

**CHICAGO TECHNOLOGY PARK CORPORATION**  
**FINANCIAL AUDIT AND COMPLIANCE EXAMINATION**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Performed as Special Assistant Auditors**  
**For the Auditor General, State of Illinois**

**CHICAGO TECHNOLOGY PARK CORPORATION  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE YEAR ENDED JUNE 30, 2005**

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**CHICAGO TECHNOLOGY PARK CORPORATION  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE YEAR ENDED JUNE 30, 2005**

**AGENCY OFFICIALS**

Executive Director	Samuel Pruett
Chief Fiscal Officer	Paula Philbrook
Interim Legal Counsel	Kenneth Scheiwe

Agency offices are located at:

2201 W. Campbell Park Drive  
Chicago, IL 60612

Fiscal offices are located at:

600 South Hoyne Avenue  
Chicago, IL 60612

October 20, 2005

Nykiel, Carlin & Co., Ltd.  
Certified Public Accountants  
200 East Court Street, Suite 608  
Kankakee, IL 60901

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Chicago Technology Park Corporation. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Chicago Technology Park Corporation's compliance with the following assertions during the year ended June 30, 2005. Based on this evaluation, we assert that during the year ended June 30, 2005 the Chicago Technology Park Corporation has materially complied with the assertions below.


- A. The Chicago Technology Park Corporation has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Chicago Technology Park Corporation has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Chicago Technology Park Corporation has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Chicago Technology Park Corporation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

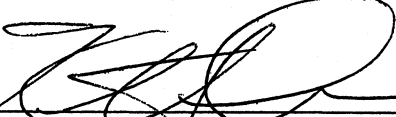
E. The money or negotiable securities or similar assets handled by the Chicago Technology Park Corporation on behalf of the State or held in trust by the Chicago Technology Park Corporation have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Chicago Technology Park Corporation

  
\_\_\_\_\_  
Samuel W. Ruett, Executive Director

  
\_\_\_\_\_  
Paula Philbrook, Chief Fiscal Officer

  
\_\_\_\_\_  
Kenneth Scheiwe, General Counsel

**CHICAGO TECHNOLOGY PARK CORPORATION  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
FOR THE YEAR ENDED JUNE 30, 2005**

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANTS' REPORTS**

The Independent Accountants' Report on State Compliance, on Internal Control Over State Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	-0-	N/A
Repeated findings	-0-	N/A
Prior recommendations implemented or not repeated	-0-	N/A

Note: This was the first compliance examination of the Chicago Technology Park Corporation. In previous years, it was audited as a part of the Illinois Medical District Commission.

SUMMARY OF FINDINGS

There were no findings.

Prior Findings Not Repeated (State Compliance)

There were no prior findings.

**EXIT CONFERENCE**

The exit conference was waived by the Executive Director, Samuel Pruet, in a letter dated November 15, 2005.

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the Chicago Technology Park Corporation's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2005. The management of the Chicago Technology Park Corporation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Chicago Technology Park Corporation's compliance based on our examination.

- A. The Chicago Technology Park Corporation has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Chicago Technology Park Corporation has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Chicago Technology Park Corporation has complied, in all material respects, with applicable laws and regulations, including the State Uniform Accounting System, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Chicago Technology Park Corporation are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Chicago Technology Park Corporation on behalf of the State or held in trust by the Chicago Technology Park Corporation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Chicago Technology Park Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Chicago Technology Park Corporation's compliance with specified requirements.

