

# **THE EAST SIDE**

BUSINESS IMPROVEMENT DISTRICT NO. 20

2022 OPERATING PLAN

September 21, 2021

## **TABLE OF CONTENTS**

- I. INTRODUCTION
  
  - II. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY
  
  - III. DISTRICT BOUNDARIES
  
  - IV. PROPOSED OPERATING PLAN
    - a. Plan Objectives
    - b. Proposed Activities
    - c. Proposed Expenditures
  
  - V. METHOD OF ASSESSMENT
    - a. Assessment Rate and Method
    - b. Excluded and Exempt Property
  
  - VI. CITY ROLE IN DISTRICT OPERATION
  
  - VII. BOARD OF DIRECTORS AND EXECUTIVE DIRECTOR
  
  - VIII. FUTURE YEARS' OPERATING PLANS
  
  - IX. AMENDMENT, SEVERABILITY, AND EXPANSION
- Appendix A – Wisconsin State Statute 66.1109
- Appendix B – BID #20 Map
- Appendix C – BID #20 Property Assessments for 2020 Purposes
- Appendix D – City loan – BID #20

# **THE EAST SIDE BUSINESS IMPROVEMENT DISTRICT**

## **2022 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 2022 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 2022. 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 2022**

#### **A. Plan Objectives**

The objectives of the BID are as follows:

- Act as a catalyst for private investment. Closely monitor new development opportunities, active recruiting of quality retail in new development and new vacancies, and marketing of area for renewed reinvestment.
- Promotion of the BID District as a desirable place to do business and to visit and live. Create signature events that drive traffic to the district on a consistent basis
- Improve the overall appearance, perception and image of the area via clean programs, landscaping, and holiday lighting programs.

#### **B. Proposed Activities**

Principal activities undertaken by the BID during 2022 include, but are not limited to:

- Completion of Strategic Planning process and implementation of results.
- Successful hiring and onboarding of new Executive Director.
- Recalibrated event plans based on the results of Strategic Planning.
- Recruitment of new businesses, retail, and retention of existing businesses.
- Increased programming for area cleanliness, maintenance, and landscaping.

**C. Proposed Expenditures**

**Income for 2022**

(numbers rounded)

Expected Carryover 2021 to 2022	\$60,000
2022 Assessment	\$224,758
Other income	\$75,000
<b>Projected Funds Available in 2022</b>	<b>\$359,758</b>

**Expenses for 2022**

Operating Expenses (office, contracts, district maintenance)	\$175,000
Event & Program Expenses	\$125,000
<b>Total Expenses for 2022</b>	<b>\$300,000</b>

The BID Board will have the authority and responsibility to prioritize expenditures and to revise the district budget as necessary to match the funds actually available. Any funds unspent at the end of 2021 shall be carried over to 2022 and applied against future expenses.

**V. METHOD OF ASSESSMENT**

**A. Assessment Rate and Method**

As of January 1, 2021, the properties in the district had a total value of 172,491,500 of which \$112,496,095 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 \$1000 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:

- **Jonathan Jackson**, *President*, CEO of Milwaukee Film, operator of Oriental Theatre
- **Spencer Kronz**, *Vice President*, business and property owner, East Side Family Chiropractic
- **Polly Kaplan**, *Treasurer*, business owner, Beans and Barley Café and Market
- **Michael Vitucci**, *Secretary*, business owner, Izzy Hops Swig & Swish; property owner, Murray Avenue Partnership

- **Tim Gokhman**, property owner, New Land Enterprises
- **Scott Blum**, business owner, Rockstar Design
- **Dan Katt**, business owner 1 block outside district in area looking to be included in the future, Good City Brewing
- **Joey Wisniewski**, business owner 1 block outside district with BID experience and long-time East Side resident
- **Marvin Pope**, long-time East Side resident

### **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 2019 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 subds. 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](#).

