

**STATE OF ILLINOIS
CHICAGO TECHNOLOGY PARK CORPORATION**

**FINANCIAL AUDIT
AND
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2007**

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

**State of Illinois
Chicago Technology Park Corporation
Financial Audit and Compliance Examination
For the Year Ended June 30, 2007**

Table of Contents	<u>Page(s)</u>
Corporation Officials	1
Management Assertion Letter	2-3
Compliance Report	
Summary	4-6
Accountants' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	7-9
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11
Schedule of Findings	
Prior Findings Not Repeated – Federal Compliance	12
Financial Statement Report	
Summary	13
Independent Auditors' Report	14-15
Basic Financial Statements	
Statement of Net Assets	16
Statement of Revenues, Expenses and Changes in Net Assets	17
Statement of Cash Flows	18
Notes to Basic Financial Statements	19-24
Supplementary Information for State Compliance Purposes	13
Summary	25
Fiscal Schedules and Analysis	
Schedule of Expenditures of Federal Awards	26
Notes to the Schedule of Expenditures of Federal Awards	27
Comparative Schedule of Receipts, Disbursements and Cash Balances - Locally Held Funds	28
Schedule of Changes in Capital Assets	29
Comparative Schedule of Expenditures – Locally Held Funds	30
Comparative Schedule of Revenues – Locally Held Funds	30
Analysis of Significant Variations in Expenditures	31
Analysis of Significant Variations in Revenues	31

**State of Illinois
Chicago Technology Park Corporation
Financial Audit and Compliance Examination
For the Year Ended June 30, 2007**

Table of Contents, continued

Page(s)

Analysis of Significant Account Balances	32
Analysis of Accounts Receivable	33
Analysis of Operations	
Corporation Functions and Planning Program	34
Average Number of Employees	35
Agreements with the Illinois Medical District Commission	36
Schedule of Federal and Nonfederal Expenditures	37
Service Efforts and Accomplishments (Unaudited)	38-40

**State of Illinois
Chicago Technology Park Corporation**

Corporation Officials

President	Mr. Samuel Pruett
Vice-President	Mr. Mich Hein (07/01/06 to 10/08/07)
Acting Chief Fiscal Officer	Mr. Robert Nauert (11/01/06 to present)
Chief Fiscal Officer	Ms. Paula Philbrook (07/01/06 to 10/12/06)
Technical Counsel	Mr. Kenneth Scheiwe

Corporation office is located at:

2201 W. Campbell Park Drive, Suite 1
Chicago, Illinois 60612

Fiscal office is located at:

600 South Hoyne Avenue
Chicago, Illinois 60612



CHICAGO TECHNOLOGY PARK

April 30, 2008

E. C. Ortiz & Co., LLP
333 S. Des Plaines Street, Suite 2-N
Chicago, Illinois 60661

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Chicago Technology Park Corporation (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 Corporation's compliance with the following assertions during the year ended June 30, 2007. Based on this evaluation, we assert that during the year ended June 30, 2007, the Corporation has materially complied with the assertions below:

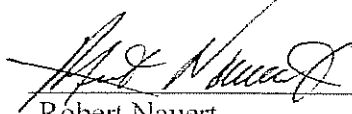
- A. The Corporation has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Corporation has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The 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. State revenues and receipts collected by the 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 Corporation on behalf of the State or held in trust by the 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,

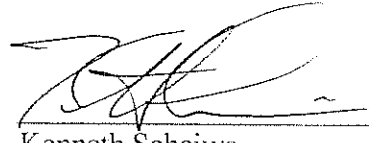
Chicago Technology Park Corporation



Sam Pruett
President



Robert Nauert
Acting Chief Fiscal Officer



Kenneth Scheiwe
Technical Counsel

**State of Illinois
Chicago Technology Park Corporation**

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 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>Compliance</u>	<u>Financial</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>	<u>Compliance</u>
Findings	-	-	2
Repeated findings	-	-	-
Prior recommendations implemented or not repeated	2	-	-

Details of *State Compliance* findings are presented in the separately tabbed report section of this report.

SCHEDULE OF FINDINGS

There were no findings identified during this engagement which are required to be included in this report.

