

**City of Chicago
Department of Housing and Economic Development**

**STAFF REPORT
TO THE
COMMUNITY DEVELOPMENT COMMISSION
REGARDING
A PROPOSED NEGOTIATED SALE OF CITY-OWNED PROPERTY
AND DESIGNATION OF THE DEVELOPER
April 12th, 2011**

I. PROJECT IDENTIFICATION AND OVERVIEW

Project Name:	Breakthrough Urban Ministries
Applicant Name:	Breakthrough Urban Ministries, Inc.
Project Address:	3322; 3330 W. Carroll (Privately owned) 3211 W. Carroll & 326, 328 N. Kedzie (City owned)
Ward and Alderman:	28 th , Jason C. Ervin
Community Area:	East Garfield Park
Redevelopment Project Area:	Chicago / Central Park
Requested Action:	Negotiated sale of vacant City land and TIF Developer Designation
Proposed Project:	Non-profit community center, temporary shelter for women
Appraised Market Value:	\$635,000 – 3211 W. Carroll (\$15.00 per square foot) \$ <u>35,000</u> – 326, 328 N. Kedzie (\$8.00 per square foot) \$670,000 total
Sale Price:	\$1
Acquisition Assistance:	\$ 669,000
TIF Assistance:	Not to exceed \$3,500,000

II. PROPERTY DESCRIPTION

Address: 3330 & 3334 W. Carroll (Privately owned-Joshua Center)
3211 W. Carroll; 326 & 328 N. Kedzie (City owned-future Family Plex building)

Location: The Carroll parcels are on W. Carroll between Kedzie and Homan; the N. Kedzie parcels are on Kedzie south of Carroll

PINS: 16-11-405-034, 035 (City owned)
16-11-405-037, 038 (City owned)
16-11-402-014, 015 (Privately owned)
16-11-402-013 (Privately owned)

Land Area: 46, 225 sq. ft. (City owned)
28,121 sq. ft (Privately owned)

Current Use: The Joshua Center Building is located at 3330 W. Carroll. It is a two story brick building. The adjacent building at 3334 W. Carroll is a one story brick building. 3211 W. Carroll and abutting sites 326 and 328 N. Kedzie are all currently vacant sites.

Current Zoning: City owned sites: B3-1, Community Shopping District
Privately owned sites: M1-2, Limited Manufacturing /Business Park District
RT-4 Residential Two-Flat, Townhouse and Multi-Unit Districts

Proposed Zoning: Breakthrough has a special use permit for its uses at the Joshua Center. The FamilyPlex and Fresh Market Pantry sites will require rezoning to permit the proposed use.

Environmental Condition: Per a Phase I Environmental Assessment report issued on October 17, 2007, and prepared by Carnow, Cornibear and Assoc., Ltd, at 3211 W. Carroll Avenue, there was no evidence of recognized environmental conditions in connection with the subject property with the exception of the following: the subject property was historically used for manufacturing purposes and as a machine shop with a potential use, handling and/or generation of

petroleum/hazardous substances. Per a Phase II subsurface site investigation dated March 11, 2008, the following was recommended: that the generated soil be disposed of at a licensed landfill as "urban fill". The land will be sold "as-is" with no warranties or representations as to its environmental condition, and it will be the responsibility of the selected respondent to complete any remediation that may be required by the City or the Illinois EPA. The redevelopment agreement with the applicant will include release and indemnification language protecting the City from liability.

Inventory Profile: City acquired the land via TRP in June and August, 1999. These parcels have been vacant since.

III. BACKGROUND

Breakthrough Urban Ministries is a non-profit service provider that empowers individuals and families to overcome poverty, addiction and isolation through many various programs. This non-profit is governed by a Board of Directors and Executive Director and has 42 employees. They currently lease one facility at 3330 W. Carroll Avenue (Joshua Center) and own 402 N. St. Louis Avenue (Ministry Center).

The Department received CDC approval on March 14, 2006, and City Council approval in July, 2006 with Breakthrough Urban Ministries to enter into a negotiated sale for the land at 3211 W. Carroll Avenue for the construction of a FamilyPlex community center complex. The facility was not built as Breakthrough instead focused its efforts and resources on the renovation of the Ministry Center project.

IV. PROPOSED DEVELOPMENT TEAM

Development Entity:

Breakthrough Urban Ministries began in 1992 on the north side of Chicago as a drop-in shelter for homeless adults. Founded by members of the First Evangelical Free Church in response to the needs of homeless adults seeking assistance, Breakthrough began its operations by serving a daily lunch in a small storefront room. Over the years the services that Breakthrough offers to homeless adults have evolved and expanded. Today, Breakthrough operates two homeless shelters in East Garfield Park on Chicago's west side, one for homeless men (402 N. St. Louis) and one for women (3330 W. Carroll). Together, the two shelters serve 800 homeless adults each year, serve over 60,000 meals, distribute 10,000 bags of groceries to low-income families in the neighborhood, and offer employment training, on-site health care, and addictions counseling to hundreds of homeless individuals each year.

With the development of a wider array of programs serving the homeless, Breakthrough came to realize the need to intervene earlier in the lives of people before harmful habits and bad choices could lead to damaging life consequences and launched a program that aimed to reach youth. Youth face a myriad of struggles and temptations daily. This is especially true of youth growing up in East Garfield Park.

Breakthrough Urban Ministries' Youth and Family Services Program began operation in 2000 and has grown to serve over 300 youth each year through a variety of after school initiatives. The Nettie Bailey Student Achievement Program, named after a local hero and public educator of 27 years, focuses on teaching literacy and essential math skills and was recognized by the Illinois State Board of Education as a 21st Century Community Learning Center in July 2007. The Breakthrough Athletics Program engages young athletes in year-round sports leagues while teaching sportsmanship, leadership, healthy lifestyles and spiritual development.

Over the past seventeen years, Breakthrough Urban Ministries has helped thousands of adults experiencing homelessness to achieve self-sufficiency through addictions counseling, health care, employment training, permanent supportive housing, spiritual development, and a plethora of supportive services. Since 2001, the Youth and Family Services program has helped hundreds of young people escape the cycle of poverty, go to college, and become leaders in their communities.

V. PROPOSED PROJECT

Project Overview: The Project consists of two components located within one block of each other. The largest component is the consolidation and expansion of Breakthrough's Youth and Family Services Program into a new FamilyPlex Center building at 3211 W. Carroll Ave (the FamilyPlex component). The second component is the purchase and renovation of the Breakthrough Joshua Center building at 3330 W. Carroll Ave. and an adjacent building at 3334 W. Carroll, which would allow for the expansion of Breakthrough's Women's Program and a new food pantry program through a partnership with the Greater Chicago Food Depository (Joshua Center Component).

FamilyPlex Center

The Developer will construct the FamilyPlex at 3211 W. Carroll Ave., which is just west of Kedzie Avenue. The site is vacant and consists of two lots owned by the City Chicago. The site's area is 43,410 square feet. The site is bounded by Carroll Ave. on the north, alleys on the east and south, and residential property on the west. Directly west of the proposed FamilyPlex site are two additional lots totaling 2,845 sq. ft. at 326 N. Kedzie and 328 N. Kedzie, which will be used for parking. All four lots are owned by the City of Chicago.

The Developer will construct a 2-story, approximately 42,500 square-foot building on the site. It will be a steel frame building with load bearing, insulated pre-cast concrete exterior wall panels.

The majority of the north elevation, which faces onto Carroll Ave., is an aluminum and glass curtain wall system. The ground floor is concrete slab on grade. The foundation system is a combination of spread footings and driven piles with grade beams. There will be 22 on-site parking spaces. At the main building entrance there will be approximately 1,800 square feet of outdoor space.

Space in the building will be allocated to uses approximately as follows:

- A health clinic run by Lawndale Christian Health Center (5,300 sq. ft.) with ten exam rooms
- A full service licensed day care center (5,500 sq. ft.)
- Community café (5,000 sq. ft.)
- A gymnasium for Breakthrough's athletic and fitness programs (9,750 sq. ft.)
- 2nd Floor Classrooms for pre-school, K-8 high school preparation, and college preparation programs (9,200 sq. ft.)
- A fitness center with affordable membership fee (2,600 sq. ft.)
- Offices (2,200 sq. ft.)

The Joshua Center/Fresh Market Pantry

This component of the project consists of the purchase and renovation of the Joshua Center building at 3330 W. Carroll and an adjacent building at 3334 W. Carroll, which would allow for the expansion of Breakthrough's Women's Program and a new food pantry program through a partnership with the Greater Chicago Food Depository. Both buildings are owned by the Joshua Missionary Baptist Church and 3330 W. Carroll is currently leased to Breakthrough Urban Ministries.

The Breakthrough Joshua Center is located at 3330 W. Carroll; it sits on a 24,486 square-foot site. It is two stories in height and has 9,473 square feet. The building was constructed about 1924 with a heavy timber frame and load bearing masonry exterior walls. The façade consists of brick and glass. The ground floor includes entrances, staff offices, dining and food preparation, temporary shelter facilities and bathrooms. The second floor includes workshop and classroom spaces, meeting rooms, staff offices, and storage.

The Developer will purchase and extensively renovate the building including adding fire stairs, elevator; accessible entry ramp, safety systems upgrades, plumbing upgrades, exterior maintenance, and installation of parking pad and recreational surface in the rear courtyard.

Upon completion of the FamilyPlex and relocation of the family and youth programs from the Joshua Center to the FamilyPlex, Breakthrough intends to expand programming to homeless and abused women to from 200 to approximately 250 women annually.

The work scope, when completed, will bring the building into compliance with current municipal and accessibility codes.

The Breakthrough Joshua Center provides a number of vital services. The building houses the transitional women's shelter that has been a haven in times of uncertainty for many women in East Garfield Park. The shelter operates 24 hours every day of the week. Breakfast, lunch and dinner are served daily and there is a community pantry that provides bags of fresh groceries to low-income residents and seniors. Women who reside at the Breakthrough Joshua Center are able to access supportive services that help them as they strive for self sufficiency. Supportive services include employment training and placement, housing search assistance, substance abuse counseling and health care. Medical services are provided on-site to homeless women that address both their physical and mental health concerns.

