



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Mayor Diane Wolfe Marlin & City Council

FROM: John A. Schneider, MPA, Community Development Manager
Libby Horwitz, AICP, Economic Development Coordinator

DATE: June 10th, 2019

SUBJECT: **A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN ECONOMIC DEVELOPMENT AGREEMENT (Champaign County Economic Development Corporation, FY2019-2020)**

Introduction

Pursuant to the City Council’s inclusion of funding for the Champaign County Economic Development Corporation (EDC) in the planned City Budget for Fiscal Year 2019-2020, staff has prepared a renewed agreement for the provision of regional economic development services by the EDC for the benefit of the City and the regional economy. The proposed agreement follows the format of the agreement approved by City Council for Visit Champaign County.

The City Council is asked to consider a resolution adopting an Economic Development Agreement for funding EDC (**Exhibit A: Draft Resolution including attached FY2019-20 EDC/City Economic Development Agreement**). This proposed agreement covers activities in the coming Fiscal Year, from July 1, 2019 to June 30, 2020. EDC’s contribution would be \$28,763.

EDC has brought together community leaders to support economic development in Champaign County since its founding in 2001. During this time, the organization has sought to undertake activities and form public-private partnerships that benefit Champaign County businesses and the local economy. EDC’s activities have included direct technical support to local businesses by operating the Small Business Development Center (SBDC) and International Trade Center (ITC), promoting local manufacturers through the Made In Champaign County program, highlighting regional creative talent by organizing the annual Innovation Celebration, supporting the growth of the regional airport with the #iFlyCU campaign, and promoting the

region as a home of creative talent to young professionals with the You're Welcome CU marketing initiative.

EDC and SBDC staff provide a number of direct services that support Urbana's overarching economic development goals. These services include business visits with major employers, business counseling, confidential consultation with City staff, developer/business lead generation, coordination with state agencies, and regional public-private coordination.

Discussion

The proposed agreement includes reporting requirements to staff and elected officials including submittal of the most recent EDC Work Plan (**Exhibit B: EDC 2019 Work Plan & Strategic Visioning Meetings**), annual EDC Budget (**Exhibit C: EDC 2018 Financial Report and Budget for FY2018-19**), annual report on EDC's activities (**Exhibit D: EDC 2018 Annual Report**). The agreement would require EDC to make an annual presentation to the Mayor and City Council, and provide the City with the updated aforementioned documents.

The EDC embarked on a strategic planning process in FY2018-19 to update the organization's mission and goals. That process is expected to last approximately six months and will offer the opportunity for the City to provide input and feedback into the priorities of the organization. Urbana's Economic Development Manager Brandon Boys serves as the City's representative on the EDC Board, and will serve as Chair in FY2019-20.

The EDC will also establish three new Advisory Committees, which will initially focus on the topics of Workforce Development Facilitation, Business / Industry Engagement, and Regional Promotion. Former members of the EDC Board are encouraged to serve on these committees. Other representatives of business, agencies, and the community may also apply to serve on the Advisory Committees thereby allowing for broader representation in coordinating action on these important regional topics. On a quarterly basis, the EDC Board and the three Advisory Committees will all convene together as the Economic Development Council for the region.

Fiscal Impacts

The \$28,763 sponsorship for fiscal year 2019-2020 is included in the proposed City budget from the General Fund.

Options

The City Council has the following options with respect to this proposed agreement:

1. Approve the resolution authorizing the Mayor to execute the proposed agreement as presented.
2. Approve the resolution with changes, understanding that any changes must be agreed to by EDC.
3. Deny the resolution.

Recommendation

Staff recommends that the City Council approve the resolution authorizing the Mayor to execute the proposed agreement.

- Exhibits:
- A – Draft Resolution with attached proposed FY 2019-20 EDC/City Economic Development Agreement
 - B – EDC 2019 Work Plan & Strategic Visioning Meetings
 - C – EDC 2018 Financial Report and Budget for FY2019-20
 - D – EDC 2018 Annual Report

RESOLUTION NO. 2019-06-017R

**A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN
ECONOMIC DEVELOPMENT AGREEMENT**

(Champaign County Economic Development Corporation, FY 2019-2020)

WHEREAS, the City of Urbana (“City”) is a home rule unit of local government pursuant to Section 6 of Article VII of the State of Illinois Constitution of 1970; and

WHEREAS, the City of Urbana has determined that supporting regional economic development coordination and initiatives across Champaign County provides a benefit to the City; and

WHEREAS, the Champaign County Economic Partnership DBA Champaign County Economic Development Corporation (“EDC”) is well positioned to provide those regional economic development services for the City and the Champaign County region; and

WHEREAS, the City and the EDC have previously held a relationship related to regional economic development services; and

WHEREAS, the City and EDC believe that it would be mutually beneficial to the City and EDC to renew their agreement whereby EDC would provide regional economic development services for and on behalf of the City and the City would reasonably compensate EDC for such services.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1.

An Economic Development Agreement by and between the City of Urbana, a Municipal Corporation, and the Champaign County Economic Partnership DBA Champaign County Economic Development Corporation, a 501c.6 Not-For-Profit Corporation, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 2.

The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED BY THE CITY COUNCIL this _____ day of _____, _____.

AYES:

NAYS:

ABSTENTIONS:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this _____ day of _____, _____.

Diane Wolfe Marlin, Mayor

ECONOMIC DEVELOPMENT AGREEMENT

This Economic Development Agreement (hereinafter, "Agreement") is entered into by and between the City of Urbana (hereinafter, the "City") and the Champaign County Economic Partnership DBA Champaign County Economic Development Corporation (hereinafter, "EDC") (collectively, the "Parties").

WHEREAS, the City is a home rule unit of local government pursuant to Section 6 of Article VII of the State of Illinois Constitution of 1970; and

WHEREAS, EDC is an Illinois not-for-profit corporation which has been granted tax-exempt status by the Internal Revenue Service pursuant to Section 501(c)(6) of the Internal Revenue Code (26 U.S.C. § *et seq.*) and which is certified by the Illinois Department of Commerce and Economic Opportunity as both the Illinois Small Business Development Center (hereinafter, "SBDC") and the International Trade Center (hereinafter, "ITC") for Champaign County; and

WHEREAS, the City seeks to provide financial support for ongoing economic development, business development and workforce development activities in the City of Urbana and Champaign County, as conducted by the EDC; and

WHEREAS, EDC seeks to promote Champaign County as an epicenter of entrepreneurship, innovation, and talent in Central Illinois and the Midwest; and

WHEREAS, EDC is experienced in the development of relationships between governments, businesses, employers and educational/research institutions in Champaign County to promote new business startups and business growth; retention and expansion of existing employers; improvements in the available workforce by working with schools, Parkland College, the University of Illinois, and employers; and promoting the economic and physical growth of the Champaign County; and

WHEREAS, EDC is also experienced in the marketing and promotion of Champaign County to geographic areas and populations outside of Champaign County by utilizing existing communication tools, such as the YourWelcomeCU website, specifically designed marketing campaigns and initiatives, such as the IFLYCU.com Willard Airport marketing program, and experienced in developing awareness campaigns within Champaign County such as "Made in Champaign County", recurring programs such as Tech Mix and annual celebrations such as Innovation Celebration; and

WHEREAS, EDC is experienced in coordinating and disseminating site selection RFPs and inquiries to local real estate developers and brokers, and managing real estate regional and site data to provide information to the public and professionals about development opportunities in Champaign County and to perform regional analysis that will inform decision makers and businesses about growth, employment and development options; and

WHEREAS, EDC is host to and manages the Small Business Development Center and International Trade Center supported by grants from the federal SBA and state DCEO to provide small business advising, promote start up and growth of small businesses in the county and promote and support the creation of businesses with international sales capabilities; and

WHEREAS, EDC is recognized as the regional point of contact for economic development in Champaign County; and

WHEREAS, the City and EDC seek to form a mutually beneficial arrangement whereby EDC undertakes the foregoing economic development activities for the benefit of Urbana as a key part of the county economy and coordinates such activity with the other municipalities, villages and county government as well as the University of Illinois to expand the regional marketplace for jobs and commerce and strengthen the economy of the City and Champaign County.