**State of Illinois
Chicago Technology Park Corporation**

Compliance Report, continued

Summary

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)		
07-1	12	Financial Status Report Inaccurate and Not Filed Timely
07-2	12	Inadequate Documentation for Federal Program Cost Sharing

**State of Illinois
Chicago Technology Park Corporation**

Compliance Report

EXIT CONFERENCE

An exit conference was held on April 2, 2008. The following representatives were in attendance:

Chicago Technology Park Corporation

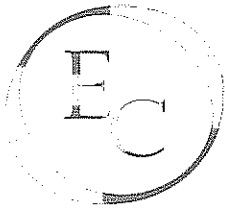
Samuel Pruett, President
Robert Nauert, Acting Chief Fiscal Officer
Thomas Custardo, Project Manager, Financial Affairs
Kenneth Scheiwe, Technical Counsel

Illinois Office of the Auditor General

Kevin Carhill, OAG Manager

E.C. Ortiz & Co., LLP

Edilberto C. Ortiz, Partner
Stella B. Santos, Partner
Janis P. Arato, Senior



**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 Chicago Technology Park Corporation's (Corporation) 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, 2007. The management of the Corporation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

- A. The 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 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 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. State revenues and receipts collected by the 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 Corporation on behalf of the State or held in trust by the Corporation have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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 Corporation's compliance with those requirements listed in the first paragraph of this report 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 Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2007.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Corporation's internal control over compliance with the requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be

significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 business-type activities as of and for the year ended June 30, 2007, which comprise the basic financial statements, and have issued our report thereon date April 30, 2008. 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 Corporation. The 2007 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, 2007, taken as a whole. The prior year comparative information has been derived from the Corporation’s basic financial statements as of and for the year ended June 30, 2006, which were audited by other auditors who expressed unqualified opinion on the basic financial statements in their report dated November 9, 2006.

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

E. C. Ortiz & Co. LLP

April 30, 2008



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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

Board of Directors of
Chicago Technology Park Corporation

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of Chicago Technology Park Corporation (Corporation), as of and for the year ended June 30, 2007, and have issued our report thereon dated April 30, 2008. 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 Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not

identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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, Board of Directors, and management of the Corporation, and is not intended to be and should not be used by anyone other than these specified parties.

E. C. Ortiz & Co. LLP

April 30, 2008

State of Illinois
Chicago Technology Park Corporation

Prior Findings Not Repeated

For the Year Ended June 30, 2007

Federal Compliance

07-1 *Financial Status Report Inaccurate and Not Filed Timely*

The Chicago Technology Park Corporation (Corporation) filed an inaccurate Financial Status Report (SF 269) with the U.S. Department of Labor. (Finding Code No. 06-1)

Status: Partially Repeated, included in Finding IM 07-1.

The current period testing disclosed that the Commission failed to file accurate and timely report.

07-2 *Inadequate Documentation for Federal Program Cost Sharing*

The Chicago Technology Park Corporation (Corporation) could not provide supporting documentation for certain expenditures recorded as matching expenditures to the federal program. (Finding Code No. 06-2)

Status: Not Repeated.

During the current engagement, our testing disclosed no instances that the Corporation failed to provide documentation for the matching expenditures to the federal program.

State of Illinois
Chicago Technology Park Corporation

Financial Statement Report

Summary

The audit of the accompanying basic financial statements of the Chicago Technology Park Corporation (Corporation) was performed by E.C. Ortiz and Co., LLP.

Based on the audit, the auditor expressed an unqualified opinion on the Corporation's basic financial statements.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Board of Directors of
Chicago Technology Park Corporation

As Special Assistant Auditors for the Auditor General, we have audited the accompanying basic financial statements of the Chicago Technology Park Corporation (Corporation), a component unit of the Illinois Medical District Commission, as of and for the year ended June 30, 2007, as listed in the Table of Contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the Corporation's June 30, 2006 financial statements audited by another auditor whose report dated November 9, 2006, expressed an unqualified opinion on those financial statements.