In our opinion, the Chicago Technology Park Corporation has complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2005. There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

#### **Internal Control**

The management of the Chicago Technology Park Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Chicago Technology Park Corporation's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

#### **Supplementary Information for State Compliance Purposes**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities and each major fund of the Chicago Technology Park Corporation as of and for the year ended June 30, 2005, which collectively comprise the Chicago Technology Park Corporation's basic financial statements, and have issued our report thereon dated October 20, 2005. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Chicago Technology Park Corporation. The 2005 Supplementary Information for State Compliance Purposes, except for that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2005, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States, The Chicago Technology Park Corporation, as a blended component unit of the Illinois Medical District Commission's basic financial statements for the year ended June 30, 2004. In our report dated January 10, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2004 Supplementary Information for State Compliance Purposes, except for the portion marked "Unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

*Nykiel, Carlin & Co., Ltd.*  
NYKIEL, CARLIN & CO., LTD.  
Kankakee, Illinois  
October 20, 2005



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities and each major fund of the Chicago Technology Park Corporation, as of and for the year ended June 30, 2005, which collectively comprise the Chicago Technology Park Corporation's basic financial statements and have issued our report thereon dated October 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Chicago Technology Park Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Chicago Technology Park Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Agency management and is not intended to be and should not be used by anyone other than these specified parties.

*Nykiel, Carlin & Co., Ltd.*

NYKIEL, CARLIN & CO., LTD.

Kankakee, Illinois  
October 20, 2005

**CHICAGO TECHNOLOGY PARK CORPORATION  
FOR THE YEAR ENDED JUNE 30, 2005**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of the Chicago Technology Park Corporation was performed by Nykiel, Carlin & Co., Ltd.

Based on their audit, the auditors expressed unqualified opinions on the Chicago Technology Park Corporation's basic financial statements.

## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois


As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities and each major fund of the Chicago Technology Park Corporation, a component unit of the State of Illinois, Illinois Medical District Commission, as of and for the year ended June 30, 2005, which collectively comprise the Chicago Technology Park Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Chicago Technology Park Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Chicago Technology Park Corporation, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2005 on our consideration of the Chicago Technology Park Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Chicago Technology Park Corporation has not presented a management's discussion and analysis or budgetary comparison information that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

  
NYKIEL, CARLIN & CO., LTD.

Kankakee, Illinois  
October 20, 2005

**CHICAGO TECHNOLOGY PARK CORPORATION**  
**STATEMENT OF NET ASSETS/GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2005**

	<u>CTP RESTRICTED PROGRAM FUND-1376</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET ASSETS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 82,019	\$ -	\$ 82,019
Accounts receivable	42,893	-	42,893
Due from other state agencies	78,317	-	78,317
Other assets	1,138	-	1,138
	<u>204,367</u>	<u>-</u>	<u>204,367</u>
Total Assets	<u>\$ 204,367</u>	<u>-</u>	<u>204,367</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 47,395	-	47,395
Wages and benefits payable	2,700	-	2,700
Accrued vacation and sick time payable	-	2,523	2,523
	<u>50,095</u>	<u>2,523</u>	<u>52,618</u>
Total Liabilities	<u>50,095</u>	<u>2,523</u>	<u>52,618</u>
<b>FUND BALANCES/NET ASSETS</b>			
Fund balances/Net assets			
Reserved/Restricted for grant activities	154,272	(2,523)	151,749
	<u>154,272</u>	<u>(2,523)</u>	<u>151,749</u>
Total Fund Balances/Net Assets	<u>\$ 154,272</u>	<u>\$ (2,523)</u>	<u>\$ 151,749</u>
Total Liabilities and Fund Balances	<u>\$ 204,367</u>		

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

**CHICAGO TECHNOLOGY PARK CORPORATION  
RECONCILIATION OF THE STATEMENT OF NET ASSETS AND THE  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2005**

Adjustments necessary to convert the Governmental Funds Balance Sheet to the Statement of Net Assets are as follows:

Governmental funds combined fund balance	\$ 154,272
Compensated absences for vacation and sick time not included in the fund financial statements are included in the Statement of Net Assets.	<u>(2,523)</u>
Net Assets	<u><u>\$ 151,749</u></u>