NOW for good, valuable and mutual consideration which each Party acknowledges as having in hand received and for the mutual exchange of the covenants, terms and conditions contained in this Agreement, the Parties agree as follows:

A. CITY OBLIGATIONS TO EDC:

1. City Funding and In-Kind Services to EDC:

a. City Monetary Funding to EDC: The City shall provide EDC with certain funding which EDC may use to operate its business and also perform its duties as the SBDC and ITC for Champaign County. The amount of funding which the City shall provide to EDC for such purpose in each of the following City fiscal years, each of which shall commence of July 1 and end on June 30 (hereinafter, “City FY” or “City FYs”) shall be:

FY 2019-2020: \$28,763

b. City In-Kind Services to EDC: Separate and apart from the funding provided for in Sub-Paragraph A(1)(a) of this Agreement, the City may at its discretion provide in-kind services at no cost to EDC, but is under no obligation to provide any such in-kind services. The City shall value any in-kind services which it provides to, for, or for the benefit of EDC based on the rates which the City customarily charges for the provision of the same or similar services in connection with special public events held within the City’s corporate limits as described in Section 10.2 of the City of Urbana Policy & Procedure Manual.

c. Collective City Funding: Unless the context of any Paragraph or Sub-Paragraph in this Agreement provides or suggests otherwise, reference to “City Funding” or “City Funds” shall mean and include the monetary funding and any in-kind services provided for in Sub-Paragraphs (A)(1)(a) and (A)(1)(b) of this Agreement.

2. Disbursement of Funds: The Parties recognize and agree that it shall be a goal of EDC that, during the term of this Agreement, EDC shall undertake efforts within its own operations, marketing and other activities, as provided for in Sub-Paragraphs B(1) through B(5), to grow its membership of businesses and institutions as well as to increase expand its services to businesses. Thus, the Parties intend that EDC's receipt of City Funding shall be based in whole or in part on EDC's performance during the term of this Agreement. However, nothing herein shall be deemed or construed as barring the Parties from entering into one or more other written agreements for other EDC services which benefit the City and/or its business community and the City from compensating EDC on covenants, terms and/or conditions separate and apart from those provided for in this Agreement. To this end, EDC shall submit invoices to the City on a quarterly basis on or about July 1st, October 1st, January 2nd and April 1st with each invoice representing one-fourth (1/4th) of the City Funds due in the City FY. The City shall disburse City Funds to EDC within thirty (30) days of the City's receipt of an invoice from EDC within the term of this Agreement.

Notwithstanding anything to the contrary provided for in Sub-Paragraphs A(1) of this Agreement, EDC shall not use or expend any City Funds, whether as staff funding and/or operational funding, for political purposes and activities including, but not necessarily limited to, funding of any political action committee, funding any organization's, candidate's, or public office-holder's political campaign, lobbying activities, or other activities which are or may be contrary to EDC's IRS Section 501(c)(6) tax-exempt status. Nothing herein shall be deemed, construed or interpreted as prohibiting EDC from engaging in any of the aforesaid political activities or lobbying activities where such activities are clearly and plainly intended to benefit the City or Champaign County as whole rather than any particular political constituency.

3. Limits on City Funding: Nothing in this Sub-Paragraph shall be deemed, construed or interpreted as limiting the amount of additional funding, if any, which the City may, in its sole discretion, provide to EDC for any purpose, whether specific or general in nature and whether or not pursuant to one or more separate agreements entered into and executed by and between the Parties.

B. EDC'S OBLIGATIONS TO THE CITY:

1. Promotional, Marketing, and Sponsoring Activities: EDC shall undertake such efforts as reasonably possible and within the limits of funding provided by the City to promote and market the City as a vital part of the Champaign County economy and to coordinate and plan specific activities, events and materials that promote the City as a unique destination in Champaign County in concert with Urbana businesses, city staff and the Urbana Business Association. Such activities shall include but shall not be limited to: support of and participation in City and Urbana business events, promotion and support of businesses located within the City, planning and attending visits to employers identified by the City, holding promotional activities in Urbana businesses, planning and attending business openings or receptions, and including City programs, incentives and events in EDC website, emails, social media posts and printed promotional pieces. Such efforts shall also be complimentary to and consistent with EDC's regional efforts to promote all of Champaign County and improve the region's businesses, institutions and industries as a whole.

Notwithstanding anything to the contrary contained in this Sub-Paragraph B(1), all EDC promotional, marketing, staging, or sponsorship activities shall be undertaken in a manner which

- a. presents the City, its officials, and its business community in a favorable light;
- b. is presented in good taste and in such manner as to avoid offending the overall City residential and business community;
- c. does not promote any particular religious or political positions or persuasions;
- d. is presented or conducted in a manner so as not to endanger human life, health or safety.

EDC shall comply with all federal, state and City laws, rules and regulations in connection with any and all EDC activities.

2. Board Representation: The City shall designate one person and one alternate to sit on the EDC Board of Directors with full voting authority during the term of this Agreement as is consistent with the EDC bylaws.

3. EDC Work Plan: EDC shall develop a work plan for each of the City FYs provided for in Sub-Paragraph A(1)(a) of this Agreement and shall submit each said work plan to the City before June 1st preceding the start of the respective City FY, upon approval by EDC Board of Directors, or upon the effective date of this Agreement, whichever is latest. EDC's work plan submitted to the City for any given City FY shall include the following: (i) provide an overview of EDC's programmatic and organizational goals for the year; (ii) list specific activities and measurable objectives that EDC intends to complete over the course of the year; and, (iii) describe how such activities and objectives benefit the City and other communities being served. In the event, after presentation of each said work plan to the City, the EDC Board of Director's amends the work plan, EDC shall provide the City with any and all such amendments within seven (7) days after the EDC Board of Directors' adoption of any such plan amendment or amendments.

4. EDC Budget: EDC shall submit to the City an annual budget approved by the EDC Board of Directors and said budget shall be submitted at the same time EDC submits the work plan provided for in Sub-Paragraph B(3) of this Agreement. In the event EDC amends the aforesaid budget, EDC shall provide a copy of each such budget amendment to the City along with a statement of the reason therefor within seven (7) days of when EDC's Board of Directors approval of such amendment.

5. EDC Reports to City Council: EDC shall submit to the City, within ninety (90) days following the close of the City FY, its written annual partnership report which shall (i) describe the activities which EDC has undertaken for, on behalf of and/or for the benefit of the

City, of businesses located within the City, and of events located within the City during the immediate past City FY; (ii) provide a summarized accounting of all funds received by EDC during the aforesaid City FY, including but not limited to the City Funds provided for in Sub-Paragraph A(1) of this Agreement; and (iii) provide a summarized accounting of all expenditures and disbursements made by EDC during the aforesaid City FY.

EDC shall annually provide a representative of EDC to present the aforesaid annual partnership report to and address questions from the City Council at such time as the City may direct. All reports and accountings provided in this Sub-Paragraph B(5) shall be in writing and shall appear on the letterhead of EDC.

6. Dissolution of EDC: In the event that EDC should dissolve or elect to cease operations for any reason after any payment provided for in Sub-Paragraphs A(1)(a) and A(1)(b) of this Agreement has been made for a City FY not then completed, then EDC shall notify the City at least ninety (90) calendar days before ceasing operations and work in good faith with the City on a written plan for dissolution of the EDC. Such a plan shall be mutually agreed to by the Parties in writing and shall account for the payment of all just debts and obligation of the EDC including any refund to the City as may be agreed to by the Parties.