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 the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation as of June 30, 2007, and the respective changes in net assets and cash flows 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 our report dated April 30, 2008 on our consideration of the 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 Corporation has not presented a management's discussion and analysis 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplementary information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the Table of Contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

E. C. Ortiz & Co. LLP

April 30, 2008

**STATE OF ILLINOIS
CHICAGO TECHNOLOGY PARK CORPORATION
STATEMENT OF NET ASSETS**

	June 30,	
	2007	(Comparative Totals Only) 2006
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents (Note 3)	\$ 14,097	\$ 82,280
Accounts receivable (Note 5)	68,245	531,181
Due from other state agencies	-	94
<i>Total current assets</i>	82,342	613,555
<i>Noncurrent assets:</i>		
Capital Assets - net (Note 6)	2,748	8,251
Other assets	284,518	554,531
<i>Total noncurrent assets</i>	287,266	562,782
TOTAL ASSETS	\$ 369,608	\$ 1,176,337
LIABILITIES		
<i>Current liabilities:</i>		
Accounts payable and accrued expenses	\$ 53,941	\$ 546,961
TOTAL LIABILITIES	\$ 53,941	\$ 546,961
NET ASSETS		
Invested in capital assets, net of related debt	\$ 2,748	\$ 8,251
Restricted:		
Expendable for grant activities	312,919	621,125
TOTAL NET ASSETS	\$ 315,667	\$ 629,376

**STATE OF ILLINOIS
CHICAGO TECHNOLOGY PARK CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	FOR THE YEAR ENDED JUNE 30,	
	2007	(Comparative Totals Only) 2006
OPERATING REVENUES		
Federal grants and contracts	\$ 640,845	\$ 1,152,353
State grants and contracts	-	175,000
Services	782,105	250,718
<i>Total operating revenues</i>	1,422,950	1,578,071
OPERATING EXPENSES		
Grant programs	1,262,197	1,097,996
Depreciation expense	5,503	2,754
Amortization expense	469,035	-
<i>Total operating expenses</i>	1,736,735	1,100,750
<i>Operating income (loss)</i>	(313,785)	477,321
NONOPERATING REVENUES		
Interest income	76	306
<i>Net nonoperating revenues</i>	76	306
<i>Increase (decrease) in Net Assets</i>	(313,709)	477,627
NET ASSETS		
Net assets, beginning of year	629,376	151,749
Net assets, end of year	\$ 315,667	\$ 629,376

See accompanying notes to basic financial statements

**STATE OF ILLINOIS
CHICAGO TECHNOLOGY PARK CORPORATION
STATEMENT OF CASH FLOWS**

	FOR THE YEAR ENDED JUNE 30,	
		(Comparative Totals Only)
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants and contracts	\$ 1,103,875	\$ 839,065
Payments to suppliers	(901,407)	(900,695)
Payments to employees	(72,405)	(178,128)
Other receipts	700	250,718
Purchase of others assets	(199,022)	-
Net cash provided by (used in) operating activities	<u>(68,259)</u>	<u>10,960</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	-	(11,005)
Net cash used in capital financing activities	<u>-</u>	<u>(11,005)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	76	306
Net cash provided by investing activities	<u>76</u>	<u>306</u>
Net increase (decrease) in cash and cash equivalents	(68,183)	261
Cash and cash equivalents, beginning of year	82,280	82,019
Cash and cash equivalents, end of year	<u>\$ 14,097</u>	<u>\$ 82,280</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (313,785)	\$ 477,321
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	5,503	2,754
Amortization expense	469,035	-
Changes in assets and liabilities		
Accounts receivable	462,936	(488,288)
Due from other state agencies	94	78,223
Other assets	(199,022)	(553,393)
Accounts payable and accrued expenses	(493,020)	494,343
Net cash provided by (used in) operating activities	<u>\$ (68,259)</u>	<u>\$ 10,960</u>

See accompanying notes to basic financial statements

State of Illinois
Chicago Technology Park Corporation
Notes to Basic Financial Statements

1. Organization

The Chicago Technology Park Corporation (Corporation) 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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:

State of Illinois
Chicago Technology Park Corporation
Notes to Basic Financial Statements, continued

- 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
- Fiscal dependency on the primary government.

Based upon the required criteria, the Corporation is reported as a blended component unit of the Illinois Medical District Commission (Commission), 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 Commission'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, Illinois 62704.

Basis of Accounting

The financial statements of the Corporation 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.

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

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 U.S. Department of Labor.

Capital Assets

Capital assets include 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.