The Fresh Market Pantry will be installed by the Developer in a one story, 3,635 square foot brick building located at 3334 W. Carroll. There is no on-site parking. The Developer will purchase the building, renovate the building to bring it in compliance with current building standards and codes, and modify the building to accommodate the Fresh Market Pantry. The 3,635 sq. ft. space will include dry and walk-in cold storage, a client-choice shopping area with shelves and baskets that resembles a grocery store, private offices for referrals and case management, and a waiting area made to resemble a small café. Artwork in the space will be provided by community youth in Breakthrough's Nettie Bailey Student Achievement Program.

The Fresh Market Pantry will be a client-choice food distribution center designed to eliminate food lines and afford greater client dignity to families in an experience that closely resembles shopping at a grocery store. With food as the entry point, the Fresh Market Pantry will connect clients to services available through Breakthrough's programs and partnering organizations. The Fresh Market Pantry will provide food to approximately 800 families.

A site plan, floor plans and elevation are provided as exhibits to this report.

Environmental Features:

With respect to environmentally friendly features, LEED certification will be sought for the FamilyPlex Center building. "Green" features of the building will include the following:

- A green roof covering 50% of roof area
- A ground source/geothermal HVAC system
- Landscaping with native plant species
- Proper solar orientation with most of the windows facing north
- Implementation of several "cradle to cradle" building products

The Joshua Center renovation will make use of low VOC finishes and utilize rain barrels.

VI. FINANCIAL STRUCTURE

Breakthrough Urban Ministries will fund their project through a variety of sources. In the first part of this project, Breakthrough will purchase and renovate the Joshua Center building. The rehabilitation and expansion of the Joshua Center will be funded through equity donations raised through their Capital Campaign and then be reimbursed by \$500,000 in TIF at completion of the Joshua Center. The remaining TIF eligible costs will be reimbursed in the form of a \$1.5M Note issued at project completion, with payments beginning when construction on the FamilyPlex begins. The FamilyPlex will be financed primarily through equity generated by New Market Tax Credits, Capital Campaign contributions, TIF and a \$1,334,000 loan taken out by Breakthrough and supported by rents from the Lawndale Christian Health Center (LCHC) which will rent space in the FamilyPlex. At the certificate of completion for the Family Plex, Breakthrough would be reimbursed in the form of a Note for the remaining TIF-Eligible expenses up to an additional \$1.5M for maximum amount of \$3.5M in TIF for the whole project.

In addition, the City is selling Breakthrough 4 parcels at a write-down of \$669,000. The land write-down, combined with TIF funding, brings the total City assistance to \$4,169,000 (24% of total project cost). All of the TIF monies need to come from area-wide PINs because Breakthrough's PINs are tax-exempt.

Need for TIF

The majority of the cost of this project will be paid for with donations from individuals and foundations. A small portion of the cost of this project will be covered by loan financed with rents paid by LCHC. Because current Breakthrough revenues cover its current on-going financial obligations and because any revenues in addition to LCHC rents that are generated by this Project will be used to cover the increased costs of operating and maintaining the Project, Breakthrough cannot take on any permanent financing to cover a portion of the costs of the Project. (Breakthrough will take out a construction loan for this project; this loan will be repaid from donations.)

Breakthrough cannot cover the full cost of this Project with donations and other revenues from the Project. There is a shortfall of approximately \$7.0 million. Breakthrough expects to cover a portion of this shortfall gap with federal New Market Tax Credits (NMTC). Breakthrough does not expect to generate more than approximately \$3.5 million in Project equity from NMTC. Breakthrough has requested TIF funding to fill the \$3.5M gap.

The following table identifies the sources and uses of funds.

Sources and Uses of Funds

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Capital Campaign	\$9,026,618	52.1%
Lawndale Christian Health Center Financing	1,334,000	7.7%
New Market Tax Credit Equity	3,465,154	19.9%
Equity	<u>3,500,000</u>	<u>20.3%</u>
Total Sources	\$17,325,772	100%
<u>Uses</u>	<u>Amount</u>	<u>\$/sf of Building*</u>
Land Acquisition of 3330 W. Carroll (\$28.59 per sf of land)	\$700,000	\$28.59/psf
Site Clearance and Preparation	\$ 1,946,657	\$28.49/psf
Hard Costs	\$ 11,368,056	\$166.38/psf
Soft Costs		
Architect's Fee (7.2% of hard costs)	\$830,000	
Legal (1.3% of total costs)	\$232,500	
Construction Interest (1.4% of total costs)	\$250,000	
Project Manager (1.4 % of total costs)	\$247,275	
Reimbursables (.34% of total costs)	\$60,000	
Pre-Construction costs (.33% of total costs)	\$58,000	
Environmental, LEED (.20% of total costs)	\$36,000	
Survey (.05% of total costs)	\$9,000	
Other soft costs 1(% of total costs)	\$188,500	
FFE (2% of total costs)	\$362,131	
Contingency (5.9% of total costs)	\$1,037,653	
Total Soft Costs (19% of total costs)	\$3,311,059	\$48.46/psf
Total Uses	\$17,325,772	\$253.58/psf

*Gross building area of Family Plex and Joshua Center equals 68,326 square feet.
Land for existing Joshua Center alone (3330 W. Carroll) is 24,486 sq. ft.

VII. PUBLIC BENEFITS

The proposed project will provide the public benefits listed below.

Environmental Features: The FamilyPlex Center building will incorporate:

- LEED certification

- A green roof covering 50% of roof area
- A ground source/geothermal HVAC system
- Landscaping with native plant species
- Proper solar orientation with most of the windows facing north
- Implementation of several "cradle to cradle" building products

The Joshua Center renovation will make use of low VOC finishes and utilize rain barrels.

Permanent Jobs: The project is estimated to generate 46 permanent jobs, primarily in the pre-school, after-school, health clinic components. The Department's workforce development specialists will work with the developer on job training and placement.

Construction Jobs: The project will produce 200 temporary construction jobs.

Affirmative Action: The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to several associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.

City Residency: The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

VIII. COMMUNITY SUPPORT

Alderman Ervin endorses the project and has provided a letter of support (see exhibits for copy).

IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN

The proposed project is located in the Chicago/Central Park Tax Increment Financing Redevelopment Project Area. The proposed project will satisfy the following goal of the area's redevelopment plan:

- Eliminate the blighting conditions that cause the Area to qualify for TIF
- Provide for expansion of institutional uses and recreational opportunities, where appropriate, to better service Area residents.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of a community center and women's temporary shelter.

The proposed project does not currently conform to the plan's land use map, which calls for

residential development on both sides of Carroll Avenue at project site location. To resolve this issue, a map change amendment changing the current residential land use to mixed use, will be passed by City Council prior to passage of the TIF RDA and Negotiated Sale Agreements.

X. CONDITIONS OF SALE

If the proposed resolution is approved by the CDC, DHED will release a public notice announcing the proposed sale and seeking alternative development proposals. The public notice will be published in one of Chicago's metropolitan newspapers at least once for each of three consecutive weeks. If no responsive alternative proposals are received within 30 days of the publishing of the first notice, the Department will accept a good faith deposit from the proposed developer, and a redevelopment agreement will be negotiated. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DHED policy that no business will be conducted with a development entity whose any principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action

Closing of the sale of the property will not occur before the City Council has approved the redevelopment agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The documents will include a development timetable.

XI. RECOMMENDATION

The Department of Housing and Economic Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DHED recommends that the CDC approve the sale of 3211 W. Carroll, 326 and 328 N. Kedzie to Breakthrough Urban Ministries, Inc. and recommend to the City Council the designation of Breakthrough Urban Ministries as Developer for the development of Joshua Center located at 3330 & 3334 W. Carroll Avenue and the FamilyPlex building to be located at 3211, and 326, 328 N. Kedzie Avenue.