If within at least sixty (60) calendar days after ceasing operations the Parties do not mutually agree on such a written plan for dissolution as herein described, then EDC, after its payment of all just debts and obligations, shall refund to the City so much of the amount which the City provided to EDC in the City FY when it dissolves computed as a percentage of days within said City FY which have passed expressed as a fraction or percentage of the total number of days in the said City FY – i.e., 365 or 366 depending on whether the year of dissolution is a “leap-year.” For example and by way of example only, in the event that the City provided EDC with \$10,000 in the City FY 2019-2020 and EDC elects to dissolve on February 29, 2019, then the amount refunded to the City shall be computed as follows: $(\$10,000) \times (244 \div 366) = \$6,666.67$. However, EDC shall be relieved of its obligation to tender such refund should it be determined that state and/or federal law, rules or regulations bar the making of such refund. Separate and apart from the refund provided for in this Sub-Paragraph, in the event that EDC announces its intent to dissolve or cease operations, the City may, at its sole election and discretion cease to provide additional funds to EDC.

C. MISCELLANEOUS TERMS:

1. Term of Agreement: This Agreement shall commence on July 1, 2019 and shall expire at 11:59 p.m. on June 30, 2020.

2. Default and Opportunity to Cure: In the event that either Party believes that the other Party has defaulted on any covenant, term or condition contained in this Agreement, the non-defaulting Party shall provide written notice to the other Party of such default. The aforesaid written notice shall state or describe the nature of the default, whether by act or omission, and the Paragraph and/or Sub-Paragraph, as the case may be, which governs the obligation which is alleged to be in default. Within ten (10) calendar days of the effective date of such notice of default (as defined by Sub-Paragraph C(6) below), the recipient of such notice shall (i) cure the default

and provide documented evidence of the nature and/or manner of such cure; (ii) respond in writing to such notice which writing shall advise that the recipient reasonably believes that it is not in default and which describes the reasons for such belief; or (iii) provides a written plan of cure in those instances where cure of a default cannot be completed within the aforesaid ten (10) calendar day period.

3. Dispute Resolution: In the event that the Parties cannot resolve any dispute between them, they shall submit to mediation in an effort to resolve any such dispute. The Parties shall agree on the selection of the mediator and that mediator's rules and/or procedures shall govern any such mediation. The Parties shall share equally in the cost of the mediation. In the event that the Parties fail to resolve their dispute through mediation, then either or both Parties shall be free to initiate and maintain an action to construe, interpret and/or enforce this Agreement in the Circuit Court for the Sixth Judicial Circuit, Champaign County, Illinois.

4. Termination:

a. This Agreement may be terminated by the City immediately and without written notice if EDC –

(i) defaults on this Agreement without reasonable cure as provided for in Sub-Paragraph C(2) and which default/dispute is not resolved through mediation;

(ii) files a petition or is the subject of an involuntary petition for bankruptcy filed in a United States Bankruptcy Court;

(iii) files a notice of intent or other paper with the Secretary of State for the State of Illinois which evidences an intent to liquidate or dissolve;

(iv) loses its IRS 501(c)(6) status as a tax-exempt business league by reason of any act or omission on the part of EDC;

(v) loses its Illinois Department of Commerce and Economic Opportunity certification as either the SBDC or the ITC for Champaign County;

(vi) becomes involuntarily dissolved for any reason by the Secretary of State of the State of Illinois and where EDC fails to apply for reinstatement within ten (10) business days of notice of such involuntary dissolution;

(vii) enters into any arrangement with creditors which could reasonably be deemed, construed, or interpreted as a common law composition with creditors;

(viii) is placed in receivership by a lawful court order;

(ix.) acts or fails to act in such a manner as would injure or likely injure the City in any way, or cast the City or any business located within the City in a

negative light unless, in the case of a business, such negative light is reasonably supported by evidence (e.g., an announcement that a business has closed or moved from the City when in fact such business has moved or closed); and/or

(x) acts or fails to act in a manner which threatens or which may reasonably threaten human life, health or safety.

In the event that the City elects to terminate this Agreement for any one or more of the reasons provided in this Sub-Paragraph, the City's obligation to provide funding to EDC shall automatically cease and become wholly null and void. In addition to any other remedy which the City may have as a matter of law or right, the City shall be entitled to seek, obtain and recover a refund from EDC in an amount calculated as if EDC elected to dissolve as provided in Sub-Paragraph B(6) of this Agreement.

b. This Agreement may be terminated by either Party by giving written notice to the other Party of its intent to terminate and such termination shall be deemed effective thirty (30) days after the effective date of such written notice (as defined by Sub-Paragraph C(7) below). Any Party providing such notice of termination shall offer the other Party an opportunity to meet and discuss such termination prior to the effective date hereunder. In the event of such termination, EDC shall refund to the City so much of those funds which the City has provided to EDC in the fiscal year in which the termination occurs computed in the manner provided for in Sub-Paragraph B(6) of this Agreement.

5. Refund of Funds: If any event arises which triggers EDC's obligation to refund any moneys to the City as provided elsewhere in this Agreement, EDC shall tender to the City such refund in the amount provided for in this Agreement within sixty (60) calendar days of when the aforesaid event occurred. In the event EDC fails to tender such refund to the City within the timeframe provided herein, the City shall be entitled to interest on the said refund at the rate of nine percent (9%) per annum with interest commencing to run on the date when the City was first entitled to said refund.

6. Indemnification: EDC agrees to and will indemnify, defend and hold harmless the City, its elected and appointed officials, employees, agents, and assigns from and against any and all claims, suits, actions, causes of action, judgments, decrees, orders, liabilities, and defenses which arise or which may arise out of or which are or may be the direct or proximate result of any unlawful intentional, willful, wanton, grossly negligent, or negligent act or omission by EDC and/or any of its directors, officers, employees, agents, contractors, or representatives. Nothing herein shall require EDC to indemnify, defend and hold harmless the City, its elected and appointed officials, employees, agents, and assigns from and against any and all claims, suits, actions, causes of action, judgments, decrees, orders, liabilities, and defenses which arise or may arise out of or which are or may be the direct or proximate result of any intentional, willful, wanton, grossly negligent, or negligent act or omission by the City or any of its elected or appointed officials, employees, agents, or assigns.

7. Notices: All notices required to be given shall be in writing, and such notices shall be deemed proper and effective as hereinafter provided:

a. If by First Class U.S. Mail: All such notices shall be sent by registered or certified mail with a return receipt requested. If any such notice is placed in an envelope properly addressed to the intended recipient and bearing proper postage, such notice shall be deemed effective four (4) days from the date of placement with the United States Postal Service.

b. If by facsimile: All such notices shall be deemed effective if transmitted to the intended recipient's facsimile machine and the same shall be deemed effective on the next business day following transmission if the sender's facsimile machine provides a printed receipt that the facsimile was received by the intended recipient's facsimile machine. If no such printed receipt is provided, then the notice shall be deemed effective four (4) days after its transmission.

c. If by overnight courier: All such notices shall be deemed effective if placed in a properly addressed overnight courier envelope properly addressed to the intended recipient with delivery charges to be paid by the sender of such notice, and such notice shall be deemed effective the next business day following delivery of such notice.

d. If by personal delivery: All such notices shall be deemed effective if hand delivered by an employee of the sender to an employee of the intended recipient, and such notice shall be deemed effective on the next business day following delivery of such notice.

e. No other form of notice, including e-mail notice, shall be deemed effective whether or not such notice was in fact received by the intended recipient.