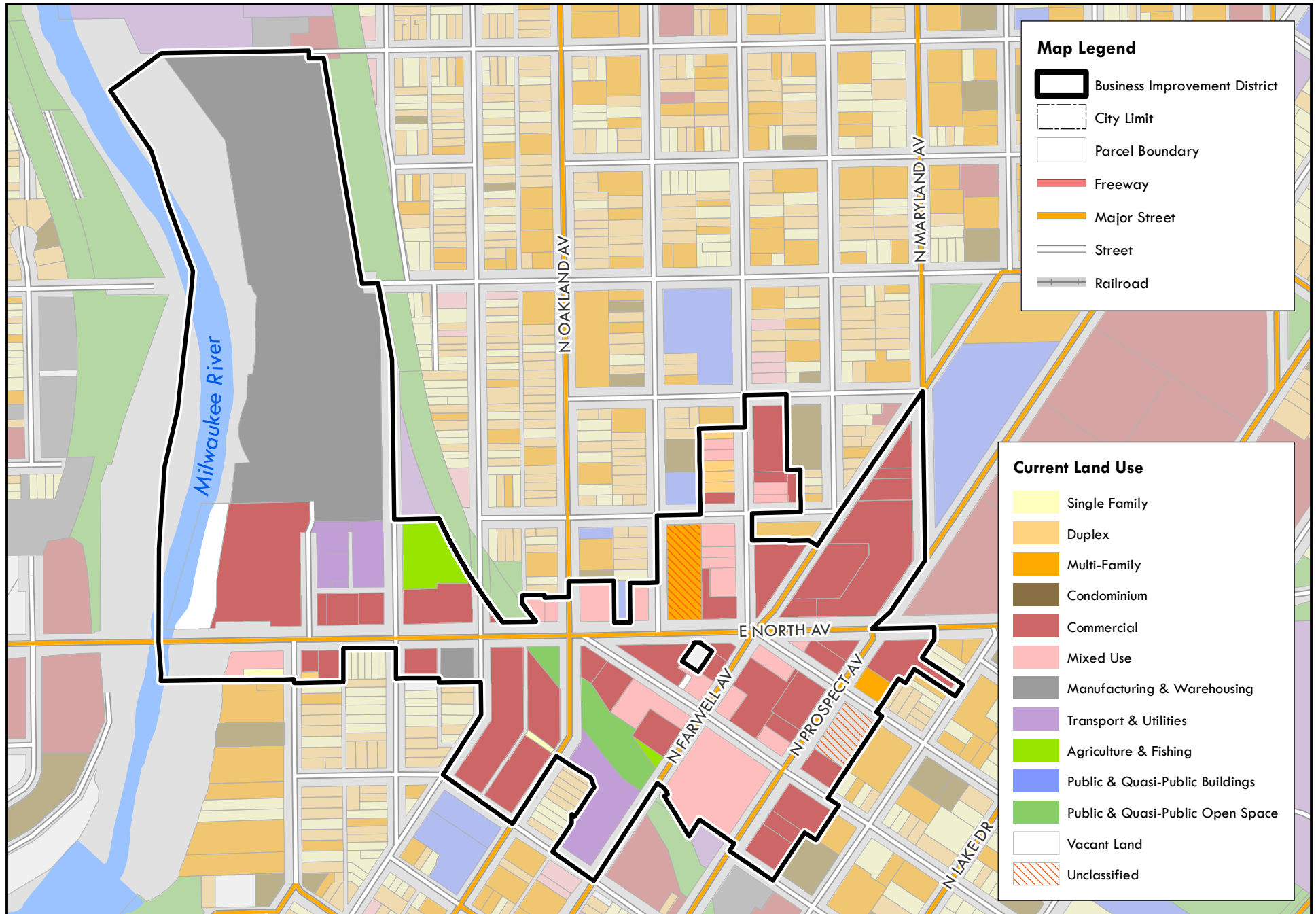
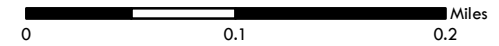
**Appendix B MAP (attached)**

**Appendix C BID #20 Assessments (attached)**

# 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



**Map Legend**

- Business Improvement District
- City Limit
- Parcel Boundary
- Freeway
- Major Street
- Street
- Railroad

