ended December 31,

2017

	<u>Program Services</u>	<u>Management and Supporting Services</u>	<u>Total</u>
EXPENSES:			
Marketing and Promotion	\$ 625	\$ -	\$ 625
Community Support	4,790	-	4,790
Internet and Web Presence	460	-	460
Repair and maintenance	800	-	800
Ambassador program	4,000	-	4,000
Management Fee	-	15,250	15,250
Professional Fees	-	4,338	4,338
General liability insurance	-	878	878
Occupancy	-	4,800	4,800
Office Administration	-	968	967
Interest expense	-	3,879	3,879
Depreciation Expense	<u>-</u>	<u>1,023</u>	<u>1,023</u>
Total expenses	<u>\$ 10,675</u>	<u>\$ 31,136</u>	<u>\$ 41,811</u>

2016

	<u>Program Services</u>	<u>Management and Supporting Services</u>	<u>Total</u>
EXPENSES:			
Marketing and Promotion	\$ 4,685	\$ -	\$ 4,685
Community Support	9,855	-	9,855
Internet and Web Presence	858	-	858
Repair and maintenance	1,367	-	1,367
Neighborhood improvements	1,567	-	1,567
Management Fee	-	30,000	30,000
Professional Fees	-	4,250	4,250
General liability insurance	-	1,282	1,282
Occupancy	-	8,800	8,800
Office Administration	-	851	851
Interest expense	-	4,094	4,094
Depreciation Expense	<u>-</u>	<u>1,023</u>	<u>1,023</u>
Total expenses	<u>\$ 18,332</u>	<u>\$ 50,300</u>	<u>\$ 68,632</u>

See notes to financial statements

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
STATEMENT OF CASH FLOWS
For the years ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 31,508	\$ (8,855)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,023	1,023
Increase/(decrease) in:		
Accrued interest	(164)	(156)
Accrued expenses	150	150
Net cash used by operating activities	32,519	(7,838)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of City of Milwaukee loan	(5,111)	(4,902)
Net cash used by financing activities	(5,111)	(4,902)
Net decrease in cash and equivalents	27,408	(12,740)
 CASH AND EQUIVALENTS, beginning of period	 4,856	 17,596
 CASH AND EQUIVALENTS, end of period	 \$ 32,264	 \$ 4,856

See notes to financial statements

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE A - NATURE OF ORGANIZATION

The North Avenue Gateway Business Improvement District #28 (BID #28) was created by the Common Council of the City of Milwaukee pursuant to Wisconsin Statutes. The organization's mission is to develop, to manage and promote the area along the North Avenue Gateway area.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis method of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets:

Undesignated — Net assets that are not subject to donor-imposed stipulations or Board imposed restrictions.

Designated — Net assets subject to restrictions imposed by the Board of Directors and determined to be unavailable for general use.

Temporarily Restricted Net Assets:

Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets:

Permanently restricted net assets include contributed net assets which require, by donor-imposed restriction, that the corpus be invested in perpetuity and only the income be made available for the program operations in accordance with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has evaluated subsequent events through October 18, 2018, the date on which the financial statements were available to be issued.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Revenues are reported in unrestricted net assets, unless use of the related assets is limited by the donor-imposed restrictions. Donor-restricted contributions, grants and investment income whose restrictions are met within the same year as received are reflected in the change in temporarily restricted net assets. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.

Sponsorship revenue received in advance of the event is recorded as deferred revenue and is recognized as income in the period the event occurs.

Cash and Cash Equivalents

The Organization considers all short-term investments in interest-bearing bank accounts, securities and other instruments having an original maturity of three months or less, to be equivalent to cash.

Fixed Assets

Expenditures for the acquisitions of property and equipment are capitalized at cost. The fair value of donated property at the date of gift is similarly capitalized. It is the Organization's policy to capitalize all property and equipment expenditures greater than \$1,000. Certain expenditures less than \$1,000 may be capitalized at the discretion of management. The Organization classifies property and equipment as designated unrestricted net assets on the statements of financial position. Depreciation is computed by the straight-line method over the following estimated useful lives.

Depreciation expense during 2017 and 2016 totaled \$1,023 and \$1,023, respectively.

Income Taxes

The North Avenue Gateway Business Improvement District #28 is exempt from tax as an affiliate of a governmental unit under section 501(a) of the Internal Revenue Code.

The Organization policy is to evaluate, at least annually, the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Tax year ending December 31, 2014 and after are currently open to potential audits.

NORTH AVENUE GATEWAY BUSINESS IMPROVEMENT DISTRICT #28
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE C – NORTH AVENUE STREETScape PROJECT

The Organization received support from the City of Milwaukee in the form of a \$100,000 grant and a \$100,000 loan to perform streetscape enhancements along the North Avenue corridor between 27th Street and Sherman Blvd. The project included lighting, signage, landscaping and trash receptacles, and was completed in 2003.

NOTE D – NOTE PAYABLE

In conjunction with the North Avenue Street Scape Project, the BID entered into a loan agreement with the City of Milwaukee for a loan in the amount of \$100,000. The loan bears interest at a rate of 4.25%, and is unsecured. The loan requires annual principal and interest payments to occur on March 31 of each year commencing on March 31, 2016, and ending with the final loan repayment on March 31, 2030. Loan repayments will be made from the annual tax assessments on the businesses within the BID.

Future required principal payments under the terms of the loan agreement are due as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 5,328
2019	5,554
2019	5,790
2020	6,036
2021	6,293
2022-2030	<u>60,986</u>
Total	<u>\$ 89,987</u>

NOTE E - CONCENTRATION OF RISK

The Organization receives property tax assessment income from the City of Milwaukee. The Organization's operations rely on the availability of these funds. Approximately 100% of the Organization's revenues were from the City of Milwaukee for the year ended December 31, 2017 and 2016.