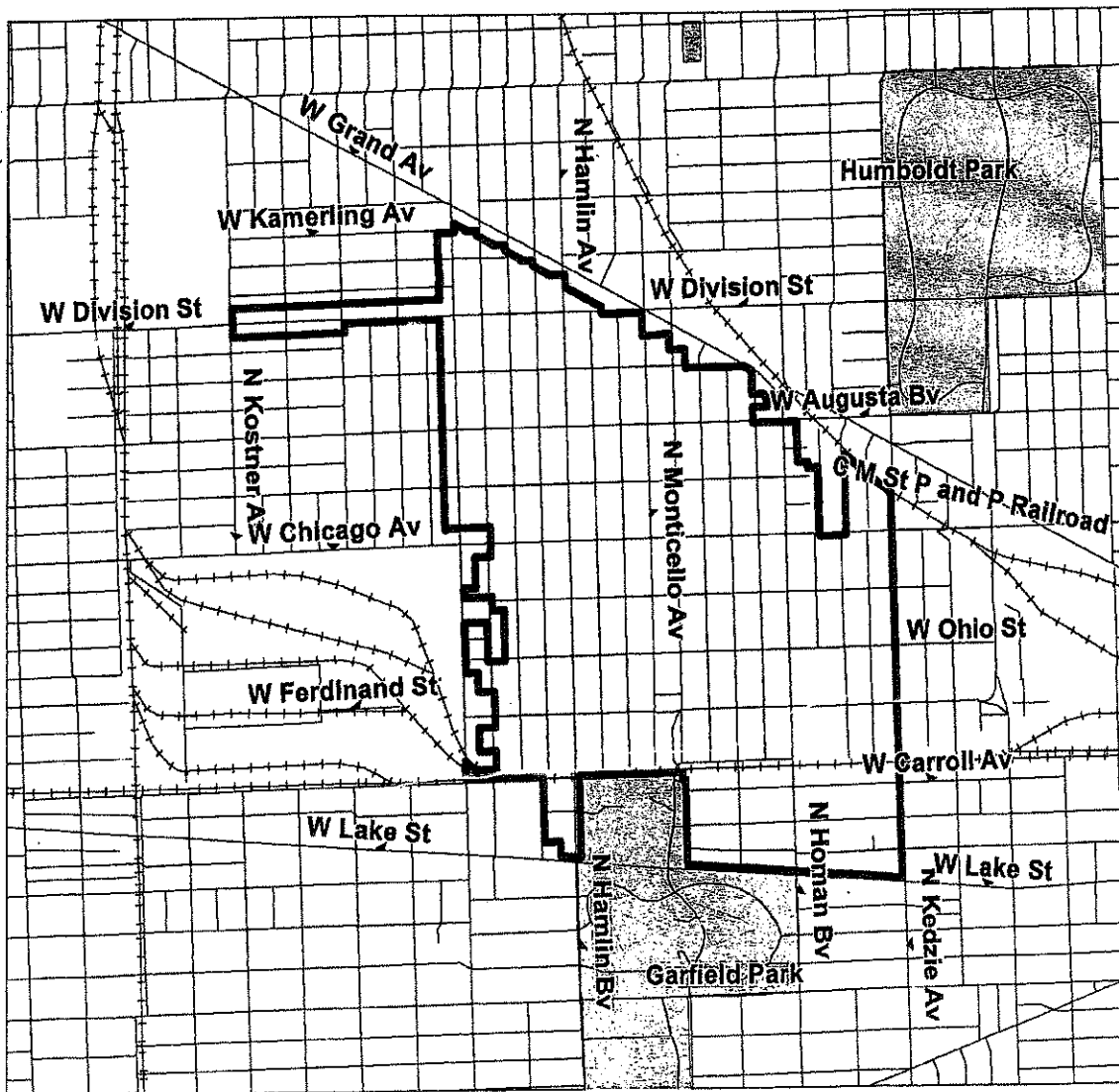
EXHIBITS

Redevelopment Area Map
Neighborhood Map or Aerial
Survey or Plat
Site Plan
Typical Floor Plan
Front Elevation or Rendering
Sample M/WBE Letter
Copies of M/WBE Certified Letter Receipts
Lender's Letter of Interest
Community Letters of Support
Alderman's Letter of Support

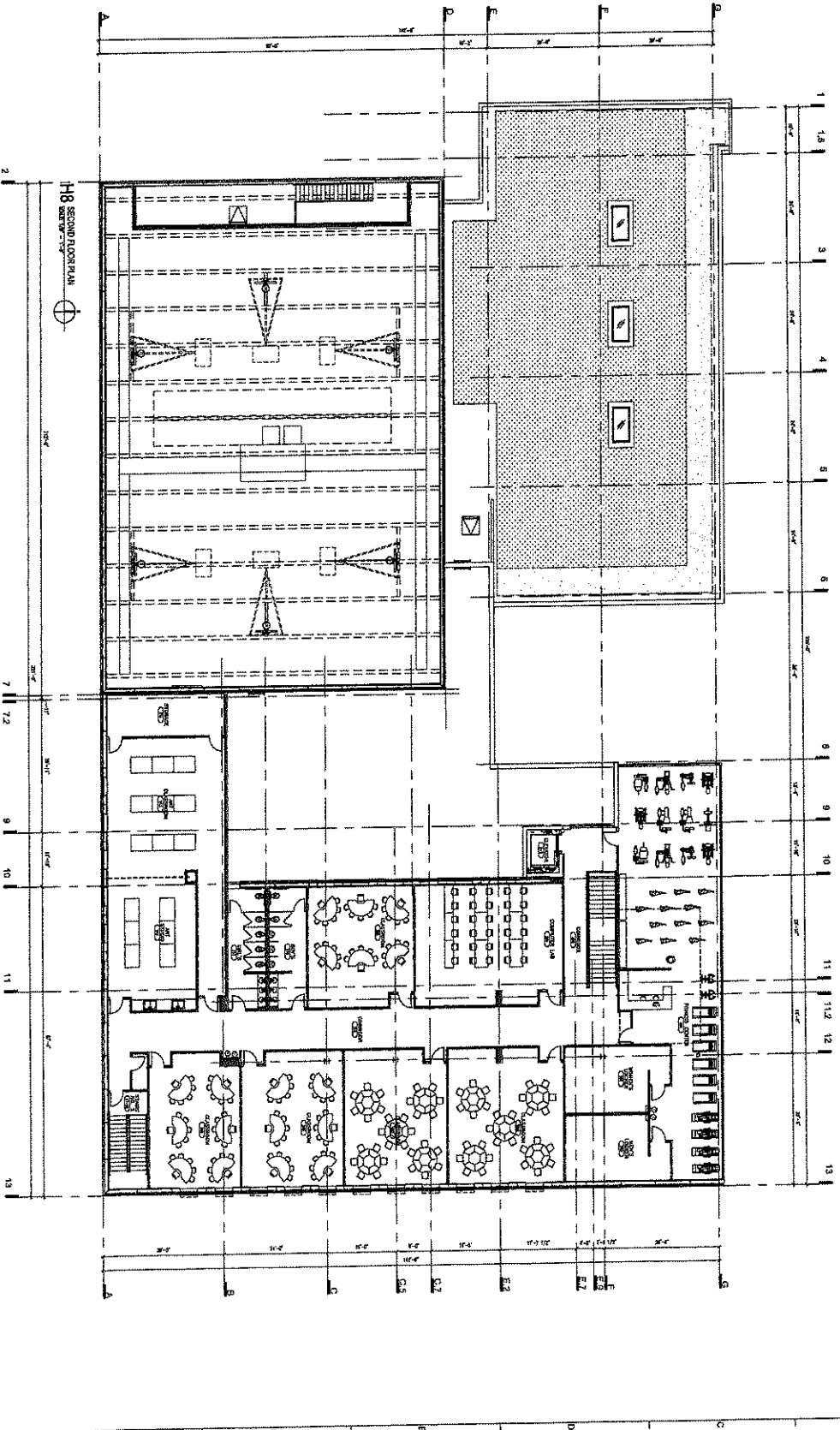
Chicago/Central Park Redevelopment Project Area 2009 Annual Report

(11) GENERAL DESCRIPTION AND MAP

The Chicago/Central Park Redevelopment Project Area boundaries are generally described as the alley southwest of Grand Avenue on the north, Kedzie Avenue on the east, Lake Street on the south, and Pulaski Road on the west. In addition, a western arm of the Area extends several blocks west of Pulaski Road along Division Street. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan.



10 9 8 7 6 5 4 3 2 1



NOT FOR CONSTRUCTION

BUILT FORM

NO.	DESCRIPTION	DATE
1	1. H. SECOND F.	10/10/02
2	2. H. SECOND F. & STAIRS	10/10/02
3	3. H. SECOND F. & STAIRS	10/10/02
4	4. H. SECOND F. & STAIRS	10/10/02
5	5. H. SECOND F. & STAIRS	10/10/02
6	6. H. SECOND F. & STAIRS	10/10/02
7	7. H. SECOND F. & STAIRS	10/10/02
8	8. H. SECOND F. & STAIRS	10/10/02
9	9. H. SECOND F. & STAIRS	10/10/02
10	10. H. SECOND F. & STAIRS	10/10/02
11	11. H. SECOND F. & STAIRS	10/10/02
12	12. H. SECOND F. & STAIRS	10/10/02
13	13. H. SECOND F. & STAIRS	10/10/02

NOT FOR CONSTRUCTION

NOT FOR CONSTRUCTION

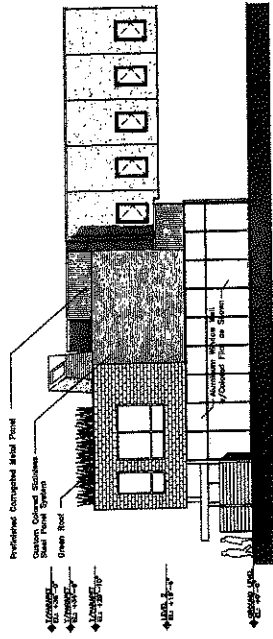
NOT FOR CONSTRUCTION

NOT FOR CONSTRUCTION

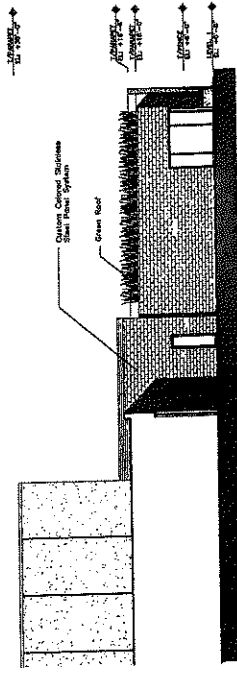
NOT FOR CONSTRUCTION

NOT FOR CONSTRUCTION

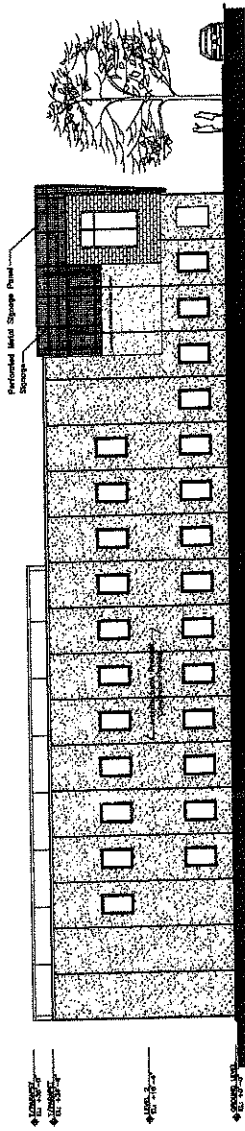
PROJECT: The Family Park
 DRAWING NO: 05-046
 DATE: 09/10/02
 SHEET: A-202
 SECOND FLOOR PLAN