**CHICAGO TECHNOLOGY PARK CORPORATION**  
**STATEMENT OF ACTIVITIES/STATEMENT OF GOVERNMENTAL FUNDS**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	CTP RESTRICTED PROGRAM FUND-1376	ADJUSTMENTS	STATEMENT OF ACTIVITIES
<b>EXPENDITURES/EXPENSES:</b>			
Program expense	\$ 458,904	\$ 2,333	\$ 461,237
Capital outlays	401	(401)	-
	<u>459,305</u>	<u>1,932</u>	<u>461,237</u>
<b>PROGRAM REVENUES:</b>			
Grants	213,548	-	213,548
	<u>213,548</u>	<u>-</u>	<u>213,548</u>
Net Program Expense	<u>245,757</u>	<u>1,932</u>	<u>247,689</u>
<b>GENERAL REVENUES:</b>			
Interest income	3,651	-	3,651
Other income	2,782	-	2,782
	<u>6,433</u>	<u>-</u>	<u>6,433</u>
Change in Fund Balances/ Net Assets	(239,324)	<u>\$ (1,932)</u>	(241,256)
<b>FUND BALANCE/NET ASSETS</b>			
Beginning of the year	<u>393,596</u>		<u>393,005</u>
End of the year	<u>\$ 154,272</u>		<u>\$ 151,749</u>

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

**CHICAGO TECHNOLOGY PARK CORPORATION  
RECONCILIATION OF THE STATEMENT OF ACTIVITIES AND THE  
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2005**

Adjustments necessary to convert the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities are as follows:

Change in Fund Balances	\$ (239,324)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reconized as expenditures in governmental funds.	<u>(1,932)</u>
Change in Net Assets	<u>\$ (241,256)</u>



**CHICAGO TECHNOLOGY PARK CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**1. ORGANIZATION**

The Chicago Technology Park Corporation (Agency) is an IRC 501 c (4) organization, incorporated in the State of Illinois and registered as a not-for-profit scientific and research corporation. The mission of the Agency is to encourage and facilitate a community of scientific research and development, promote and attract new industry, employment, economic development and establish a regional technology network.

The Agency actively promotes the transfer of technology and research for the public interest by managing the Chicago Technology Park, by supporting technology transfer and commercialization, by attracting industry and funding including acquiring and managing grants, contracts and other means of fiscal support for technology transfer and development.

Two grant programs currently under management by the Agency are:

**Chicago ITEC:** a program funded by the Department of Commerce and Economic Opportunity (DCEO) of the State of Illinois to stimulate development of advanced technology enterprises by transforming innovation into reality, and to nurture and support technology-oriented entrepreneurs in the Illinois Technology Enterprise Centers.

**BiTmaP:** a program funded by the U.S. Department of Labor to train U.S. Citizens in bioinformatics. The program's goal is to bridge the gap between the surplus of unemployed and/or underemployed information technology (IT) professionals and the need for more qualified IT professionals in the fast-growing Midwest life science community.

**2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES**

The accompanying basic financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB").

**Financial Reporting Entity**

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

Based upon the required criteria, the Chicago Technology Park Corporation is reported as a blended component unit of the Illinois Medical District Commission (IMDC), which is a component unit of the State of Illinois' financial reporting entity. The financial balances and activities included in these basic financial statements are, therefore, also included in the IMDC's basic financial statements as well as the State's comprehensive annual financial report. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, IL 62704-1871.

**CHICAGO TECHNOLOGY PARK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (continued)**

**Basis of Presentation**

The financial activities of the Agency consist only of governmental activities. A brief description of the Agency's government-wide and fund financial statements is as follows:

***Government-wide Statements:*** The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the Agency. The financial activities of the Agency consist only of governmental activities, which are primarily supported by grant income from the DCEO and U.S. Department of Labor.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e., general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants that are restricted to meeting the operational or capital requirements of the Agency's primary function. Revenues that are not classified as program revenues are presented as general revenues.

***Fund Financial Statements:*** The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. For fiscal year 2005, the Agency administered a single fund:

**CTP Restricted Program Fund (1376)** - The CTP Restricted Program Fund accounts for the operating, administrative and financial activities of the Agency. The Agency is an Illinois not-for-profit corporation that was organized to directly or indirectly assist the Illinois Medical District Commission with its statutory mission of developing and maintaining the Chicago Technology Park. It primarily receives grant funding for programs operated by the Agency. This is a non-appropriated, locally administered fund which was approved by the State Comptroller on January 11, 2005.

**Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collectible within 60 days of the end of the current fiscal year. Reported revenues and expenditures include in-kind matching provided for grant programs. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**CHICAGO TECHNOLOGY PARK CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include money market accounts and cash in banks.

**Accounts and Notes Receivable**

Accounts receivable include amounts due from US Department of Labor.

**Capital Assets**

Capital assets includes property and equipment which are reported at cost. Contributed assets are reported at estimated fair value when received. Capital assets are depreciated using the straight-line method.

Capitalization thresholds and the estimated useful lives are as follows:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Equipment	\$ 5,000	3-25

**Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation and sick leave balances for Agency employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., FICA and Medicare tax).

**Fund Balances**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for specific purposes.

**Net Assets**

In the government-wide financial statements, equity is displayed in three components as follows:

***Invested in Capital Assets, Net of Related Debt*** – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of mortgages and capital lease obligations that are attributable to the acquisition, construction, or improvement of those assets. The Agency had no capital assets as of June 30, 2005.

***Restricted*** – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Agency's policy to use restricted resources first, then unrestricted resources when they are needed.

***Unrestricted*** - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." The Agency had no Unrestricted Net Assets as of June 30, 2005.

**CHICAGO TECHNOLOGY PARK CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES (continued)**

**Use of Estimates**

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

**Due from Other State Agencies**

The Agency has the following types of inter-fund transactions between the Agency's fund and funds of other State agencies:

*Services provided and used* – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets.

<u>Fund</u>	<u>Due from other State Agencies</u>	<u>Due to other State Agencies</u>
IMDC	\$ 3,317	\$ -
DCEO	75,000	-
Total	<u>\$ 78,317</u>	<u>\$ -</u>

**3. DEPOSITS**

GASB Statement No. 40 *Deposit and Investment Risk Disclosures* was implemented in fiscal year 2005. In summary, GASB Statement No. 40, requires general disclosures by investment type with disclosures of the specific risks those investments are exposed to.

The Agency utilizes several different bank accounts for the various activities of its programs. The book balance of such accounts at June 30, 2005 was \$71,536, while the bank balance was \$121,135. The difference between the above amounts primarily represents checks and deposits which had not cleared the bank. At June 30, 2005, the Agency's deposits were fully insured or collateralized.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash in bank	\$ 76,849	\$ 115,967
Money market	5,170	5,168
	<u>\$ 82,019</u>	<u>\$ 121,135</u>

**4. RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation, and natural disasters. The Agency maintains commercial coverage for its workers compensation and property liability.

**5. ACCOUNTS RECEIVABLE**

Accounts receivable include amounts due to the Agency under grant agreements. An allowance for doubtful accounts was not necessary at June 30, 2005.

**CHICAGO TECHNOLOGY PARK CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005**

**6. LITIGATION**

On September 1, 2005 the Chicago Technology Park Corporation was named the defendant in a lawsuit seeking judgment of \$243,000. The Agency intends to vigorously contest this matter and believes the outcome will be in favor of the Chicago Technology Park Corporation. Therefore, no liability amount has been recorded on the Agency's books as of June 30, 2005.

**7. COMMITMENTS**

The Agency received a grant from the U.S. Department of Labor (BiTmaP) in 2004 to train unemployed and/or underemployed information technology professionals in the field of bioinformatics. Under the terms of this grant the Agency has contracted with the University of Illinois at Chicago to provide training over a three year period starting May 2, 2005 and ending December 31, 2007. The total cost of this contract is \$1,843,345, of which \$42,893 was incurred during the year ended June 30, 2005.