**State of Illinois
Chicago Technology Park Corporation
Notes to Basic Financial Statements, continued**

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 years

Other Assets

Other assets include expenditures for program course development that are being amortized over the remaining grant period.

Due from Other State Agencies

The Corporation has two types of transactions between the Corporation and other State agencies. These are services provided and used where sales and purchases of goods and services between agencies are priced approximating their external exchange value. Unpaid amounts are reported as due from/to other State agencies.

Compensated Absences

The liability for accrued vacation and sick pay reported in the financial statements consists of unpaid, accumulated vacation and sick leave balances for Corporation employees. 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).

Net Assets

In the 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.

Restricted - This consists of net assets that are legally restricted by outside parties. When both restricted and unrestricted resources are available for use, generally it is the Corporation'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 Corporation had no Unrestricted Net Assets as of June 30, 2007.

State of Illinois
Chicago Technology Park Corporation
Notes to Basic Financial Statements, 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.

Classification of Revenues

The Corporation has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that relate to the operating purposes of the Corporation. Grants and contracts have been reported as operating revenues.

Nonoperating revenues - Nonoperating revenues include investment earnings on temporary cash investments.

3. Deposits

GASB Statement No. 40 *Deposit and Investment Risk Disclosures* requires general disclosures by investment type with disclosures of the specific risks those investments are exposed to.

The Corporation has utilized several different bank accounts for the various activities of its programs. The book balance of such accounts at June 30, 2007 was \$14,097, while the bank balance was \$13,282. The difference between the above amounts primarily represents checks and deposits which had not cleared the bank. At June 30, 2007, the Corporation's deposits were fully insured or collateralized.

	Carrying Amount	Bank Balance
Cash in Bank	\$ 14,097	\$ 13,282

4. Risk Management

The Corporation 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 Corporation maintains commercial coverage for its workers compensation and property liability.

State of Illinois
Chicago Technology Park Corporation
Notes to Basic Financial Statements, continued

5. Accounts Receivable

Accounts receivable include amounts due to the Corporation under grant agreements. An allowance for doubtful accounts was not necessary at June 30, 2007.

6. Capital Assets

Capital assets consisted entirely of equipment (collections of books) as of June 30, 2007:

	<u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>2007</u>
Cost:				
Equipment	\$ 11,005	\$ -	\$ -	\$ 11,005
Total Cost	<u>11,005</u>	<u>-</u>	<u>-</u>	<u>11,005</u>
Less Accumulated Depreciation:				
Equipment	2,754	5,503	-	8,257
Total	<u>2,754</u>	<u>5,503</u>	<u>-</u>	<u>8,257</u>
Capital Assets, Net	<u>\$ 8,251</u>	<u>\$ 5,503</u>	<u>\$ -</u>	<u>\$ 2,748</u>

7. Litigation

On September 1, 2005, the Corporation was named the defendant in a lawsuit seeking judgment of \$243,000. The Corporation intends to vigorously contest this matter and believes the outcome will be in favor of the Corporation. Therefore, no liability amount has been recorded on the Corporation's books as of June 30, 2007.

8. Commitments and Contingencies

The Corporation 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 Corporation has contracted with the University of Illinois at Chicago to provide training over a three-year period starting May 2, 2005 and ending June 30, 2008. The total cost of this contract is \$1,843,345, of which \$1,365,610 was incurred as of June 30, 2007.

State of Illinois
Chicago Technology Park Corporation
Notes to Basic Financial Statements, continued

9. Change in Accounting Method

The funding of the Illinois Medical District Commission (Commission) has changed significantly in the last couple years in that it is no longer receiving significant resources from the State. During fiscal year 2006, the Commission issued revenue bonds, which, in accordance with accounting principles generally accepted in the United States, are required to be accounted for in an enterprise fund. Therefore, management of the Commission has changed the reporting style for all of its funds to report them as a business type activity. Since the Corporation is a component unit of the Commission, the Corporation has also changed its reporting style to report as a business type activity to facilitate consolidation into the Commission. This change had no effect on the net assets reported in the prior period.

State of Illinois
Chicago Technology Park Corporation

Supplementary Information for State Compliance Purposes
For the Year Ended June 30, 2007

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 Capital Assets
 - 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 Revenues
 - Analysis of Significant Account Balances
 - Analysis of Accounts Receivable
- Analysis of Operations
 - Corporation Functions and Planning Program
 - Average Number of Employees
 - Agreements with the Illinois Medical District Commission
 - Schedule of Federal and Nonfederal Expenditures
 - Service Efforts and Accomplishments (Unaudited)

The accountants' 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 accountants' opinion, except for that 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.