Notices shall be delivered to the following locations unless a Party informs the other Party in writing of a different location to where notices should be directed:

TO THE CITY:

Brandon Boys
Economic Development Manager
City of Urbana

400 S. Vine St.
Urbana, IL 61801

TO EDC:

Carly McCrory
Executive Director
Champaign County Economic
Development Corporation
1817 South Neil Street
Champaign, IL 61820

8. Waiver: The failure of any Party to enforce any covenant, term or condition contained in this Agreement or to take action to enforce the same shall not be deemed to constitute a waiver of that Party's right to enforce or take action to enforce such covenant, term or condition. Notwithstanding the foregoing, if a Party fails to enforce or undertake any action to enforce any covenant, term or condition contained in this Agreement and knows that the other Party has relied on such forbearance to its financial detriment, then such knowledge shall constitute a waiver by

the Party which has or had the right to enforce or initiate an action to enforce such covenant, term or condition.

9. Assignment: Neither Party shall have the right to assign or otherwise transfer to any third person the Party's obligation to perform or the right to receive performance of any covenant, term or condition in this Agreement without the written consent of the non-assigning Party. If either Party consents to allow the other Party to assign or otherwise transfer its obligation to perform any covenant, term or condition contained in this Agreement or the right to receive the benefit of performance of any covenant, term or condition contained in this Agreement to or from a third person, then this Agreement shall be binding upon such third person as if such third person was a signatory to this Agreement, and such third person shall be deemed a "Party" as referred to in this Agreement.

10. Human Rights: EDC, in all respects, shall comply with the City's Human Rights Ordinance and, if requested in writing by the City, EDC shall provide such hiring information as requested by the City as if requested pursuant to the City's Equal Opportunity in Purchasing Ordinance.

11. Representations and Warranties: Each Party represents and warrants that the individual executing this Agreement is duly authorized to do so.

12. Supersedious: This Agreement shall supersede and replace any and all agreements respecting the subject matter of this Agreement, whether oral or in writing, entered into by and between the Parties heretofore.

[END OF AGREEMENT, SIGNATURES FOLLOW.]

FOR THE CITY:

FOR EDC:

Diane Wolfe Marlin, Mayor

Carly McCrory, Executive Director

ATTEST:

ATTEST:

Charles A. Smyth, City Clerk

Betty Brennan, Board of Directors Chair

FY19 Work Plan

Champaign County EDC



July 1, 2018 – June 30, 2019

Q1: July, August, and September 2018

Q2: October, November, and December 2018

Q3: January, February, and March 2019

Q4: April, May, and June 2019

About Us: The Champaign County Economic Development Corporation (CCEDC) is a public-private partnership dedicated to fostering a cooperative, county-wide approach to economic development.

Mission: The Champaign County Economic Development Corporation acts through public-private partnerships to continually grow the local economy by supporting local business and driving expansion and attraction.

BUSINESS & JOB GROWTH

Business Retention & Expansion

- 50 structured outreach visits with target companies – organized and completed in partnership with communities, University of Illinois Office of Corporate Relations, and other community stakeholders as appropriate – Q1 – Q4
- 300 additional business contacts and assistance – Q1 – Q4
- 4 business / industry roundtables – Q1 – Q4
- Host Manufacturing Day / Illinois Manufacturing month events with industry partners – Q2
- Restructure Urbana-Champaign Angel Network (UCAN) – Q2
- Launch new Urbana-Champaign Angel Network (UCAN) structure, including 2019 pitch meeting calendar & training events – Q3
- Support the efforts of and partner with the Early College & Career Academy at Parkland College (ECCA) + Parkland College Business Training & Community Education – Q1 – Q4
- Identify and share employment needs, trends and talent gaps with workforce development stakeholders – Q1 – Q4
- Share information on regional, state, and federal financial tools for business development on the EDC website – Q1 – Q4
- Host public and private job fairs as necessary with regional partners to meet the needs of companies and our local workforce – Q1 – Q4

Business Attraction

- Update and maintain LocationOne Information System (LOIS) – Q1 – Q4
- Update and maintain Intersect Illinois property database – Q2 – Q4
- Create and launch a new internal system for updating the LOIS & Intersect Illinois website and increase communications to local brokers and developers to 2x monthly for database information, collection, and changes – Q2
- Continue and drive partnership with regional economic development groups – 4 meetings per year, identify trade shows to attend together, and finalize plans for marketing strategy of downstate Illinois – Q1 – Q4
- Host in 2019 the Chicago Consuls General and Trade Commissioners to tour the Central Illinois region to experience the rich resources, visit educational institutions, tour manufacturing companies, and view the Midwest Inland Port – Q4

- Lead county responses to inquiries regarding site selection criteria – Q1 – Q4
- Work with Willard Airport to expand commercial air service – Q1 – Q4
- Assist interested parties in real estate exploration, data collection, workforce considerations, and incentives – Q1 – Q4

EVENTS

Innovation Celebration

- Release event details + call for nominations – Q1
- Judge award nominations – Q2
- Announce award finalists + film videos – Q3
- Host annually in partnership with the University of Illinois, Parkland College, and community sponsors - Q3

TechMix

- Host 4 events annually – Q1 – Q4
- Create a new logo – Q3
- Announce full schedule in early 2019 – Q3

CATALYZE

- Host 2 events annually in partnership with UI Research Park – Q2 – Q3
- Expand services for job seekers, including resume reviews, interview practice, and pitch opportunities – Q2 – Q3

Economic Development Council

- Host quarterly meetings to share updates on economic development projects, including community partners of the EDC, and hear presentations from businesses, industry, and workforce development partners in Champaign County – Q1 – Q4

Other

- Sponsor / participate annually in the Champaign County Job Fair hosted by Central Illinois Human Resources Group – Q4
- Coordinate events with companies to celebrate their successes (grand openings, company milestone / anniversary, company expansion, etc.) – Q1 – Q4
- Continue relationship with Champaign County First and travel annually to Springfield and DC to advocate for projects in Champaign County – Q3 – Q4

OUTREACH & COMMUNICATIONS

Reports

- Publish FY18 Annual Report – Q2

- Publish FY19 quarterly reports to Board, investors, and community stakeholders – Q1 – Q4
- Publish Top Employers Directory – Q4
- Publish 2019 Advanced Tech Directory – Q4

Marketing

- Publish monthly Made in Champaign County newsletter featuring local products and innovation, also highlighting available job opportunities in the manufacturing industry – Q1 – Q4
- Continued management / oversight of You're Welcome CU campaign, which includes content on the website, social media, the Job Board, and overall campaign strategies – Q1 – Q4
- Develop and launch, in partnership with UI Research Park, a new AgTech component of the You're Welcome CU campaign – Q3 – Q4
- Develop a new set of meme cards for the You're Welcome CU campaign highlighting quality of life aspects, geared towards recruitment and attraction of workforce – Q3
- Create a new general You're Welcome CU video – Q3 – Q4
- Create a brand ambassador You're Welcome CU Facebook group (to connect to Facebook page) that allows for increased access and communications between community members and employers who actively use and participate in the campaign and its strategies, especially the Resources section of the website – Q2
- Create a video series highlighting local employers & why they chose / choose to stay in Champaign County – include representation from all industries, small businesses to large; to be used in business attraction efforts alongside available sites/properties – Q3 – Q4
- Complete audit of EDC website, find new option for an Events Calendar – Q3
- Create new community collateral materials using data from EMSI – Q2 – Q4
- Recognize employers, communities, and partners from throughout the region who are strengthening the economy through their activities – Q1 – Q4
- Create and print new EDC collateral materials – Q2 – Q4

Social Media

- Conduct an audit of all EDC social media accounts and make edits / adjustments as necessary: Facebook, Twitter, Instagram, YouTube, and LinkedIn – Q2 – Q3
- Conduct an audit of all You're Welcome CU social media accounts and make edits / adjustments as necessary: Facebook, Twitter, Instagram, and YouTube – Q2 – Q3