**Current Land Use**

- Single Family
- Duplex
- Multi-Family
- Condominium
- Commercial
- Mixed Use
- Manufacturing & Warehousing
- Transport & Utilities
- Agriculture & Fishing
- Public & Quasi-Public Buildings
- Public & Quasi-Public Open Space
- Vacant Land
- Unclassified





# **The East Side BID #20 Annual Report**

## **(Activities Sept. 2020 – August 2021)**

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

### **Core Programs**

- We currently contract with two weekly cleaning services in our District to make sure it's always looking its best for our 100+ businesses. In addition, we contract out maintenance and care of 94 street planters. We worked with the City to add temporary trash cans to high-traffic areas for the summer as well.
- We decorate the core of the district with Holiday lighting from November to February to help drive traffic into the district during the cold winter months.
- We took over management and programming of Black Cat Alley, which was previously run by an external vendor. This year Black Cat Alley is slated to add three new murals from local Artists. We developed a plan to minimize graffiti in Black Cat Alley. Black Cat Alley management and activation was supported by a grant from the Greater Milwaukee Foundation.
- We restarted, paused to due COVID-19, a district-wide strategic plan that will be completed in fall of 2021
- Our crime rates are relatively low in comparison with the rest of the City- the current problems consisting of aggressive panhandling, high-speed traffic, property damage, graffiti, and some robberies.
- We have a part-time Special Projects Manager and a vacant Executive Director position as of July 2021. The position will be posted by the end of September 2021, paused so that we can complete the majority of strategic planning to ensure we define the position in line with our future goals for operation of the BID.
- The Board currently meets at least 6 times per year, but meetings are often called more often as the need to discuss high-level items arise.
- We provided staff for the East Side Architectural Review Board for half of the year.
- We introduced an Executive Committee of the Board, with five Board Members serving on it, to ensure consistent Board engagement and connection with staff.
- The BID remains a member of the Connect Communities program, a “first step” to membership in the National Main Street redevelopment program.
- East Side ON programming was continued to market and support local businesses during the COVID-19 pandemic.
- We organized multiple neighborhood clean-up events.
- The Active Streets program was continued for four local businesses, utilizing BID planters.

### **Economic Development**

- Since our last report, the following new businesses have opened Skylos, Ruta's Vibrant Indian Cafe. Two businesses closed due to the Covid-19 pandemic. The Oriental Theatre, Hooligans, both reopened in August of 2021, and the Jazz Estate and Nine Below are soon to reopen.
- Two business are set to open yet this year: Dogtopia and Roll Train.



- Renovations: The Oriental Theatre is undergoing a multi-year 6 million dollar remodeling project interior and exterior, and McDonald's will soon renovate its entire property.

### **Marketing & Branding**

- We have a strong Social media presence. We have over 13,000 Facebook followers; Twitter has almost 9,700 followers; Instagram now has over 2,000 followers.
- We maintain an email list of 2400+ contacts.

### **Core Events**

- Due to COVID-19 and the pandemic, all core annual BID events including the East Side Fitness Crawl, Summer Soulstice, and Tomato Romp were canceled in 2021.
- To ensure some event programming in the BID, we brought back the East Side Art Lot in 2021, and hosted eight East Side Art Markets and four Live @ the Lot musical events featuring local artists. The 2020 East Side Art Lot received an award from Wisconsin Main Street Awards for the Best Downtown Revitalization Initiative-Connect Community, as well as funding support from AARP.

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
MILWAUKEE, WISCONSIN

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant's Review Report	2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8

# KRAUSE & ASSOCIATES, S.C.

CERTIFIED PUBLIC ACCOUNTANT

1214 BRIDGE STREET  
P.O. BOX 368  
GRAFTON, WISCONSIN 53024

TELEPHONE: (262) 377-9988  
FAX: (262) 377-9617

## 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, 2020 and 2019, 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 an 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 States 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.