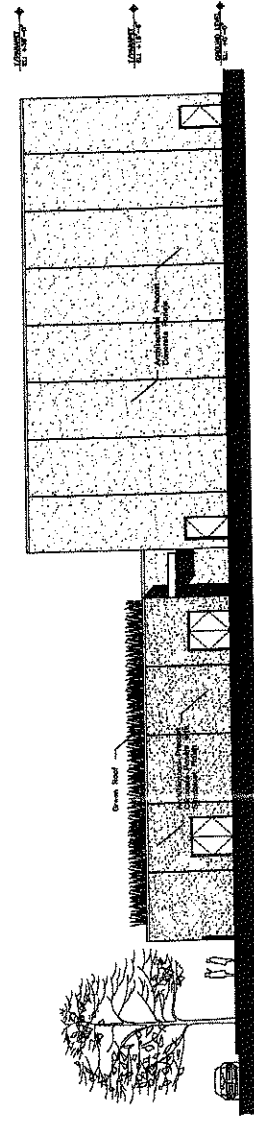
East Elevation - Courtyard



West Elevation - Courtyard



East Elevation - Alley



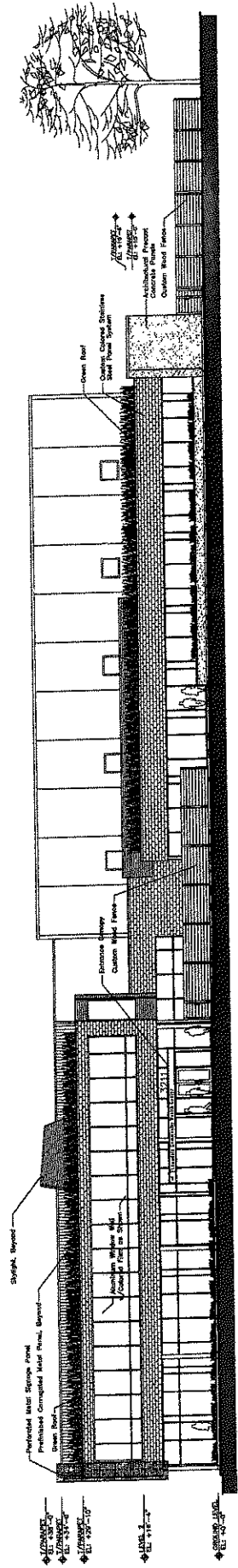
West Elevation - Parking Lot

Family Plex

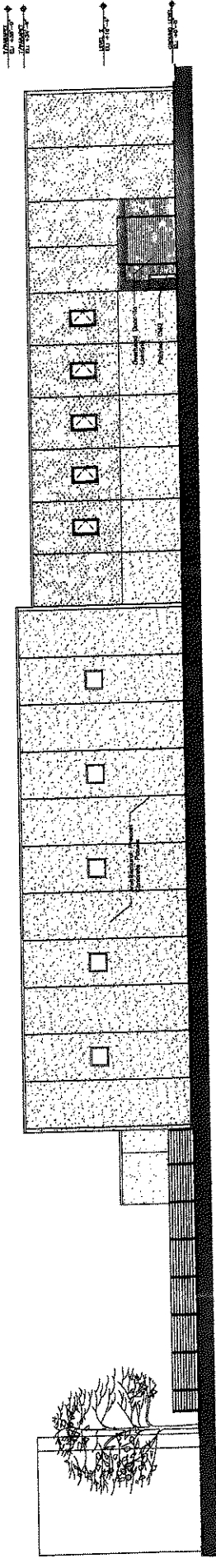
Breakthrough Urban Ministries

Issued for Special Use Application

Scale: 1:10



North Elevation - Carroll Avenue



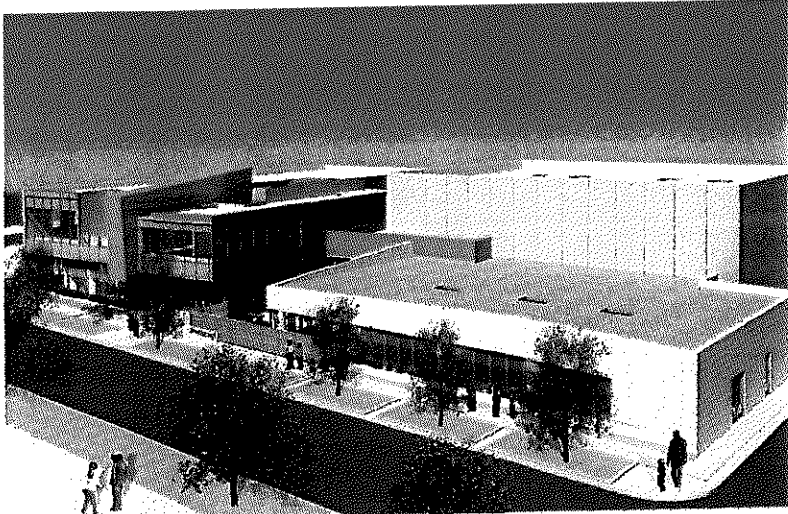
North Elevation - Carroll Avenue

Family Plex

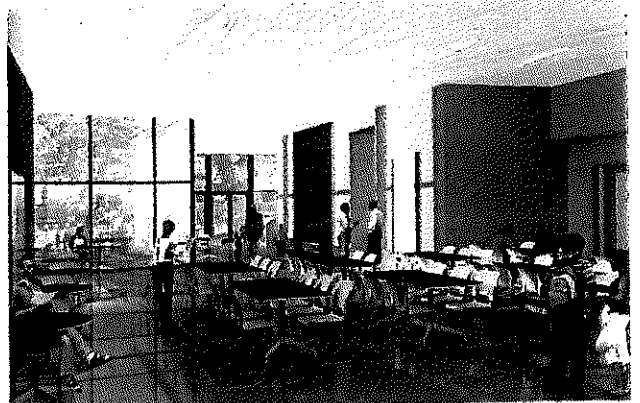
Breakthrough Urban Ministries

Issued for Special Use Application

Scale: 1:10



Carroll Avenue Perspective



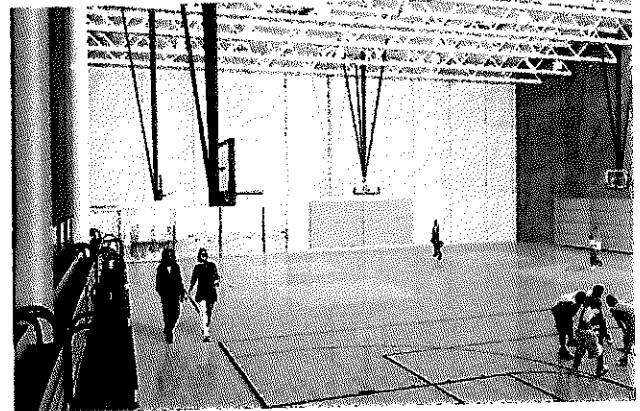
Community Cafe



Health Clinic



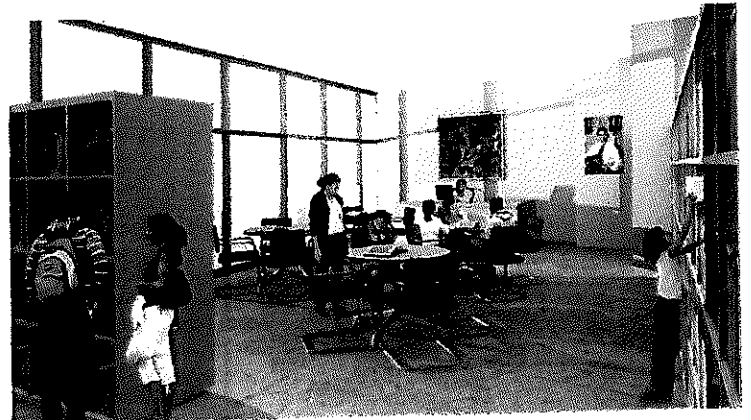
Entrance



Gym



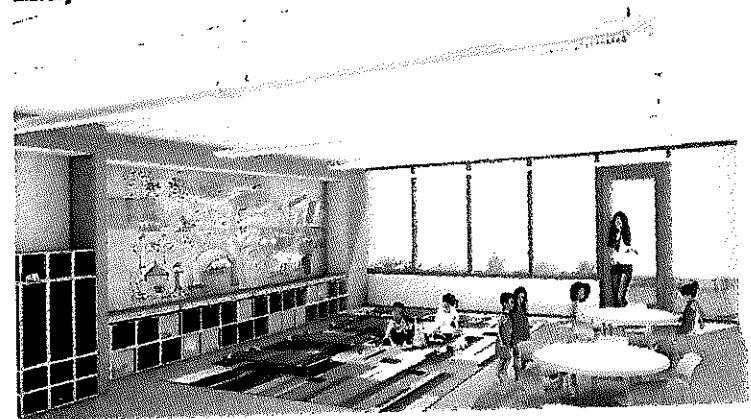
Carroll Avenue Perspective



Library



Computer Lab/Classroom



Daycare

March 30, 2011

CERTIFIED MAIL

Ms. Beth Doria
Federation of Women Contractors
5650 South Archer Avenue
Chicago, IL 60638

RE: Breakthrough Urban Ministries
FamilyPlex/Joshua Center Project
3211 & 3330 W Carroll Ave

Dear Ms. Payton:

This is to notify you of our plans to renovate and expand Breakthrough's Joshua Center, located at 3330 W Carroll Ave, and construct the FamilyPlex on vacant land located at 3211 W. Carroll Ave. The Joshua Center currently houses Breakthrough's shelter for homeless women as well as existing programs for neighborhood youth. The FamilyPlex is an approximately 42,000 square feet neighborhood community center which will include child care, family health care, a student achievement program, fitness center and meeting space. The project budget is just over \$17,000,000 and is subject to 24% MBE and 4% WBE participation requirements of the City of Chicago. It is anticipated that plans will be issued for bid late summer 2011 and construction will begin in the fall of the same year. The project is estimated to take approximately 12 months to complete. The developer of the property is Breakthrough Urban Ministries, Inc.