Branding

- Issue RFP proposal for rebrand of EDC, including a new website and collateral materials – process should begin in FY20 – Q4

Board Engagement – Q1 – Q4

- Willard Airport – Executive Committee
- Willard Airport – Advisory Committee
- Willard Airport – Marketing Committee
- Workforce Innovation Board of East Central Illinois (Champaign County RPC)
- New American Welcome Center
- University of Illinois – Chancellor’s Economic Development Advisory Council
- Long Range Transportation Plan Steering Committee (Champaign County RPC)

ORGANIZATIONAL

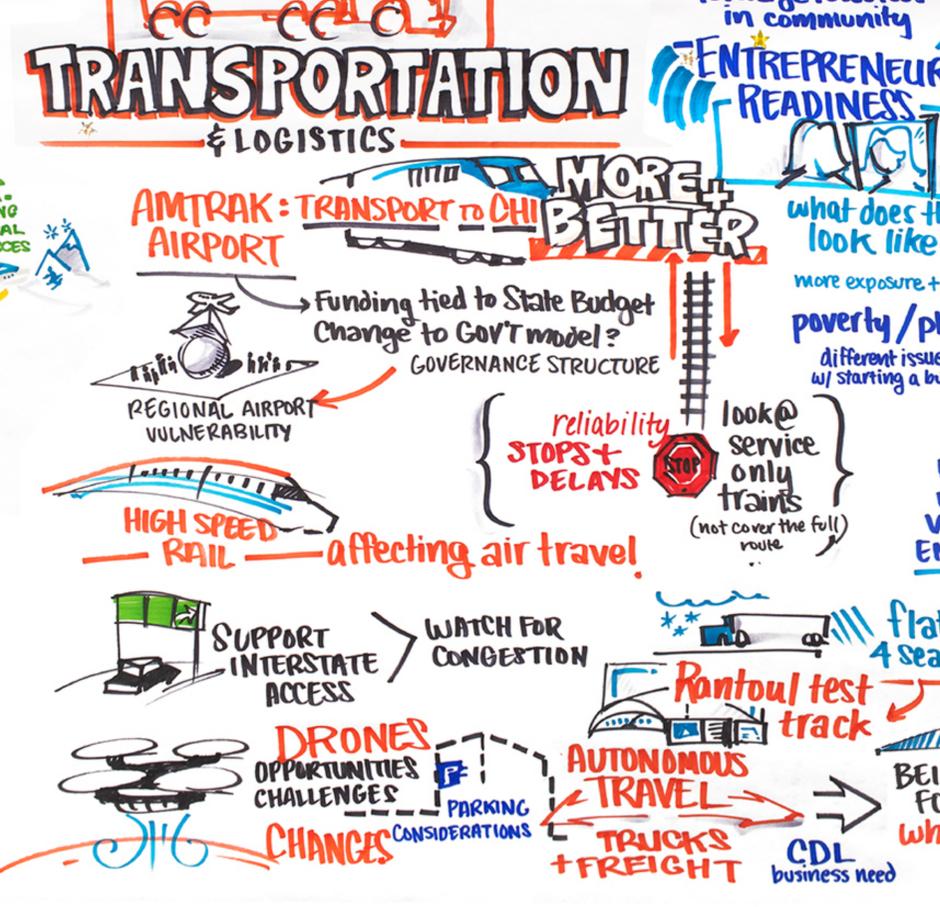
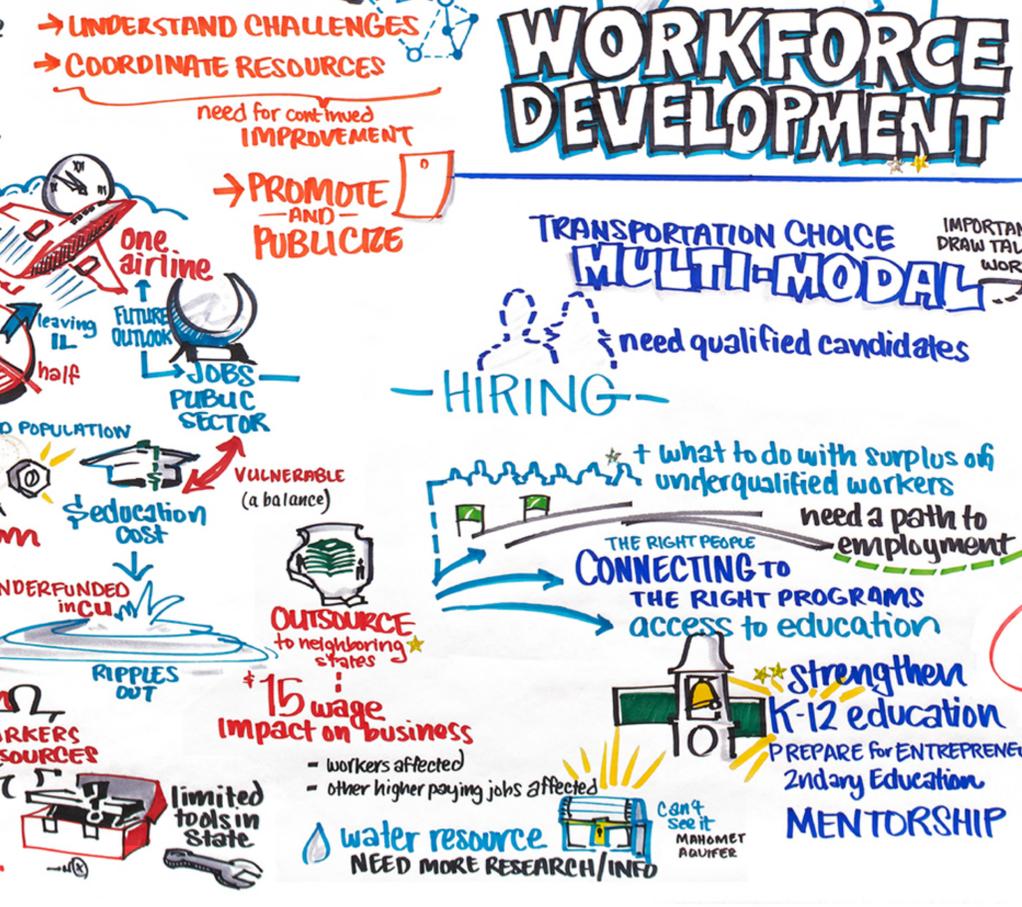
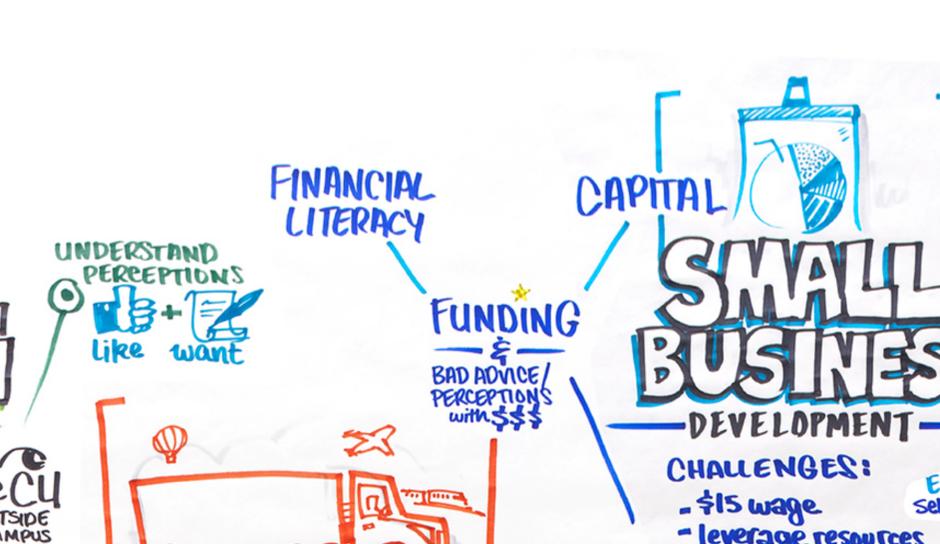
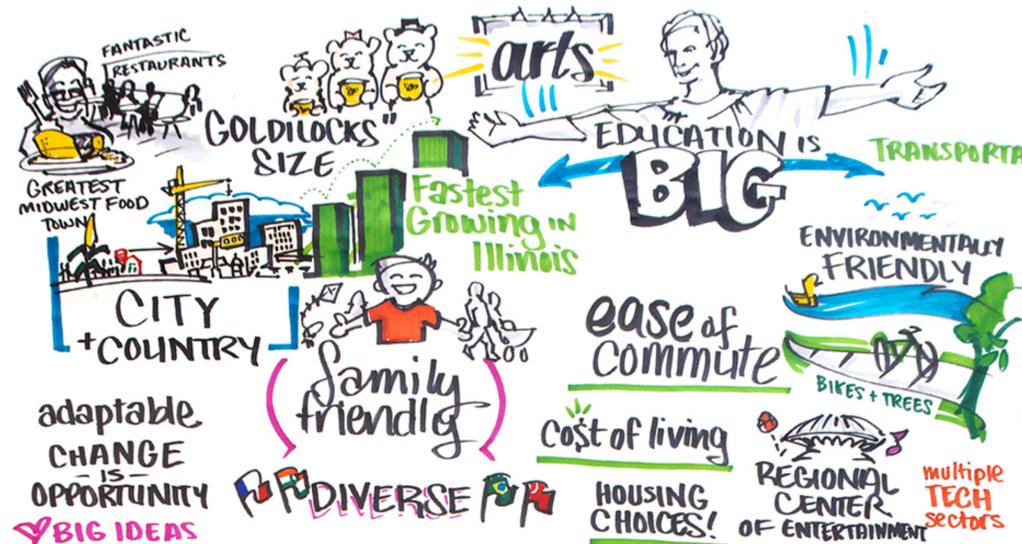
- Hire an International Trade Specialist – Q1
- Hire a Marketing & Events Director – Q2
- Submit NOFO for Illinois SBDC 2019 grant cycle – Q2
- Host quarterly Board engagement opportunities – Q1 – Q4
- Develop a Board member job description to better define the expectations, roles and responsibilities of EDC board members – Q3
- Identify new sources of funding and strategic partnerships to generate additional revenue to the EDC; add 10 additional private sector investors – Q1 – Q4
- Research and provide a summary of economic development trends and best practices to EDC Board and community stakeholders (participating in the Strategic Plan process) for consideration in developing a new EDC Strategic Plan – Q2
- Executive Director, in coordination with EDC Board members, host meetings with EDC investors and community stakeholders to gather input for Strategic Plan process – Q2
- Begin process of developing a new EDC Strategic Plan, hosting 2x monthly meetings until plan is completed (target date: end of FY19, June 2019) – Q3 – Q4