State of Illinois
Chicago Technology Park Corporation

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	Fiscal Year 2007 Expenditures
<u>DEPARTMENT OF LABOR</u>			
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261		<u>\$ 1,674,007</u>
TOTAL FEDERAL AWARDS EXPENDED			<u><u>\$ 1,674,007</u></u>

The accompanying notes are an integral part of this schedule.

State of Illinois
Chicago Technology Park Corporation

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

1. Significant Accounting Policy

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards by federal agency represents the financial assistance transactions of the Chicago Technology Park Corporation (Corporation), which has been reported as a blended component unit of the Illinois Medical District Commission in the accompanying basic financial statements. This was recorded on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

2. Description of Program

BiTmaP

This is a training program that certifies information technology (IT) professionals in the field of bioinformatics. BiTmaP is sponsored by a \$3 million grant awarded to the Chicago Technology Park by the U.S. Department of Labor. The grant supports a partnership with the Corporation and the University of Illinois at Chicago to create and manage an online training curriculum at the interface of information technology and the life sciences. The ultimate goal of BiTmaP is to partner with local and regional businesses, learning institutions, industrial organizations, and workforce development agencies to place BiTmaP students in successful careers in bioinformatics.

**State of Illinois
Chicago Technology Park Corporation**

Comparative Schedule of Receipts, Disbursements and Cash Balances - Locally Held Funds

For the Year Ended June 30, 2007

Below is a cash basis schedule for all locally held funds showing beginning balances, receipts, disbursements and ending balances for Fiscal Year 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Beginning balance July 1	\$ 82,280	\$ 82,019
Cash receipts	1,104,651	1,090,089
Cash disbursements	<u>(1,172,834)</u>	<u>(1,089,828)</u>
Ending balance June 30	<u>\$ 14,097</u>	<u>\$ 82,280</u>

State of Illinois
Chicago Technology Park Corporation

Schedule of Changes in Capital Assets

For the Year Ended June 30, 2007

	<u>2007</u>	<u>2006</u>
Beginning balance July 1	\$ 19,654	\$ 8,368
Additions	2,888	11,286
Deletions	<u>-</u>	<u>-</u>
Ending balance June 30	<u>\$ 22,542</u>	<u>\$ 19,654</u>

Note: This summary schedule was prepared using Capital Assets records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with accounting principles generally accepted in the United States.

State of Illinois
Chicago Technology Park Corporation

Comparative Schedule of Expenditures - Locally Held Funds
For the Year Ended June 30, 2007

	2007	2006
CTP Restricted Program Fund (1376)		
Program expense	\$ 1,262,197	\$ 1,097,996
Amortization expense	469,035	-
Depreciation	<u>5,503</u>	<u>2,754</u>
Total - Fund 1376	<u>\$ 1,736,735</u>	<u>\$ 1,100,750</u>

Comparative Schedule of Revenues - Locally Held Funds
For the Year Ended June 30, 2007

	2007	2006
CTP Restricted Program Fund (1376)		
Grants	\$ 1,422,250	\$ 1,578,071
Other income	700	-
Interest income	<u>76</u>	<u>306</u>
Total - Fund 1376	<u>\$ 1,423,026</u>	<u>\$ 1,578,377</u>

State of Illinois
Chicago Technology Park Corporation

Analysis of Significant Variations in Expenditures
For the Year Ended June 30, 2007

Operating Expenses

	2007	2006
Grant programs	\$ 1,262,197	\$ 1,097,996
Depreciation expense	5,503	2,754
Amortization expense	469,035	-
	<u>\$ 1,736,735</u>	<u>\$ 1,100,750</u>

Increase in operating expense was mainly due to the full year amortization of the course development in Fiscal year 2007. The increase was also due to accrual of current period grant expenditures and various expenditures related to the BitmaP grant program.