We will provide you with a set of bid documents as soon as they are complete. In addition, we would like to schedule a preliminary meeting with you and our general contractor in the coming months to discuss the project and participation of your members.

In the meantime, if you need any other information at this time, please do not hesitate to call me at 773-346-1730, or e-mail at jsmith@breakthrough.org. I look forward to working with you on this exciting project.

Sincerely,



John A. Smith
Director of Administration

cc: Michelle Nolan, Project Manager, Chicago Department of Housing and Economic Development
Dinah Wayne, Chicago Department of Housing and Economic Development

For delivery information visit our website at www.usps.com

CHICAGO, IL 60620

OFFICIAL USE

Postage	\$ 0.44	0161
Certified Fee	\$2.80	13
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	03/30/2011

Sent To: Edward McKinnie/Black Contractors
 Street, Apt. No. or PO Box No. 400 West 76th St.
 City, State, ZIP+4 Chicago, IL 60620

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

CHICAGO, IL 60620

OFFICIAL USE

Postage	\$ 0.44	0161
Certified Fee	\$2.80	13
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	03/30/2011

Sent To: Penny Nkachi/Assoc. of Asian Const.
 Street, Apt. No. or PO Box No. 233 N. Ogden Ave.
 City, State, ZIP+4 Chicago, IL 60607

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

CHICAGO, IL 60620

OFFICIAL USE

Postage	\$ 0.44	0161
Certified Fee	\$2.80	13
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	03/30/2011

Sent To: Omar Shareef/African Amer. Contractors
 Street, Apt. No. or PO Box No. 2901 S. Wentworth Ave.
 City, State, ZIP+4 Chicago, IL 60616

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

CHICAGO, IL 60638

OFFICIAL USE

Postage	\$ 0.44	0161
Certified Fee	\$2.80	13
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	03/30/2011

Sent To: Beth Doria/Fed. of Women's Cen
 Street, Apt. No. or PO Box No. 5050 S. Archer Ave.
 City, State, ZIP+4 Chicago, IL 60638

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

CHICAGO, IL 60620

OFFICIAL USE

Postage	\$ 0.44	0161
Certified Fee	\$2.80	13
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	03/30/2011

Sent To: Rafael Hernandez/Hispanic Amer. Co
 Street, Apt. No. or PO Box No. 901 W. Jackson Suite 205
 City, State, ZIP+4 Chicago, IL 60607

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

CHICAGO, IL 60620

OFFICIAL USE

Postage	\$ 0.44	0161
Certified Fee	\$2.80	13
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	03/30/2011

Sent To: Juan Ochoa/Mexican Am. Chamber
 Street, Apt. No. or PO Box No. 111 W. Washington St.
 City, State, ZIP+4 Chicago, IL 60602

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

CHICAGO, IL 60603

OFFICIAL USE

Postage	\$ 0.44	0161
Certified Fee	\$2.80	13
Return Receipt Fee (Endorsement Required)	\$2.30	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 5.54	03/30/2011

Sent To: Hedy Rather/Women's Business Dev. Center
 Street, Apt. No. or PO Box No. 8 South Michigan Suite 400
 City, State, ZIP+4 Chicago, IL 60603

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)

**BREAKTHROUGH URBAN MINISTRIES
BOARD OF DIRECTORS (2011)**

NAME	PROFESSION
OFFICERS	
Arloa Sutter - Executive Director	Executive Director
Tim Yager-President	President & CEO - Retired
David Andresen-Vice President	Human Resources Regional Manager-Retired
Stuart J. Miller - Treasurer	Partner
Edward J. Weisto - Secretary	Senior Vice President
MEMBERS	
Clifford James Bailey III	Director, Executive Search
Casarine Chong	Senior Counsel
Edward J. Meek	Investment Advisor/Owner
Cindy Harris	Client Satisfaction Officer- North America
Jenny C. Haas	Senior Finance Manager
Loretta Jacobs	AspireUp!
Von T. Matthews	Vice President & Global Investigations Director
Mary Nelson	Former President Bethel New Life
Deborah L. Steiner	Counsel
Jim DeVries	Senior Vice President-Human Resources



CITY COUNCIL

CITY OF CHICAGO

COUNCIL CHAMBER

CITY HALL—ROOM 200
121 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602
TELEPHONE: 312-744-3066
FAX: 312-744-4229

COMMITTEE MEMBERSHIPS

COMMITTEES, RULES AND ETHICS

BUILDINGS

ECONOMIC CAPITAL & TECHNOLOGY DEVELOPMENT

EDUCATION AND CHILD DEVELOPMENT

PARKS AND RECREATION

JASON C. ERVIN

ALDERMAN, 28TH WARD
259 NORTH PULASKI AVE.
CHICAGO, ILLINOIS 60624
TELEPHONE: (773) 533-0900
FAX: (773) 533-6189

E-MAIL: JASON.ERVIN@CITYOFCHICAGO.ORG

March 14, 2011

Mr. Andrew J. Mooney
Acting Commissioner
Department of Housing and Economic Development
City Hall – Room 1000
121 N. LaSalle Street
Chicago, IL 60602

RE: Breakthrough Urban Ministries
FamilyPlex/Joshua Center Project

Dear Commissioner:

I write this letter in support of Breakthrough Urban Ministries (“Breakthrough”) and its plans to renovate and expand Breakthrough’s Joshua Center and construct at Kedzie and Carroll the FamilyPlex, a new neighborhood community center which will include child care, family health care, a student achievement program, fitness center and meeting space. I believe the nature of this project demonstrates Breakthrough’s willingness to be an active, responsible and contributing member of our 28th Ward community. Furthermore, I am confident that the new FamilyPlex will be a valuable addition to the 28th Ward.

In order to bring Breakthrough’s plans to reality, I fully support approval by the Community Development Commission of: (i) the conveyance of City-owned parcels at 3211 W. Carroll, 326 and 328 N. Kedzie to Breakthrough and (ii) the use of Tax Increment Financing (“TIF”) funds from the Chicago/Central Park TIF for the project.

If I can be of any assistance, please let me know.

Sincerely,

Jason C. Ervin
Alderman, 28th Ward

“Moving the 28th Ward to the Next Level”



**COMMUNITY DEVELOPMENT COMMISSION
OF THE
CITY OF CHICAGO**

RESOLUTION NO. 11 - CDC -

**AUTHORIZATION TO ENTER INTO A NEGOTIATED SALE WITH
BREAKTHROUGH URBAN MINISTRIES, INC. FOR DISPOSITION OF THE
PROPERTY**

**LOCATED AT 3322; 3330 & 3334 W. CARROLL (PRIVATELY OWNED);
3211 W. CARROLL (CITY OWNED);
326, 328 N. KEDZIE (CITY OWNED) WITHIN THE CHICAGO CENTRAL PARK TIF
REDEVELOPMENT PROJECT AREA**

AND

**AUTHORIZATION TO NEGOTIATE A REDEVELOPMENT AGREEMENT WITH
BREAKTHROUGH URBAN MINISTRIES, INC.**

AND

**RECOMMENDATION TO THE CITY COUNCIL OF THE CITY OF CHICAGO
FOR THE DESIGNATION OF BREAKTHROUGH URBAN MINISTRIES, INC. AS
DEVELOPER**

WHEREAS, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-124 of the City's Municipal Code; and

WHEREAS, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

WHEREAS, the City Council, upon the Commission's recommendation pursuant to Resolution 01-CDC-113 and pursuant to the Act, enacted three ordinances on February 27, 2002 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Chicago Central Park Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

WHEREAS, the City owns the property located at 3211 W. Carroll; 326, and 328 N. Kedzie having the Property Identification Number(s) (PINs); 16-11-405-034,035, 16-11-405-037,038 (the "Property") and desires that it be redeveloped for a community center and parking; and

WHEREAS, the Developer currently leases and will purchase the property located at 3330 & 3334 W. Carroll having the Property Identification Number(s) (PINs); 16-11-402-014,015,

16-11-402-013 (the "Property") and desires that it be renovated for the continued use and expansion of Breakthrough's Women's program and a new food pantry; and

WHEREAS, staff of the Department of Housing and Economic Development of the City of Chicago (the "Department") have entered into discussions with Breakthrough Urban Ministries, Inc. (the "Developer") concerning the sale of the Property for the development of a new community center and purchase and renovation of the Breakthrough Joshua Center; and

WHEREAS, the Developer has submitted a project budget and evidence of having the financial capacity to complete the project, and the staff of the Department have reviewed these and found them to be satisfactory; and

WHEREAS, the Developer has proposed to pay \$1.00 as consideration for the purchase of the Property, which is \$69,000 less than the appraised fair market value of \$670,000; and

WHEREAS, staff of the Department have determined that the Developer's proposal conforms to the Plan; and

WHEREAS, pursuant to Section 5/11-74.4-4(c) of the Act, the City may not enter into any agreement relating to the development of City-owned property within the Area without first making public disclosure of the terms of such agreement and all bids and proposals related thereto and providing reasonable opportunity for any person to submit an alternative proposal or bid; and

WHEREAS, DHED requests the authority of the Commission to make the required disclosure by publishing a public notice substantially in the form set forth as **Exhibit B** hereto (the "Notice") be published at least once for three consecutive weeks in at least one Chicago metropolitan newspaper, inviting alternative proposals from other developers who will have a period of not less than thirty (30) days after the first publication of the public notice in which to submit a responsive proposal; and

WHEREAS, DHED requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DHED be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project, if no responsive alternative proposals are received by DHED within thirty (30) days after publication of the first Notice or, if alternative proposals are received and DHED in its sole discretion determines that the Developer's Project is the best proposal; now, therefore,

BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby authorizes DHED to publish the Notice.
- Section 3. The Commission hereby recommends to City Council that the Developer

be designated as the developer for the Project and that DHED be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project, so long as no responsive alternative proposals are received by DHED within the time recited above or, if alternative proposals are received and DHED in its sole discretion determines that the Developer's Project is the best proposal.