ILLINOIS SMALL BUSINESS DEVELOPMENT CENTER

- Reestablish Small Business Advisory Board, per guidelines in SBDC grant agreement, host quarterly meetings – Q2 (November 2018), then 4 meetings in 2019
- Explore center relationship with Effingham area for one-year pilot project – Q2 (October 2018)
- Continue and expand PTAC Services in 2019 in partnership with Bradley University – Q2 (November 2018)
- Host 2019 IESBGA Conference – Q4 (May 2019)
- Update and print SBDC brochure – Q2 – Q3 (November 2018 – February 2019)
- Create and print new collateral materials for ITC services – Q2 – Q3 (November 2018 – February 2019)
- Determine 2019 workshop schedule, create and print materials – Q2 (October 2018 – January 2019)
- Complete audit of SBDC website – Q3 (January 2019)
- Conduct an audit of all SBDC social media accounts and make edits / adjustments as necessary: Facebook, Twitter, LinkedIn, and YouTube – Q3 (January 2019)
- Publish 2018 annual report – Q3 (February 2019)

- Participate in and promote Small Business Saturday – Q2 (October – November 2018)
- Implement new 2019 ITC goals into SBDC work plan: 60 total clients, 1,100 client hours, 25 jobs created, 50 jobs retained, and \$20,000,000 in export sales – Q2 – Q3 (October 2018 – January 2019)

Working Document



CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP

FINANCIAL STATEMENTS

Years Ended June 30, 2018 and 2017

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Champaign County Economic Partnership
Champaign, Illinois

We have audited the accompanying financial statements of Champaign County Economic Partnership (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 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 from 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Champaign County Economic Partnership as of June 30, 2018 and 2017, 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.

Handwritten signature of Kemper CPA Group LLP in cursive script.

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
January 22, 2019

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 254,023	\$ 262,582
Accounts Receivable	1,052	479
Grants and Contracts Receivable	102,053	103,235
Prepaid Expenses	6,265	7,097
Total Current Assets	363,393	373,393
Non-Current Assets		
Investments - ITEC	31,604	78,498
Total Non-Current Assets	31,604	78,498
Property and Equipment, Net	2,971	3,268
Total Assets	\$ 397,968	\$ 455,159
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 7,585	\$ 3,699
Accrued Vacation	19,714	16,805
Payroll Liabilities	418	75
Total Current Liabilities	27,717	20,579
Net Assets		
Temporarily Restricted	76,025	76,139
Unrestricted		
Board Designated	150,000	150,000
Undesignated	144,226	208,441
Total Net Assets	370,251	434,580
Total Liabilities and Net Assets	\$ 397,968	\$ 455,159

See accompanying notes to financial statements.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants and Reimbursements	\$ 196,568	\$ -	\$ 196,568
Public and Private Donations	385,578	23,250	408,828
In-Kind Contributions	16,278	-	16,278
Other	1,632	-	1,632
Interest Income	218	-	218
Unrealized Gain or (Loss) on Investments	(46,894)	-	(46,894)
Net Assets Released from Restrictions	23,364	(23,364)	-
Total Support and Revenue	576,744	(114)	576,630
 EXPENSES			
Program Services - Economic Development	427,187	-	427,187
Management and General	127,891	-	127,891
Fundraising	85,881	-	85,881
Total Expense	640,959	-	640,959
 CHANGE IN NET ASSETS	(64,215)	(114)	(64,329)
 NET ASSETS, BEGINNING OF YEAR	358,441	76,139	434,580
 NET ASSETS, END OF YEAR	\$ 294,226	\$ 76,025	\$ 370,251

See accompanying notes to financial statements.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Grants and Reimbursements	\$ 205,850	\$ -	\$ 205,850
Public and Private Donations	330,990	22,997	353,987
In-Kind Contributions	24,452	-	24,452
Other	3,840	-	3,840
Interest Income	103	-	103
Unrealized (Gain) or Loss on Investments	25,932	-	25,932
Net Assets Released from Restrictions	22,630	(22,630)	-
Total Support and Revenue	<u>613,797</u>	<u>367</u>	<u>614,164</u>
EXPENSES			
Program Services - Economic Development	418,872	-	418,872
Management and General	131,387	-	131,387
Fundraising	84,858	-	84,858
Total Expense	<u>635,117</u>	<u>-</u>	<u>635,117</u>
CHANGE IN NET ASSETS	(21,320)	367	(20,953)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	395,728	75,772	471,500
PRIOR PERIOD ADJUSTMENT	<u>(15,967)</u>	<u>-</u>	<u>(15,967)</u>
NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>379,761</u>	<u>75,772</u>	<u>455,533</u>
NET ASSETS, END OF YEAR	<u>\$ 358,441</u>	<u>\$ 76,139</u>	<u>\$ 434,580</u>

See accompanying notes to financial statements.

**CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018**

	Economic Development	Management and General	Fundraising	Total
PROGRAM SERVICES				
Salaries	\$ 162,156	\$ 90,437	\$ 68,811	\$ 321,404
Benefits	44,759	27,690	17,070	89,519
Marketing and Promotion	43,853	-	-	43,853
Occupancy	50,590	-	-	50,590
Professional and Contractual Services	25,247	6,312	-	31,559
Website Hosting and Development	877	98	-	975
Travel and Trade Shows	6,274	-	-	6,274
Printing	6,467	-	-	6,467
Telephone	6,303	-	-	6,303
Insurance	4,139	460	-	4,599
Dues and Subscriptions	25,816	-	-	25,816
Seminars and Roundtables	5,946	313	-	6,259
Training	355	40	-	395
Repairs and Maintenance	3,359	373	-	3,732
Office	5,254	-	-	5,254
Equipment Lease	8,320	924	-	9,244
Miscellaneous	10,927	1,214	-	12,141
In-Kind Services	16,278	-	-	16,278
Depreciation	267	30	-	297
TOTAL	<u>\$ 427,187</u>	<u>\$ 127,891</u>	<u>\$ 85,881</u>	<u>\$ 640,959</u>

See accompanying notes to financial statements.

**CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017**

	Economic Development	Management and General	Fundraising	Total
PROGRAM SERVICES				
Salaries	\$ 157,045	\$ 87,873	\$ 68,335	\$ 313,253
Benefits	35,148	33,126	16,523	84,797
Marketing and Promotion	52,335	-	-	52,335
Occupancy	49,050	-	-	49,050
Professional and Contractual Services	27,310	6,827	-	34,137
Website Hosting and Development	407	45	-	452
Travel and Trade Shows	14,347	-	-	14,347
Printing	5,736	-	-	5,736
Telephone	6,306	-	-	6,306
Insurance	4,333	482	-	4,815
Dues and Subscriptions	4,843	-	-	4,843
Seminars and Roundtables	5,714	301	-	6,015
Repairs and Maintenance	3,234	359	-	3,593
Office	7,251	-	-	7,251
Equipment Lease	16,471	1,830	-	18,301
Miscellaneous	4,623	514	-	5,137
In-Kind Services	24,452	-	-	24,452
Depreciation	267	30	-	297
TOTAL	<u>\$ 418,872</u>	<u>\$ 131,387</u>	<u>\$ 84,858</u>	<u>\$ 635,117</u>

See accompanying notes to financial statements.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (64,329)	\$ (20,953)
Adjustment necessary to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	297	297
Unrealized (Gain) or Loss on Investments	46,894	(25,932)
(Increase) Decrease In:		
Accounts Receivable	(573)	(417)
Grants and Contracts Receivable	1,182	(39,122)
Prepaid Expenses	832	779
Increase (Decrease) In:		
Accounts Payable	3,886	(1,550)
Accrued Vacation	2,909	838
Accrued Payroll and Other Expenses	343	(212)
Net Cash Provided by (Used in) Operating Activities	(8,559)	(86,272)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Redemption of Certificates of Deposit	-	20,000
Net Cash Provided by (Used in) Investing Activities	-	20,000
NET INCREASE (DECREASE) IN CASH	(8,559)	(66,272)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	262,582	328,854
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 254,023	\$ 262,582

See accompanying notes to financial statements.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1: PARTNERSHIP AND NATURE OF ACTIVITIES

Nature of Activities

Champaign County Economic Partnership (the Partnership) was incorporated under the “General Not for Profit Corporation Act” of Illinois. The Partnership’s mission is to promote economic development in Champaign County, Illinois. The Partnership coordinates business attraction, business retention, and expansion as well as the marketing of Champaign County to potential businesses and employees. Program support comes from sponsorships and contributions received.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Date of Management’s Review

Management has evaluated subsequent events through January 22, 2019, the date which the financial statements were available to be issued.

Basis of Accounting

The Partnership uses the accrual method of accounting for financial statement reporting. Revenues are recognized when services are rendered and expenses are recognized when obligations are incurred.

Financial Statement Presentation

The Partnership has adopted FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. The Partnership is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Promises to Give

Unconditional promises to give are recognized as contributions receivable and contribution revenue in the period the promise is made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable balance. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at their net realizable balance. The Partnership does not record an allowance for uncollectible promises to give. Instead, the Partnership will evaluate promises to give at the end of each year, to determine if the promises are collectible. Promises that are considered uncollectible will be written off. There were no outstanding promises to give as of June 30, 2018 and 2017.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contracts Revenue

The Partnership recognizes contract revenue (up to the contract ceiling) from its contracts to the extent of eligible expenses. Generally, the excess or deficit of grant receipts over program expenses is accounted for as deferred grant revenue or grants and contracts receivable, respectively, until the corresponding expenses are incurred or the grant monies are received.

Any of the funding sources may, at their discretion, request reimbursement for expenses, return of funds, or both, as a result of non-compliance by the Partnership with the terms of the grants/contracts.

Contributions and Net Asset Classifications

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

Contributed Services

Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example property and equipment) or:

- Would typically need to be purchased by the Partnership if the services had not been provided by contribution
- Require specialized skills
- Are provided by individuals with those skills (such as accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen)

Champaign County Economic Partnership recognized \$16,278 of contributed services during the year ended June 30, 2018 and \$24,452 of contributed services during the year ended June 30, 2017.

Cash and Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with original maturities of ninety days or less.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Equipment is valued at cost, or if donated, at fair value as of the date recorded as a gift. Property and equipment are being depreciated over the useful lives of the assets using the straight-line method. Generally, property and equipment are capitalized when the cost exceeds \$1,500. The cost of normal maintenance and repairs that do not add to the value of the asset or increase the functionality of the asset are not capitalized.

Investments

Equity securities without readily determinable fair values are stated at the lower of cost or fair value. Investments in certificate of deposits have original maturities in excess of ninety days and are carried at cost which approximates fair value.

Income Taxes

The Partnership is a not-for-profit organization that is exempt from income taxes under section 501(c) (6) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Partnership may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Partnership and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the 2018 and 2017 fiscal years.

The Partnership files information tax returns in the U.S. Federal and Illinois jurisdictions. The Partnership is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years ending prior to June 30, 2015.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising and Marketing

The Partnership expenses advertising costs as incurred. Total advertising costs were \$43,853 and \$52,335 for the years ended June 30, 2018 and 2017, respectively.

NOTE 3: GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2018 and 2017 consists of \$102,053 and \$103,235, respectively, due from the Illinois Department of Commerce and Economic Opportunity.

NOTE 4: INVESTMENTS

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Partnership has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

Fair Value Measurement defines fair value as the amount that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price.

Investments at June 30, 2018 and 2017 consist of a 25% interest in equity securities held by Illini-ITEC (ITEC) an unincorporated association which provided venture capital to advanced technology enterprises in Champaign County, Illinois. The association is no longer providing capital but continues to hold equity securities in a few enterprises. The investments are carried at estimated fair value and are considered level three investments. Level three investments use inputs to the valuation methodology that are unobservable and significant to the fair value measurement. The Partnership uses a weighted average of the stock price of comparable companies traded in active markets and discounted cash flows to arrive at the estimated fair value.