CHICAGO TECHNOLOGY PARK CORPORATION

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Comparative Schedule of Receipts, Disbursements and Cash Balances
  - Locally Held Funds
- Schedule of Changes in State Property
- Comparative Schedule of Expenditures – Locally Held Funds
- Comparative Schedule of Revenues – Locally Held Funds
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Revenue
- Analysis of Significant Account Balances
- Analysis of Accounts Receivable

- Analysis of Operations

- Agency Functions and Planning Program
- Average Number of Employees
- Illinois First Funds (Unaudited)
- Agreements with the Illinois Medical District Commission

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for the portion marked "Unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**CHICAGO TECHNOLOGY PARK CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Contract Number</u>	<u>Expenditures</u>
U.S. Department of Labor Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261		<u>\$ 138,548</u>
Total Federal Awards Expended			<u><u>\$ 138,548</u></u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1.** The above federal grant was awarded to and expended by the Chicago Technology Park Corporation, which is a component unit of the Illinois Medical District Commission.

**Note 2.** Basis of Presentation

The above schedule of expenditures of federal awards was prepared on the modified accrual basis of accounting. The expenditures reported above include both Federal funds and matching funds expended.

**CHICAGO TECHNOLOGY PARK CORPORATION  
FISCAL SCHEDULES AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CASH BALANCES - LOCALLY HELD FUNDS**

Below is a cash basis schedule for all locally held funds showing beginning balances, receipts, disbursements and ending balances for Fiscal Year 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Beginning balance July 1	\$ 314,493	\$ 136,586
Cash receipts	262,304	513,528
Cash disbursements	(494,778)	(335,621)
Ending balance June 30	<u>\$ 82,019</u>	<u>\$ 314,493</u>



**CHICAGO TECHNOLOGY PARK CORPORATION  
SCHEDULE OF CHANGES IN STATE PROPERTY  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Equipment</u>
Balance July 1, 2004	\$ 8,010
Additions	358
Deletions	-
Tranfers in (out), net	-
Adjustments	-
Balance June 30, 2005	<u><u>\$ 8,368</u></u>

Note: This schedule was prepared from the property control records maintained by the Agency. The property control records are maintained on a basis prescribed by the Department of Central Management Services and may vary from the information presented in the basic financial statements.

**CHICAGO TECHNOLOGY PARK CORPORATION  
FISCAL SCHEDULES AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

**COMPARATIVE SCHEDULE OF EXPENDITURES - LOCALLY HELD FUNDS**

The following schedules of locally held fund expenditures have been derived from the audited financial statements of each year presented. Certain 2004 amounts have been reclassified. The expenditures are presented using the modified accrual basis of accounting and present the locally held fund expenditures of the Agency.

	<b>2005</b>	<b>2004</b>
<b>CTP Restricted Program Fund (1376)</b>		
Program expense	\$ 458,904	\$ 377,237
Capital outlay	401	15,527
Total - Fund 1376	\$ 459,305	\$ 392,764

**COMPARATIVE SCHEDULE OF REVENUES - LOCALLY HELD FUNDS**

The following schedules of locally held fund revenues have been derived from the audited financial statements of each year presented. The revenues are presented using the modified accrual basis of accounting and present the locally held fund revenues of the Agency.

	<b>2005</b>	<b>2004</b>
<b>CTP Restricted Program Fund (1376)</b>		
Grants	\$ 213,548	\$ 342,083
Improvements/Repairs income	-	150
Interest income	3,651	4,690
Other income	2,782	-
Total - Fund 1376	\$ 219,981	\$ 346,923

CHICAGO TECHNOLOGY PARK CORPORATION  
FISCAL SCHEDULES AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (Over \$20,000 and 20%)**

**Fiscal 2005 vs. Fiscal 2004**

**CTP Restricted Program Fund (1376)**

Program Expense - \$109,992 (32%) increase – During Fiscal Year 2005, the grant programs expanded to include a training program in bioinformatics.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES (Over \$20,000 and 20%)**

**Fiscal 2005 vs. Fiscal 2004**

**CTP Restricted Program Fund (1376)**

Grants – \$(128,535) (38%) decrease – Grant funds awarded to the Agency were reduced due to budget constraints of DCEO.