Section 4. DHED is hereby authorized to advertise the City's intent to negotiate the sale and redevelopment of the Disposition Parcels and to request responsive alternative proposals.

Section 5. Said proposals must be submitted in writing to Andrew J. Mooney, Commissioner, Department of Housing and Economic Development, Attn: Dinah Wayne, City Hall- Room 1006, 121 North LaSalle Street, Chicago, Illinois 60602 within 30 days of the date of the first publication of the Notice and shall contain names of parties, offer prices for the Disposition Parcels, evidence of financial qualifications, and a timetable for redevelopment before said proposal will be considered.

Section 6. In the event that no responsive proposals are received at the conclusion of the advertising period, or if alternative proposals are received and DHED in its sole discretion determines that the Developer's Project is the best proposal, then the sale of the land described in Exhibit A shall be recommended to the City Council without further Commission action.

Section 7. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 8. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 9. This resolution shall be effective as of the date of its adoption.

Section 10. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: _____, 2011

Attachments: Exhibit A, PINs and Street Addresses of Disposition Parcels and TIF Area Street Boundary Description

Exhibit B, Form of Notice Requesting Alternative Proposals

EXHIBIT A

Street Addresses and P.I.N.s of Disposition Parcels
and
Street Boundaries of the
Chicago/Central Park Tax Increment Financing
Redevelopment Project Area

Address	P.I.N.
326-328 N. Kedzie	16-11-405-037/038
3209-3227 W. Carroll	16-11-405-034/035

Tax Increment Financing Redevelopment Project Area

The Area is generally bounded by W. Carroll on the north, Kedzie Avenue on the east, Fulton on the south, and Homan Avenue on the west.

EXHIBIT B

PUBLIC NOTICE is hereby given by the Community Development Commission of the City of Chicago (the "City") pursuant to section 5/11-74.4-4 (c) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.) (the "Act"), that the City's Department of Housing and Economic Development ("DHED") intends to negotiate a redevelopment agreement with Breakthrough Urban Ministries, Inc (the "Developer") pursuant to which the City intends to provide financial assistance to the Developer in the amount of \$3.5 million or 20 % of the total project budget from Chicago/Central Park tax increment financing bond proceeds and/or incremental tax revenues pursuant to the Act for eligible costs associated with purchase, renovations, and environmental remediation of the development project (the "Project") to be located at 3330 W. Carroll, 3334 W. Carroll 3211 W. Carroll, 3211 W. Carroll, 326 & 328 N. Kedzie (the "Property"), located in the Chicago/Central Park TIF Redevelopment Project Area (the "Area"). The Project will consist of the purchase and renovation of the Breakthrough Joshua Center located at 3330 W. Carroll and the development of the Family Plex community center to be located at 3211 W. Carroll, 326 and 328 N. Kedzie. The City also intends to negotiate a redevelopment agreement with the Developer for the sale of four individual tax parcels, described in Schedule 1 attached hereto (the "Disposition Parcels"), for \$1.00 which is the land write down from the appraised fair market value of \$ 670,000. The Property and Disposition Parcels are located within the Area established pursuant to the Act, and the Project is in compliance with the Chicago/Central Park TIF Redevelopment Plan. The Area is generally bounded as follows:
Carroll Avenue to the north, Kedzie Avenue to the east, Fulton Boulevard to the South and Homan Avenue to the west.

THE CITY HEREBY INVITES ALTERNATIVE PROPOSALS FOR THE REDEVELOPMENT OF THE DISPOSITION PARCELS FOR CONSIDERATION BY THE CITY.

The documents listed below related to the Area, the Project and the Disposition Parcels are available for public inspection on or before April 18, 2011 at the offices of DHED, Room 1006, 121 N. LaSalle, Chicago, Illinois between the hours of 9:00 a.m. and 4:00 p.m. Monday through Friday:

(i) "Chicago/Central Park Tax Increment Financing Redevelopment Project and Plan," which constitutes the City's redevelopment plan for the Area;

(ii) a terms sheet showing all proposed material terms of the redevelopment agreements as of the date hereof, including but not limited to an estimated Project budget setting forth the amount of financial assistance the City intends to provide to the Developer for the Project; and

(iii) the terms of all bids and proposals received, if any, by the City related to the Project and the redevelopment agreements.

Please contact Dinah Wayne at DHED at (312) 744-8003 to review these materials and for information regarding the form required, if any, for proposals submitted to the City. Proposals shall include the general plan for the redevelopment of the Disposition Parcels, the names of the party or parties making the proposal, the price offered, evidence of financial qualifications and capacity to

complete said redevelopment, and the timetable for implementation. The City reserves the right to reject any and all proposals. Proposals will be received by the City at DHED's offices, Room 1000, City Hall, 121 N. LaSalle, Chicago, Illinois 60602, until May 20, 2011 at 4:00p.m., at which time all alternative proposals will be opened and reviewed.

Laura Hassan, Vice Chairman
COMMUNITY DEVELOPMENT COMMISSION

Attach Schedule 1 - Disposition Parcels

SCHEDULE 1

The Disposition Parcels

Address	P.I.N.
326-328 N. Kedzie	16-11-405-037/038
3209-3227 W. Carroll	16-11-405-034/035

CPS Jacob Beidler Elementary School

3151 W. Walnut, Chicago, IL 60612
Telephone: 773 534-6811 ~ Fax: 773 534-6817

Dr. Shirley Ewing, Principal
Ms. Bettye Sherrod, LSC

Dr. Tony Teague, Assistant Principal
Ms. Nikki Young-Crowder, NCLB

March 11, 2011

To Whom It May Concern:

Re: Letter of Support

This letter is to provide support for Breakthrough Urban Ministries. As principal of Beidler School, I have personally worked with Breakthrough and its staff for several years and have been pleased with our partnership. We believe that Breakthrough's presence in the community is beneficial, consistent, as well as long-term. Breakthrough provides academic and athletic opportunities for our students in the out-of-school time. We appreciate how Breakthrough provides weekend and evening opportunities for children and their families knowing how enticing it is, at times, for children and teens to get caught up in unhealthy activities while they are outside of school.

We appreciate that we can work with Breakthrough to provide healthy meals for our children. With the funding from the Greater Chicago Food Depository, Breakthrough will be able to provide a healthy lunch on the weekends to approximately 150 children who are participating in their sports activities.

Through the program that Breakthrough has provided Beidler children since 2005, we have seen our students grow in their ISAT scores every year. Breakthrough's methodology is research-based, effective and well-implemented. They communicate well with the regular day teachers to align their efforts with ours. They also communicate well with parents and participants.

I believe that by collaborating with Breakthrough Urban Ministries, the students of Beidler School will be better served educationally and socially.

Sincerely,


Dr. Shirley Ewing
Principal

March 16, 2011

To Whom It May Concern:

My name is Crystal Robinson. My address is 2850 W. Polk Street, 2nd floor, Chicago, IL 60612. I am the proud parent of five amazing children. My children began receiving services and participating in the programs at Breakthrough Urban Ministries in 2000, and they are still active participants. We are associated with Joseph Kellman Corporate Community school in District 299.

I am a parent and staff member at Breakthrough and I can confidently say that the After School program has enhanced their academic and social skills. Breakthrough is an invaluable resource and I hope & pray that their programs continue to receive your support.

Sincerely,

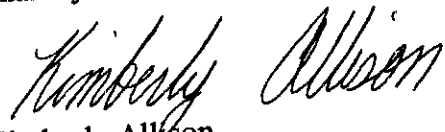
Crystal Robinson

March 15, 2011

To Whom It May Concern:

My name is Kimberly Allison; my address is 3508 West Fulton Boulevard Chicago, Illinois 60624. I am a parent of students who attend Breakthrough's after-school program. My children starting receiving services in 2006 and are currently still receiving services. We are associated with Jacob Beidler Elementary School in District 299. My children have benefited greatly from Breakthrough's SES program.

Thank you,


Kimberly Allison

March 11, 2011
3227 W. Walnut
Chicago, IL 60624

To whom this matter may concern,

My name is Brenda Taylor and I am a parent of three children that currently attend Breakthrough Urban Ministries. We have been a part of Breakthrough since the summer of 2008. My children have participated in their summer studies program as well as their after school program through their partner school, Beidler Elementary School in district 299. This program has been a great benefit to me personally and our community. I am grateful to have found such a program as this that offers so much. If you need any further information please contact me at the address above or the phone number below.

Thank You

A handwritten signature in cursive script that reads "Brenda Taylor". The signature is written in black ink and is positioned to the right of the typed name "Brenda Taylor".

Brenda Taylor

Breakthrough Parent

773-663-6111

**BREAKTHROUGH URBAN
MINISTRIES, INC.**

Financial Statements
With Independent Auditors' Report

June 30, 2010 and 2009

BREAKTHROUGH URBAN MINISTRIES, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

INDEPENDENT AUDITORS' REPORT

Board of Directors
Breakthrough Urban Ministries, Inc.
Chicago, Illinois

We have audited the accompanying statements of financial position of Breakthrough Urban Ministries, Inc. (Breakthrough) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Breakthrough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Breakthrough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Breakthrough Urban Ministries, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Wheaton, Illinois
November 11, 2010

Breakthrough Urban Ministries, Inc.

Statements of Financial Position

	June 30,	
	2010	2009
ASSETS:		
Cash and cash equivalents	\$ 1,042,770	\$ 541,664
Accounts receivable	43,099	53,582
Prepaid expenses and other assets	42,353	51,512
Contributions receivable-net	423,575	542,002
Assets held for long-term purposes-net	2,905,616	1,413,269
Property and equipment-net	6,422,777	6,420,737
Total Assets	\$ 10,880,190	\$ 9,022,766
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 53	\$ 2,461
Accrued expenses	140,933	155,255
Deferred grant revenue	1,340,089	1,328,961
Long term debt	1,304,121	1,284,543
Total liabilities	2,785,196	2,771,220
Net assets:		
Unrestricted:		
Undesignated	786,570	339,042
Net investment in property and equipment	3,979,233	3,957,233
	4,765,803	4,296,275
Temporarily restricted	3,329,191	1,955,271
Total net assets	8,094,994	6,251,546
Total Liabilities and Net Assets	\$ 10,880,190	\$ 9,022,766

See notes to financial statements

Breakthrough Urban Ministries, Inc.