Analysis of Significant Variations in Revenues
For the Year Ended June 30, 2007

Operating Revenues

	2007	2006
Federal grants and contracts	\$ 640,845	\$ 1,152,353
State grants and contracts	-	175,000
Services	782,105	250,718
	<u>\$ 1,422,950</u>	<u>\$ 1,578,071</u>

Decrease in federal grants and contracts account was due to the decrease in BiTmaP grant revenues which is near the end of the extended grant period on December 31, 2007. This decrease was offset by the increase in services income which is the Commission's grant match in kind for \$781,405. In fiscal year 2006, the Corporation received \$175,000 from the Department of Commerce and Economic Opportunity to create and operate the Chicago ITEC (Illinois Technology Enterprise Centers) grant.

**State of Illinois
Chicago Technology Park Corporation**

Analysis of Significant Account Balances
For the Year Ended June 30, 2007

Cash and Cash equivalents and Investments

The following accounts were maintained as of June 30, 2007:

<u>Fund #</u>	<u>Financial Institution</u>	<u>Account Type</u>	<u>Balance</u>
1376	Cole Taylor Bank	Checking	<u>\$ 14,097</u>
	Total cash and cash		<u><u>\$ 14,097</u></u>

Accounts Receivable

Accounts receivable consist entirely of BitmaP grant receivables from the Department of Labor. One hundred percent of the prior year receivables were collected in fiscal year 2007.

Other Assets

	2007	2006
Other Assets	<u>\$ 284,518</u>	<u>\$ 554,531</u>

Decrease in other assets was mainly due to the full year amortization of course development in Fiscal year 2007.

State of Illinois
Chicago Technology Park Corporation

Analysis of Accounts Receivable
For the Year Ended June 30, 2007

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

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Days Outstanding</u>				
One to thirty	\$ 68,245	100%	\$ 531,181	100%
Estimated uncollectible amount	-		-	
Accounts Receivable (Net)	<u>\$ 68,245</u>		<u>\$ 531,181</u>	

State of Illinois Chicago Technology Park Corporation

Analysis of Operations

For the Year Ended June 30, 2007

Corporation Functions and Planning Program

Functions

The primary purpose of the Chicago Technology Park Corporation (Corporation) 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 Corporation, the Board of Directors, is comprised of members from Illinois Medical District Commission (IMDC) (Dr. Kenneth Schmidt, Dr. Leon Dingle, John Partelow, Michael Fitzgerald, and Dr. Dorval Carter), Rush University Medical Center (Dr. Avery Miller and Dr. Gary Goodman), and the University of Illinois at Chicago (UIC) (Dr. Sylvia Manning and Dr. Eric Gislason).

The Corporation 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.

State of Illinois
Chicago Technology Park Corporation

Analysis of Operations, continued
For the Year Ended June 30, 2007

Average Number of Employees

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

	<u>2007</u>	<u>2006</u>
Programmatic	1	2
Clerical	<u>-</u>	<u>1</u>
Total	<u><u>1</u></u>	<u><u>3</u></u>

The above employees are employed by the Commission and reimbursed by the Corporation.

State of Illinois
Chicago Technology Park Corporation

Analysis of Operations, continued
For the Year Ended June 30, 2007

Agreements with the Illinois Medical District Commission

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

In June 2007, the Corporation entered into an agreement with the DCEO to develop and support the Bitmap program. The DCEO agreed to provide the grant in an amount not to exceed \$100,000 for costs incurred from June 1, 2007 to May 31, 2009.

State of Illinois
Chicago Technology Park Corporation

Analysis of Operations, continued
For the Year Ended June 30, 2007

Schedule of Federal and Nonfederal Expenditures

	<u>Amount</u>	<u>Percent</u>
Federal Expenditures	\$ 1,674,007	96.4%
Nonfederal Expenditures	<u>62,728</u>	<u>3.6%</u>
Total	<u>\$ 1,736,735</u>	<u>100.0%</u>

Federal expenditures are taken from the Schedule of Expenditure of Federal Awards on page 26. These expenditures include the total expenditures reported on page 17 of this report plus the expenditures for the ITEC grant during the audit period.