**CHICAGO TECHNOLOGY PARK CORPORATION  
FISCAL SCHEDULES AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

**ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES**

Cash and cash equivalents

Cash and cash equivalents consist of checking accounts and money market accounts  
The following accounts were maintained as of June 30, 2005:

<u>Fund #</u>	<u>Financial Institution</u>	<u>Account Type</u>	<u>Balance</u>
1376	Cole Taylor Bank	Checking	\$ 76,044
1376	MB Financial Bank	Checking	805
1376	MB Financial Bank	Money Market	5,170
Total cash and cash equivalents			<u><u>\$ 82,019</u></u>

**ANALYSIS OF ACCOUNTS RECEIVABLE**

The accounts receivable presented below represent amounts due from the U.S. Dept. of Labor for a grant to the Agency.

<u>Days Outstanding</u>	<u>Amount Outstanding</u>	<u>Percent</u>
One to thirty	\$ 42,893	100.00%
Thirty-one to three hundred sixty	-	0.00%
Over three hundred sixty	-	0.00%
Total	<u>\$ 42,893</u>	<u>100.00%</u>
Estimated uncollectible amount	-	
Accounts Receivable (Net)	<u><u>\$ 42,893</u></u>	

**CHICAGO TECHNOLOGY PARK CORPORATION  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2005**

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

**Functions**

The primary purpose of the Chicago Technology Park Corporation (Agency) is to encourage and facilitate: (a) scientific research and technology transfer for the public interest and for the improvement, maintenance, and growth of the Illinois Medical District; (b) attraction of new industry to the community; (c) the increased commercial application of technology; (d) the improvement and development of local and State's economies and increase the State's share of Federal research funds; and (e) establishment of regional technology networks. The governing body of the Agency, the Board of Directors, is comprised of members from Illinois Medical District Commission (IMDC), Rush University Medical Center, and the University of Illinois at Chicago (UIC).

The Agency was also established to assist the IMDC with its statutory responsibility to administer and exercise authority with respect to the development and operation of the Chicago Technology Park (Park). The Park is an area or areas within the Illinois Medical Center District designated for research and development of medically related technologies and products. The Park includes an incubator facility, which was established to assist new businesses in the research and development of new or unique products and to help them grow until they are fully self-sufficient. The Park also includes the Enterprise Center I and the Enterprise Center II which provide "acceleration" wet lab space for incubator facility graduates.

**Auditors' Assessment**

The Agency has established goals and objectives through the formation of programs, policies, and strategic plans. These goals are consistent with the Agency's purpose.

**Agency Head and Location**

Mr. Samuel W. Pruett was the Chicago Technology Park Corporation's President as of June 30, 2005. The Agency's fiscal offices are located at 600 South Hoyne Ave., Chicago, Illinois 60612.

**CHICAGO TECHNOLOGY PARK CORPORATION  
ANALYSIS OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2005**

**AVERAGE NUMBER OF EMPLOYEES**

The following is a summary of the average number of employees for the fiscal years ended June 30,

<u>CTPC</u>	<u>2005</u>	<u>2004</u>
Programmatic	2	0.50
Clerical	<u>1</u>	<u>0.25</u>
Total	<u><u>3</u></u>	<u><u>0.75</u></u>

**ILLINOIS FIRST PROJECTS (Unaudited)**

According to Agency officials, there were no Illinois First projects involving the Agency during the audit period.

**AGREEMENTS WITH THE ILLINOIS MEDICAL DISTRICT COMMISSION**

The Agency has been contracted by the Illinois Medical District Commission (IMDC) to perform certain duties and matters under a grant agreement that the IMDC has with the Department of Commerce and Economic Opportunity known as "Chicago ITEC". This contract essentially subcontracts the grant to the Agency. In addition, the Agency has been awarded a \$3,000,000 grant from the U.S. Department of Labor to provide training in bioinformatics. The IMDC is providing certain in-kind matching claimed for the grant and will also be compensated for certain administrative costs.