Statements of Activities

	Year Ended June 30,					
	2010		2009			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,478,947	\$ 2,187,972	\$ 4,666,919	\$ 2,144,091	\$ 1,427,843	\$ 3,571,934
Government grants	728,353	-	728,353	665,227	-	665,227
Fees	27,690	-	27,690	22,006	-	22,006
Gifts in kind	345,232	-	345,232	228,993	-	228,993
Other	(77)	-	(77)	4,803	-	4,803
	<u>3,580,145</u>	<u>2,187,972</u>	<u>5,768,117</u>	<u>3,065,120</u>	<u>1,427,843</u>	<u>4,492,963</u>
	814,052	(814,052)	-	827,201	(827,201)	-
RECLASSIFICATIONS:						
Net assets released from restrictions upon satisfaction of purpose restrictions						
				2,601,307	-	2,601,307
EXPENSES:						
Program services	3,021,490	-	3,021,490	2,601,307	-	2,601,307
Supporting activities:						
Management and general	271,281	-	271,281	377,901	-	377,901
Fund-raising	631,898	-	631,898	720,226	-	720,226
	<u>3,924,669</u>	<u>-</u>	<u>3,924,669</u>	<u>3,699,434</u>	<u>-</u>	<u>3,699,434</u>
Change in Net Assets	469,528	1,373,920	1,843,448	192,887	600,642	793,529
Net Assets, Beginning of Year	4,296,275	1,955,271	6,251,546	4,103,388	1,354,629	5,458,017
Net Assets, End of Year	<u>\$ 4,765,803</u>	<u>\$ 3,329,191</u>	<u>\$ 8,094,994</u>	<u>\$ 4,296,275</u>	<u>\$ 1,955,271</u>	<u>\$ 6,251,546</u>

See notes to financial statements

Breakthrough Urban Ministries, Inc.

Statements of Functional Expenses

	Year Ended June 30,								
	2010		2009						
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total	
SALARIES AND RELATED EXPENSES:									
Salaries	\$ 1,467,033	\$ 84,416	\$ 238,173	\$ 1,789,622	\$ 1,314,981	\$ 92,393	\$ 244,360	\$ 1,651,734	
Fringe benefits and related taxes	387,732	23,696	58,368	469,796	339,967	11,592	36,533	388,092	
Total salaries and related expenses	1,854,765	108,112	296,541	2,259,418	1,654,948	103,985	280,893	2,039,826	
OTHER EXPENSES:									
Grants and other assistance	414,796	-	-	414,796	206,372	-	-	206,372	
Fees for services	83,378	18,608	62,042	164,028	80,674	106,504	193,856	381,034	
Advertising and promotion	44,108	984	183,121	228,213	32,337	209	153,635	186,181	
Office expenses	32,983	16,917	10,517	60,417	16,014	17,096	30,340	63,450	
Information technology	13,700	6,399	2,802	22,901	11,910	5,666	2,339	19,915	
Occupancy	86,382	6,582	5,832	98,796	102,389	5,526	6,157	114,072	
Conferences and meetings	13,753	3,344	2,227	19,324	26,115	3,933	1,910	31,958	
Interest	54,865	9,144	9,144	73,153	79,649	13,275	13,274	106,198	
Depreciation	199,660	19,167	17,792	236,619	200,526	17,791	17,792	236,109	
Insurance	59,447	2,893	3,281	65,621	50,068	3,852	4,025	57,945	
Supplies and materials	83,932	3,420	1,392	88,744	68,937	3,753	2,962	75,652	
Repairs and maintenance	64,615	4,663	3,095	72,373	59,511	11,420	4,248	75,179	
Bank fees	737	10,908	148	11,793	4,388	34,945	4	39,337	
Liquidated damages	-	-	-	-	-	32,485	-	32,485	
Subscriptions and dues	11,673	12,417	32,516	56,606	7,469	3,909	8,791	20,169	
Bad debt expense	-	46,738	-	46,738	-	10,000	-	10,000	
Other expenses	2,696	985	1,448	5,129	-	3,552	-	3,552	
Total other expenses	1,166,725	163,169	335,357	1,665,251	946,359	273,916	439,333	1,659,608	
Total Expenses	\$ 3,021,490	\$ 271,281	\$ 631,898	\$ 3,924,669	\$ 2,601,307	\$ 377,901	\$ 720,226	\$ 3,699,434	

See notes to financial statements

Breakthrough Urban Ministries, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,843,448	\$ 793,529
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions received for long-term purposes	(2,166,972)	(1,120,894)
Depreciation	236,619	236,109
Loss on disposal of property and equipment	711	4,407
Donated investments	(49,304)	(16,544)
Realized and unrealized losses on investments	(500)	458
Change in:		
Accounts receivable	10,483	1,217
Prepaid expenses and other assets	9,159	27,686
Contributions receivable	118,427	(38,716)
Accounts payable	(2,408)	(10,668)
Accrued expenses	(14,322)	(39,738)
Deferred grant revenue	11,128	-
Net Cash Used in Operating Activities	(3,531)	(163,154)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of donated investments	49,804	16,086
Proceeds from the sale of property and equipment	500	-
Purchase of property and equipment	(239,870)	(231,519)
Net Cash Used in Investing Activities	(189,566)	(215,433)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for long-term purposes	2,166,972	1,120,894
Change in cash and cash equivalents held for long-term purposes	234,591	168,344
Change in receivables held for long-term purposes	(1,726,938)	(730,270)
Additional borrowings	200,000	318,356
Payments on debt	(180,422)	(192,276)
Net Cash Provided by Financing Activities	694,203	685,048
 Net Change in Cash and Cash Equivalents	501,106	306,461
 Cash and Cash Equivalents, Beginning of Year	541,664	235,203
 Cash and Cash Equivalents, End of Year	\$ 1,042,770	\$ 541,664
 SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY:		
Cash paid for interest (\$0 and \$19,441 capitalized in 2010 and 2009, respectively)	\$ 70,056	\$ 104,757
Construction loan paid with government loan	\$ -	\$ 1,153,961
Construction loan paid with mortgage loan	\$ -	\$ 1,388,676
Disposal of fully depreciated assets	\$ 39,879	\$ -

See notes to financial statements

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

1. NATURE OF ORGANIZATION:

Breakthrough Urban Ministries, Inc. (Breakthrough) is a not-for-profit Illinois Corporation exempt from income taxes under section 501(c)(3) of the United States Internal Revenue Code. Breakthrough is not considered to be a private foundation and the primary source of revenue is from private donations. Breakthrough was formed in 1992 to meet the physical, emotional, mental, social and spiritual needs of people in the urban setting. Breakthrough seeks to demonstrate the compassion of Christ by partnering with those affected by poverty to build connections, develop skills & open doors of opportunity. Breakthrough envisions vibrant, healthy communities in which all people recognize their value as children of God through Christ and are growing toward their full potential.

In Chicago's East Garfield Park, where disinvestment has left the neighborhood devoid of opportunity and full of broken dreams, Breakthrough Urban Ministries is restoring the broken networks of youth and families and empowering adults in the community to achieve self-sufficiency and break the cycle of poverty. The following are the services provided:

Adult Services

Breakthrough Urban Ministries offers a new model for the delivery of homeless services. The organization is intentional about treating every person in need of its services with dignity and respect. When guests arrive at Breakthrough, they receive much more than a bed to sleep in—they receive the tools necessary to achieve self-sufficiency.

Breakthrough operates two transitional housing shelters in East Garfield Park: the Breakthrough Ministry Center for men and the Breakthrough Joshua Center for women. Both facilities first aim to meet immediate needs of food and shelter by providing a clean and comfortable place to sleep and by serving breakfast, lunch and dinner. When guests arrive at Breakthrough, they receive a toiletry kit, a space to shower and are granted access to laundry facilities. Once the basic needs are addressed, guests are able to access a bevy of supportive services designed to help them along their path to self-reliance. Supportive services include on-site primary and mental health care, employment training and housing search assistance and placement.

Breakthrough's Adult Services program is designed to empower homeless adults to overcome poverty and enjoy the liberty of self-sufficiency in an environment that restores dignity to people who have already had so much stripped away.

Community Services

Breakthrough seeks to end cycles of poverty in the community by providing ways for people to connect into relational networks of support, to have access to resources and opportunities, and to contribute back to the community. A variety of services, events and resources are offered towards that end.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

1. NATURE OF ORGANIZATION, continued:

Community Services, continued

Through the Fresh Market Breakthrough offers a dynamic food resource that aims to end hunger in the community. The Fresh Market provides groceries and various supplies to families in Breakthrough's target zone. Through the Fresh Market, community residents also have access to such services as legal aid, food stamps, housing, employment, financial management, GED and family workshops. The Fresh Market also welcomes food and general supply donations.

Youth and Family Services

Every day, Breakthrough surrounds youth with a network of caring adults to support their growth and expand their opportunities. The relationships that youth build with these adults provide positive influence and can make a huge difference in the life of a child. Breakthrough's youth initiatives began operation in 2000 and have grown to serve over 300 youth each year through programs which include preschool, middle and high school academic enrichment and spiritual development activities, along with athletic programs to engage youth physically.

Educators have identified early childhood education as one of the most critical necessities for preparing urban youth for academic success. Breakthrough has two primary academic enrichment programs to help meet this need. Breakthrough Beginners, a pre-kindergarten program, equips young children with a strong academic foundation and fosters social and emotional development in youngsters. The Nettie Bailey Student Achievement Program, named after a local hero and public educator of 27 years, focuses on teaching literacy and is recognized by the Illinois State Board of Education as a 21st Century Community Learning Center.