**State of Illinois
Chicago Technology Park Corporation**

Analysis of Operations, continued
For the Year Ended June 30, 2007

Service Efforts and Accomplishments (Unaudited)

Presented below is information on the Bitmap program enrollments:

Academic Calendar	Semester 1	Semester 2	Semester 3	Semester 4	Semester 5	Semester 6	Semester 7
<u>Group 1</u>							
Enrolled	30	27	9	6	2	1	0
Graduated	0	0	10	13	16	17	17
Withdrawn	0	3	11	11	12	12	13
<u>Group 2</u>							
Enrolled		28	25	20	9	4	0
Graduated		0	0	2	4	8	10
Withdrawn		0	3	6	15	16	18
<u>Group 3</u>							
Enrolled			30	25	13	5	0
Graduated			0	0	6	13	17
Withdrawn			0	5	11	12	13
<u>Group 4</u>							
Enrolled				28	21	14	0
Graduated				0	0	4	17
Withdrawn				0	7	10	11
<u>Group 5</u>							
Enrolled					18	17	3
Graduated					0	0	11
Withdrawn					0	1	4
<u>Group 6</u>							
Enrolled						11	10
Graduated						0	0
Withdrawn						0	1
<u>Group 7</u>							
Enrolled							14
Graduated							0
Withdrawn							1
Total Enrolled to Date				160			
Total Graduated				27			
Total Withdrawn				61			
Total Still Enrolled				27			

State of Illinois
Chicago Technology Park Corporation

Analysis of Operations, continued
For the Year Ended June 30, 2007

Service Efforts and Accomplishments (Unaudited)

Graduated

Jobs

- 2 Jobs at Abbott Labs, \$73,000 and \$67,500/ yr, respectively
- Job at AEP Networks \$85,000/ yr
- Job at Bering Point \$47,500/ yr
- Job at Chromatin \$27,040/ yr
- Job at College of Dupage \$38.64/ hr
- Job at DePaul University \$40,000/ yr
- Job at GeoEye, Inc., \$95,000/ yr
- Job at Global Consultants \$52,000/ yr
- Job at Gnostech, Inc., \$75,000/ yr
- Job at Good One Express \$30,000/ yr
- Job at Integrated Genomics \$63,000/ yr
- Job at Integrated Statistics \$66,780/ yr
- Job at Kelly Services \$67,000/ yr
- Job at Kirkwood Community College \$54,322/ yr
- Job at Lawrence Berkerley National Labs \$70,000/ yr
- Job at L'Oreal USA \$62,000/ yr
- Job at Maszczyk Consulting, Inc. \$50,000/ yr
- 2 Jobs at Medical College of Wisconsin \$75,000 and \$70,000/ yr, respectively
- Job at Merck & Co. \$120,000/ yr
- Job at Microsoft \$115,000/ yr
- Job at Monsanto Corp. \$80,000/ yr
- Job at Motorola \$60,000/ yr
- Job at Northwestern University \$40,000/ yr
- Job at Prefab Software \$115,000/ yr
- Job at Satellite Labs \$95,000/ yr
- Job at Seattle Biomedical Research Institute \$20,800/ yr
- Job at Servotech Inc. \$55,000/ yr
- Job at Shriner's Hospital
- Job at SSAI \$52,999/ yr
- Job at Stowers Institute for Medical Research \$74,040/ yr
- Job at Triton College \$68,000/ yr
- 4 Jobs at University of Illinois \$18,720, \$26,500, \$65,000 and \$46,500/ yr, respectively
- Job at VCI \$71,000/ yr
- Job at Wake Forest University \$32,000/ yr

**State of Illinois
Chicago Technology Park Corporation**

Analysis of Operations, continued
For the Year Ended June 30, 2007

Service Efforts and Accomplishments (Unaudited), continued

Internships

Internship at DePaul University
3 Internships at University of Illinois at Chicago
Internship at Abbott Laboratories
Internship at Chicago Technology Park \$27.50/ hr
Internship at Chromatin \$11/hr
2 Internships at DePaul University \$30 and \$8.50/ hr, respectively
Internship at the Field Museum of Natural History
Internship at GenUS Biosystems
Internship at Google, Northwestern University
Internship at Northwestern University
Internship at Precision Biomarker
Internship at University of Chicago \$15/hr

Dropped and Withdrawn

- 42 Students dropped out of the program for a variety of personal and academic reasons.
- 19 Students were withdrawn from the program for failing to meet minimum program performance standards.
- 1 student was accepted to the program but never enrolled in a course or otherwise participated in the program.