During the years ended June 30, 2018 and 2017, unrealized gains (losses) totaling (\$46,894) and \$25,932, respectively, were recognized in the Statements of Activities. These were the only changes in the fair value of the level three investments.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 5: PROPERTY AND EQUIPMENT

Equipment consists of the following at the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 76,483	\$ 76,483
Less: Accumulated Depreciation	<u>(73,512)</u>	<u>(73,215)</u>
Property and Equipment, Net	<u>\$ 2,971</u>	<u>\$ 3,268</u>

NOTE 6: GRANTS AND CONTRACTS REVENUE

Grants and contracts revenue for the years ended June 30, 2018 and 2017 consists of \$196,568 and \$205,580, respectively, from the Illinois Department of Commerce and Economic Opportunity.

NOTE 7: PUBLIC AND PRIVATE DONATIONS

Donations received during the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Public Investment	\$ 305,578	\$ 268,990
Private Investment	78,500	62,000
Innovation Celebration	23,250	20,500
You're Welcome Champaign	1,500	-
UCAN	-	1,500
Fly CU	-	997
Total Public and Private Support	<u>\$ 408,828</u>	<u>\$ 353,987</u>

NOTE 8: LEASE COMMITMENTS

The Partnership has a lease agreement with Illinois Plaza, LLC for the lease of space at 1817 South Neil Street, Suite 201 in Champaign, Illinois. The original lease began May 1, 2011 and was renewed on May 1, 2016, with an expiration date of April 30, 2019. The Partnership has an additional renewal option for three additional years. Rent expense under the lease was \$50,590 for the year ended June 30, 2018 and \$49,050 for the year ended June 30, 2017.

As of June 30, 2018, the total future minimum rental commitment under this lease agreement is \$42,770.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 9: BOARD DESIGNATED NET ASSETS

As of June 30, 2018 and 2017, the Board of Directors had designated \$150,000 of net assets as a capital reserve in compliance with the Partnership’s Bylaws. The money cannot be utilized or reduced without a two-thirds majority approval of the Board of Directors.

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2018 and 2017, Champaign County Economic Partnership had temporarily restricted net assets available for the following purposes:

	<u>2018</u>	<u>2017</u>
Innovation Celebration	\$ 6,047	\$ 1,333
Virtual Incubator	56,997	57,972
UCAN	11,484	15,337
Fly CU	1,497	1,497
Total Restrcted Net Assets	<u>\$ 76,025</u>	<u>\$ 76,139</u>

NOTE 11: CONCENTRATIONS OF RISK AND RISKS AND UNCERTAINTIES

During the years ended June 30, 2018 and 2017, approximately 34 and 34 percent, respectively, of the Partnership’s total support and revenue was from grants and contracts primarily with federal, state, and educational agencies. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Partnership’s programs and activities.

The Partnership maintains deposits in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at June 30, 2018 and 2017, at which time all of the Partnership’s deposits were completely insured. Management believes the Partnership is not exposed to any significant risk on cash deposits.

The Partnership invests in various investment securities. The Partnership maintains investments in financial institutions that are protected by the Securities Investor Protection Corporation (SIPC), which protects securities up to \$500,000 in the event of insolvency of the broker-dealers. At June 30, 2018 and 2017, all of the Partnerships investments were protected. Investment securities are exposed to various risk such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investments will occur in the near term and those changes could materially affect the amounts reported in the combined statement of financial position.

CHAMPAIGN COUNTY ECONOMIC PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 12: RETIREMENT PLAN

The Partnership has a 401(k) Plan that covers all employees of the Partnership that have completed at least 90 days of service, are over 21 years old and work a minimum of 1,000 hours annually. Under the Plan, an employee may defer between one and six percent of their annual salary as pre-tax contributions as well as make after-tax contributions of up to ten percent of their annual salary. The Partnership will match fifty percent of an employee's pretax contribution up to a maximum of three percent of the employee's annual salary. The Partnership also makes a three percent contribution without an employee contribution for maximum total Partnership contribution of six percent. The Partnership's 401(k) Plan contribution expense was \$20,782 for the year ended June 30, 2018 and \$20,620 for the year ended June 30, 2017.

NOTE 13: PRIOR PERIOD ADJUSTMENT

The June 30, 2017 beginning unrestricted net assets have been restated by (\$15,967) to properly reflect the accrued vacation balance for the year ending June 30, 2016. The Partnership recorded an increase of \$838 to salaries expense in the Economic Development function to reflect the increase in the accrued vacation liability for the year ended June 30, 2017. Accrued vacation for the years ended June 30, 2018 and 2017 consists of \$19,714 and \$16,805, respectively.

January 22, 2019

Board of Directors
Champaign County Economic Partnership
Champaign, Illinois

We have audited the financial statements of Champaign County Economic Partnership for the year ended June 30, 2018, and have issued our report thereon dated January 22, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 5, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Champaign County Economic Partnership are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending June 30, 2018. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets is based on past experience. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, the attached schedule of adjusting entries detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of board of directors and management of Champaign County Economic Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The signature is written in a cursive, slightly stylized font.

Kemper CPA Group, LLP
Certified Public Accountants and Consultants
Champaign, IL
January 22, 2019

Client: **276874.01 - Champaign County Economic Partnership**
 Engagement: **2018 - Champaign County Economic Partnership**
 Period Ending: **6/30/2018**
 Trial Balance: **TB-01 - Annual Trial Balance - 2 Year**
 Workpaper: **ZZ-01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		S-02		
To rollforward equity				
3900	Retained Earnings		503.00	
4800	INTEREST & MISCELLANEOUS INCOME			503.00
Total			<u><u>503.00</u></u>	<u><u>503.00</u></u>
Adjusting Journal Entries JE # 2		E-02		
To adjust value of ITEC investments per Tom's valuation				
4900	Gain or Loss on ITEC Investments		46,894.00	
1400	ILLINI ITEC INVESTMENTS			46,894.00
Total			<u><u>46,894.00</u></u>	<u><u>46,894.00</u></u>
Adjusting Journal Entries JE # 3		L-02		
To correct for PY vacation accrual (put PY ending balance on books)				
3950	PRIOR PERIOD ADJUSTMENT		16,805.00	
2110	ACCRUED VACATION			16,805.00
Total			<u><u>16,805.00</u></u>	<u><u>16,805.00</u></u>
Adjusting Journal Entries JE # 4		L-02		
To adjust vacation accrual to appropriate ending balance				
5000	SALARIES		2,909.00	
2110	ACCRUED VACATION			2,909.00
Total			<u><u>2,909.00</u></u>	<u><u>2,909.00</u></u>

SBDC

2018 REPORT

JANUARY-DECEMBER 2018

ILLINOIS SMALL BUSINESS
DEVELOPMENT CENTER AT
CHAMPAIGN COUNTY EDC



AWARDS

2018 Governor's Export
Award - Export Awareness
and Development

2018 Roger Luman
Program Excellence Award



WELCOMED

SBA Administrator Linda McMahon
to Champaign-Urbana



56

Jobs Created



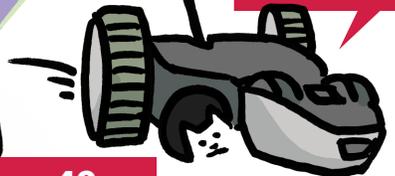
139
Minority
Clients

297
New
Clients

119
Female
Clients

420
Clients Advised

1,537
Advising Hours



40
Workshops
& Seminars

539 Attendees

84

Jobs Retained



\$32
MILLION
in Capital Infusion



55
Business Starts



\$21,586,210
Increase in Exports



INT'L TRADE CENTER STATS

15 ISTEP Grants totaling
\$55,400.25



87 Clients
Advised

41 New
Clients



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ILLINOIS

217-378-8535
cuSBDC.org

The Illinois Small Business Development Center at Champaign County EDC is funded through a cooperative agreement between the U.S. Small Business Administration, Illinois Department of Commerce, and the Champaign County Economic Development Corporation; with additional support provided by EDC of Decatur and Macon County and the Midwest Inland Port.