Krause & Associates, SC  
Grafton, Wisconsin  
September 8, 2021

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
	<u>ASSETS</u>	
Cash and cash equivalents	\$ 35,778	\$ 34,991
Accounts receivable	850	3,220
Prepaid expenses	<u>1,551</u>	<u>840</u>
	38,179	39,051
PROPERTY AND EQUIPMENT		
Computer equipment	799	799
Accumulated depreciation	<u>(799)</u>	<u>(533)</u>
Property and equipment, net	<u>-</u>	<u>266</u>
TOTAL ASSETS	<u>\$ 38,179</u>	<u>\$ 39,317</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 3,889	\$ 13,376
Accrued payroll and payroll taxes	6,965	4,051
Refundable advance	<u>11,859</u>	<u>-</u>
TOTAL LIABILITIES	22,713	17,427
NET ASSETS		
Without donor restrictions	<u>15,466</u>	<u>21,890</u>
TOTAL NET ASSETS	<u>15,466</u>	<u>21,890</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,179</u>	<u>\$ 39,317</u>

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

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUE		
BID assessments	\$ 217,678	\$ 213,259
Donations and grants	26,602	15,315
Events – sponsorships and fees	3,081	127,826
Other	<u>-</u>	<u>2,807</u>
Total revenue	<u>247,361</u>	<u>359,207</u>
EXPENSES		
Program services		
BID maintenance	146,467	140,662
Events and promotion	<u>76,276</u>	<u>175,109</u>
	222,743	315,771
Supporting services		
Administrative and general	31,042	22,663
Fundraising and development	<u>-</u>	<u>-</u>
	<u>31,042</u>	<u>22,663</u>
Total expenses	<u>253,785</u>	<u>338,434</u>
Changes in net assets	(6,424)	20,773
Net assets, beginning of year	<u>21,890</u>	<u>1,117</u>
Net assets, at end of year	<u>\$ 15,466</u>	<u>\$ 21,890</u>

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

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (6,424)	\$ 20,773
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	266	267
(Increase) decrease in accounts receivable	2,370	367
(Increase) decrease in prepaid expenses	(711)	(326)
Increase (decrease) in accounts payable	(9,487)	(5,558)
Increase (decrease) in accrued payroll and payroll taxes	2,914	2,729
Increase (decrease) in refundable advance	<u>11,859</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>787</u>	<u>18,252</u>
 Net increase (decrease) in cash and cash equivalents	 787	 18,252
Cash and cash equivalents at beginning of year	<u>34,991</u>	<u>16,739</u>
Cash and cash equivalents at end of year	<u>\$ 35,778</u>	<u>\$ 34,991</u>
 Supplemental disclosures:		
In-kind contributions received	<u>\$ -</u>	<u>\$ 23,636</u>
 Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

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

EASTSIDE BUSINESS IMPROVEMENT DISTRICT #20  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services		Total
	BID Maintenance	Events & Promotion	Total	Administrative & General	Fundraising & Development	
Depreciation	\$ 133	\$ 133	\$ 266	\$ -	\$ -	\$ 266
Equipment	-	-	-	-	-	-
Event marketing	-	4,774	4,774	-	-	4,774
Insurance	958	958	1,916	693	-	2,609
Office and other	-	-	-	3,514	-	3,514
Occupancy	-	1,281	1,281	1,282	-	2,563
Payroll expenses:						
Salaries and wages	23,262	23,262	46,524	15,507	-	62,031
Payroll taxes	1,779	1,779	3,558	1,187	-	4,745
Professional fees:						
Accounting	-	-	-	1,100	-	1,100
Consulting	-	250	250	7,000	-	7,250
Public relations and marketing	-	15,939	15,939	759	-	16,698
Public improvements:						
General	1,152	-	1,152	-	-	1,152
Loan repayment to City of Milwaukee	78,157	-	78,157	-	-	78,157
Street maintenance and utilities	41,026	-	41,026	-	-	41,026
Special events and programs:						
General	-	7,730	7,730	-	-	7,730
Black Cat Alley	-	17,216	17,216	-	-	17,216
Summer Soulstice	-	2,704	2,704	-	-	2,704
Tomato Romp	-	250	250	-	-	250
 Total Expenses	 \$ 146,467	 \$ 76,276	 \$ 222,743	 \$ 31,042	 \$ -	 \$ 253,785