To address the spiritual development needs of students, program participants also have the option of participating in weekly Bible studies, led by staff and volunteers, to foster spiritual growth and life-transforming experiences.

To complement Breakthrough's academic and spiritual development efforts, the organization offers an extensive athletics program to engage young athletes in year-round sports leagues while teaching leadership, sportsmanship and promoting healthy lifestyles.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual amounts could differ from these estimates. The significant accounting policies followed are described below.

RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified or updated to agree to the current year presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of bank deposits in federally insured accounts, bank collateralized accounts and money market funds in brokerage accounts. These accounts may, from time to time, exceed federally insured limits; however, Breakthrough has not experienced any loss on these accounts and does not believe it is exposed to any significant risk.

CONTRIBUTIONS RECEIVABLE

The promises to give are reflected at the present value of estimated future cash flows using discount rates that are determined by the month the pledge was originally made. In addition, the promises to give are reflected net of an allowance for uncollectible pledges based on management's estimates using current and prior donor history. Due to the unknown factors which may affect individual donors' future cash flows, it is reasonably possible that the estimated future cash flows of contributions receivable could increase or decrease by a material amount in the near term. Management believes that the asset value reflected in the statements of financial position approximates fair value.

PROPERTY AND EQUIPMENT-NET

Expenditures exceeding \$5,000 for property, equipment and items that substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty-nine years.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by classes of net assets according to the presence or absence of donor-imposed stipulations. The net asset classes are as follows:

Unrestricted net assets are those currently available for ministry purposes under the direction of the Board of Directors, those designated by the Board for a specific use and those invested in property and equipment.

Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs. They are not currently available for use in Breakthrough's ministries until commitments regarding their use have been fulfilled. When a purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

SUPPORT, REVENUES AND EXPENSES

Support is recognized when contributions are made, which may be when cash is received, unconditional promises to give are made or ownership of other assets is transferred. For the years ended June 30, 2010 and 2009, the top five donors contributed 19% and 29%, respectively, of total contributions. Revenue is recognized when earned. Expenses are recorded when costs are incurred. Breakthrough reports gifts of materials, facilities and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, Breakthrough reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Breakthrough holds certain fund-raising events throughout the year at which donors receive complimentary lodging and/or meals. The cost of providing these benefits for the years ended June 30, 2010 and 2009, was \$224,965 and \$268,439, respectively. These costs have been netted against contributions.

GOVERNMENT GRANTS

Support funded by grants is recognized as Breakthrough performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be reported.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GIFTS IN KIND

Donated material, stock and equipment

Donations of material, stock and equipment are recorded as support at their estimated fair value as of the date of donation.

Donated services

Breakthrough recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Significant contributions of personnel and time are provided to Breakthrough by individuals as a means of accomplishing its goals. Without these contributions, the ministry of Breakthrough would not be as effective. It is Breakthrough's policy not to record these contributions in the financial statements because they do not meet the criteria of skilled services required to be recorded.

Total gifts in kind are as follows for the years ended June 30,:

	<u>2010</u>	<u>2009</u>
Material, stock and equipment:		
Food	\$ 247,357	\$ 91,571
Stock	49,304	16,544
Services:		
Other goods and supplies	-	3,554
Legal services	48,571	117,324
	<u>\$ 345,232</u>	<u>\$ 228,993</u>

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on estimated time of personnel, square footage and usage of services and supplies.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements

June 30, 2010 and 2009

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NEW ACCOUNTING PRONOUNCEMENTS

On July 1, 2009, Breakthrough adopted the new provisions of the Income Tax topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statements of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2010, Breakthrough had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consists of unrestricted donor pledges for the support of various ministry programs. The pledges are due to be collected according to the schedule below and are reported as contributions receivable and temporarily restricted net assets (due to the time restriction) in the statements of financial position and are recognized as temporarily restricted contributions in the statements of activities.

	<u>2010</u>	<u>2009</u>
Amounts due in:		
Less than one year	\$ 291,386	\$ 338,986
One to five years	166,800	246,700
	<u>458,186</u>	<u>585,686</u>
Less unamortized discount	(16,284)	(14,400)
Less allowance for uncollectible pledges	<u>(18,327)</u>	<u>(29,284)</u>
	<u>\$ 423,575</u>	<u>\$ 542,002</u>

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

4. PROPERTY AND EQUIPMENT-NET:

Property and equipment consists of:

	2010	2009
Land	\$ 182,500	\$ 182,500
Building	5,551,083	5,551,083
Leasehold improvements	879,476	879,476
Vehicles	185,791	183,423
Furniture and equipment	135,489	132,879
	6,934,339	6,929,361
Accumulated depreciation	(991,684)	(794,997)
Construction in progress	480,122	286,373
	\$ 6,422,777	\$ 6,420,737

Equity in property and equipment consists of:

Property and equipment per above	\$ 6,422,777	\$ 6,420,737
Less secured long term debt	(1,104,121)	(1,134,543)
Less government loan	(1,153,961)	(1,153,961)
Less deferred grant revenue	(175,000)	(175,000)
Less accrued construction costs included with accrued expenses	(10,462)	-
	\$ 3,979,233	\$ 3,957,233

5. ASSETS HELD FOR LONG-TERM PURPOSES:

Assets held for long-term purposes consist of both contributions receivable and cash and cash equivalents donor restricted to the current capital campaign and other capital projects. During 2008, Breakthrough began the Dream Big capital campaign for the purpose of purchasing and renovating the Breakthrough Joshua Center and to the future construction of the FamilyPlex. The FamilyPlex will be a holistic, integrated solution to a variety of inter-connected and long lasting urban problems. Promises to give are due to be collected according to the schedule below and are reported as contributions receivable as a component of assets held for long-term purposes and temporarily restricted net assets (due to both time and purpose restrictions) in the statements of financial position and recognized as temporarily restricted contributions in the statements of activities.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

5. ASSETS HELD FOR LONG-TERM PURPOSES, continued:

Contributions receivable are expected to be collected as follows:

	2010	2009
Amounts due in:		
Less than one year	\$ 978,396	\$ 410,450
One to five years	2,200,157	905,500
	3,178,553	1,315,950
Less unamortized discount	(152,795)	(69,462)
Less allowance for uncollectible pledges	(127,142)	(74,810)
	\$ 2,898,616	\$ 1,171,678

Assets held for long-term purposes consist of the following:

	2010	2009
Cash and cash equivalents	\$ 7,000	\$ 241,591
Contributions receivable - see above	2,898,616	1,171,678
	\$ 2,905,616	\$ 1,413,269

6. DEFERRED GRANT REVENUE:

During 2008, Breakthrough received a grant of \$175,000 from the Federal Home Loan Bank of Chicago. The grant carries with it certain conditions that, if not met, will result in a repayment requirement. Although Breakthrough anticipates compliance with the grant terms, the conditional nature of the grant requires that it be treated as deferred revenue until such point that it becomes unconditional at the end of the 15 year term. The agreement has a 15 year term and is non-interest bearing. Because similar programs do not bear interest, it is not necessary to impute interest on this agreement.

In September 2008, Breakthrough entered into a Redevelopment Agreement (RDA) with the City of Chicago (City) for the renovation of the building to be used as the Breakthrough Ministry Center. This RDA was negotiated over the course of fiscal year 2008. The RDA obligated the City to reimburse Breakthrough up to \$1,153,961 from tax-increment financing (TIF) dollars for eligible expenses that qualified as TIF-funded improvements related to the renovation of the building. These funds were used to pay down Breakthrough's construction line of credit in March 2009. The TIF agreement has a 15 year term and is non-interest bearing. Because similar programs do not bear interest, it is not necessary to impute interest on this agreement. Similar to the other government grant revenue, the conditional nature of the loan requires that it be treated as deferred revenue until such point that it becomes unconditional at the end of the 15 year term.

In June 2010, Breakthrough received a grant of \$11,218 related to a program that was conducted in July 2010.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

7. LONG TERM DEBT:

Long term debt consists of:

	2010	2009
Unsecured line of credit payable to a third party, quarterly interest only payments at 6.0%, due November 2010.	\$ 200,000	\$ 150,000
Mortgage payable with monthly principal and interest payments at a fixed rate of 5.85%. Unpaid principal and interest is due February 2014. The mortgage is secured by real property in Chicago, Illinois.	1,104,121	1,134,543
	\$ 1,304,121	\$ 1,284,543

Long term debt matures as follows:

2011	\$	232,370
2012		33,997
2013		36,062
2014		1,001,692
	\$	1,304,121

8. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following programs:

	2010	2009
Capital projects	\$ 2,905,616	\$ 1,413,269
Breakaway contributions receivable (no purpose restrictions)	423,575	542,002
	\$ 3,329,191	\$ 1,955,271

9. LEASE COMMITMENTS:

Breakthrough leases its facilities under noncancellable operating leases that expire through January 2020. Rent payments for these leases, included in the statements of activities for the years ended June 30, 2010 and 2009, was \$14,490 and \$13,095, respectively.

Breakthrough also has equipment leases that expire through February 2015. Rent expense for these leases included in the statements of activities for the years ended June 30, 2010 and 2009, was \$9,201 and \$5,524, respectively.

BREAKTHROUGH URBAN MINISTRIES, INC.

Notes to Financial Statements
June 30, 2010 and 2009

9. LEASE COMMITMENTS, continued:

The future minimum rental payments required under the operating lease are as follows:

<u>Year ending June 30,</u>	
2011	\$ 19,956
2012	19,956
2013	19,026
2014	14,376
2015	11,584
Thereafter	<u>27,500</u>
	<u>\$ 112,398</u>

10. RETIREMENT PLAN:

Breakthrough has a 401(k) plan for the benefit of substantially all employees. The plan provides for a discretionary matching contribution and a discretionary employee contribution under a deferred compensation arrangement. During the years ended June 30, 2010 and 2009, Breakthrough contributed \$11,709 and \$9,006 to the plan, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