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



EASTSIDE BUSINESS IMPROVEMENT DISTRICT #20  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services		Total
	BID Maintenance	Events & Promotion	Total	Administrative & General	Fundraising & Development	
Depreciation	\$ 133	\$ 134	\$ 267	\$ -	\$ -	\$ 267
Equipment	-		-	-	-	-
Event marketing	-	5,245	5,245	-	-	5,245
Insurance	1,426	1,425	2,851	375	-	3,226
Office and other	-	-	-	3,515	-	3,515
Occupancy	-	1,915	1,915	1,916	-	3,831
Payroll expenses:						
Salaries and wages	20,625	20,625	41,250	13,750	-	55,000
Payroll taxes	1,577	1,578	3,155	1,052	-	4,207
Professional fees:						
Accounting	-		-	1,133	-	1,133
Public relations and marketing	-	11,328	11,328	922	-	12,250
Public improvements:						
General	2,935	-	2,935	-	-	2,935
Loan repayment to City of Milwaukee	78,150	-	78,150	-	-	78,150
Street maintenance and utilities	35,816	-	35,816	-	-	35,816
Special events and programs:						
Black Cat Alley	-	14,195	14,195	-	-	14,195
Summer Soulstice	-	93,730	93,730	-	-	93,730
Tomato Romp	-	24,934	24,934	-	-	24,934
<b>Total Expenses</b>	<b>\$ 140,662</b>	<b>\$ 175,109</b>	<b>\$ 315,771</b>	<b>\$ 22,663</b>	<b>\$ -</b>	<b>\$ 338,434</b>

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

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, management determined that no allowance for uncollectible accounts receivable was required. The BID has no accounts receivable at December 31, 2020 and 2019. 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.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**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 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 and 2019 was \$266 and \$267, respectively.

**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 the 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.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**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, 2020 and 2019, 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.

**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 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. Income taxes**

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.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**10. Income taxes - continued**

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, 2020 and 2019. The BID has not incurred any interest or penalties for income taxes for the years ended December 31, 2020 and 2019.

**11. 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.

**12. Subsequent Events**

Management has evaluated subsequent events for recognition and disclosure in the financial statements through September 8, 2021, which is the date that the financial statements were available to be issued. See Notes C and I.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019

B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date of December 31, 2020 and 2019, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 35,778	\$ 34,991
Accounts receivable	850	3,220
	\$ 36,628	\$ 38,211

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 a Small Business Administration (SBA) approved partner during the COVID-19 outbreak (see Note I). The loan is uncollateralized and is fully guaranteed by the Federal government. The BID recorded the loan, plus accrued interest of \$79 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, 2020. Subsequent to year end, the BID received full forgiveness of the amount due.

Subsequent to 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. This loan will be forgiven if the BID meets all of the compliance obligations for loan forgiveness of the PPP. The BID expects to meet the criteria of the PPP program and anticipates full forgiveness.

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 are 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.

EAST SIDE BUSINESS IMPROVEMENT DISTRICT #20  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019

E – REPAYMENT OF CITY OF MILWAUKEE ADVANCE

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 its 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 the City of Milwaukee was repaid in full in 2020.

F - LEASE COMMITMENTS

The BID leased its office space under a month-to-month operating lease through August 31, 2020. Minimum rental payments under the lease were \$203 monthly. The BID also leases storage space under a month-to-month operating lease, the monthly payments are \$135.

Total rent expense for the years ended December 31, 2020 and 2019 was \$2,563 and \$3,831, respectively.

G – CONCENTRATION OF RISK

For the years ended December 31, 2020 and 2019, the BID received \$217,678 and \$213,259, representing 88% and 59% of revenue, respectively from the City of Milwaukee assessments.

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 donation. The approximate fair value of donated services totaled \$23,636 and for the year ended December 31, 2019.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the BID's 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 IMPROVEMENT DISTRICT #20  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019

I – RISKS 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 government mandated. At the current time, the BID is unable to quantify the potential effects of this pandemic on future financial statements.