

City of Chicago Certification Program

Definition of Key Terms

Affiliate

A person or entity that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the applicant. In determining whether person or entities are affiliates, the City will consider all appropriate factors including common ownership, common management and contractual relationships. Shared equipment, shared space, shared staff, and shared expenses are specific areas that may indicate the presence of an affiliate. (See definitions for “shared equipment,” “shared space,” “shared staff,” and “shared expenses.”)

Board of Directors

The governing body of a corporation authorized and empowered to carry on and control the business affairs in accordance with the corporation charter. Members of the board of directors (“directors”) are elected by the shareholders. Powers include appointing senior management, naming committee heads, issuing additional shares, and declaring dividends. Members may include top executives and members chosen from the business community at large. Directors may own shares of stock in the corporation, but it is not mandatory unless directed by the bylaws.

Business Entity or Entity

Any joint venture, sole proprietorship, business corporation, general partnership, limited partnership, limited liability company, limited liability partnership, limited liability limited partnership, professional service corporation, medical corporation, professional association, or others. This also includes any not-for-profit corporation.

Certified

Signed and dated by a qualifying owner attesting to the validity of the signed document. Additional proof of authenticity (e.g. having the signed document notarized) is welcome.

Commodity

An article of trade or commerce in which an Applicant firm deals. When certifying an Applicant firm, the City of Chicago uses a 5-digit commodity/service code compiled by the National Institute of Governmental Purchasing (NIGP). Because this code is not easily available to the public, a detailed written description of the Applicant firm’s

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business areas is requested in the Schedule A. If an Applicant firm would like to submit a standardized code describing its work product, it may do so as long as the type of public code system is specified. Note, the North American Industry Classification System (NAICS) has replaced the U.S. Standard Industrial Classification (SIC) system, so an Applicant firm intending to submit a SIC code should use the updated NAICS code. (www.census.gov/eos/www/naics)

D/B/A

An acronym that stands for “doing business as.” A formal notice must be filed with a county clerk indicating that an individual or a business entity is conducting business under an assumed name.

Distribution

Any amounts paid by a corporation to its shareholders, or any property distributed, other than for value received in goods or services. It is a broader term than dividends, for a distribution may be a dividend, and therefore taxable income, or it may be a return of capital, such as a return of a shareholder's investment generally made because an excess amount of capital has been accumulated

Draw

An advance payment of money, such as partial payment (similar to salary) made to a partner from a partnership in anticipation of earnings at the end of a period, or such as payment to a commissioned salesman in anticipation of a sales closing.

Family

Includes former or current husband(s), and/or wife(ves), domestic partner(s), son(s), daughter(s), stepson(s), stepdaughter(s), adopted child(ren), grandchild(ren), parent(s), brother(s), sister(s), grandparent(s), mother(s)-in-law, father(s)-in-law, brother(s)-in-law and sister(s)-in-law, cousin(s), niece(s), nephew(s), aunt(s), and uncle(s).

Individual

A natural person (not a business entity).

Local

In the context of levels of government, “local” means a unit of government smaller than federal and state. In the context of the M/WBE Supplier Diversity Certification Program, “local” refers to any business entity located within the counties of Cook, DuPage, Kane,

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Lake, McHenry, or Will in the State of Illinois (“Six County Region”), which has the majority of its regular, full time work force located within the Six County Region.

Member

Defined broadly, one who belongs to a group or organization. From an ownership perspective, a member may be a partner, principal, shareholder, or other owner not actively engaged in business operations (e.g., a silent partner).

Minority

Any individual in the following racial or ethnic groups, members of which are rebuttably presumed to be socially disadvantaged:

- 1) African Americans or Blacks includes persons having origins in any of the Black racial groups of Africa;
- 2) Hispanics includes persons of Spanish culture with origins in Mexico, South or Central America or the Caribbean Islands, regardless of race;
- 3) For non-construction certification, Asian Americans includes persons having origins in any of the original peoples of East Asia, Southeast Asia, the Indian subcontinent, or the Pacific Islands; or
- 4) Individual members of other groups, including but not limited to Asian Americans (for construction certification), Arab Americans and Native Americans, found by the City to be socially disadvantaged by having suffered racial or ethnic prejudice or cultural bias within American society, without regard to individual qualities, resulting in decreased opportunities to compete in Chicago area markets or to do business with the City of Chicago.

Non-Profit

An entity that is not organized to seek a profit. For details on non-profit organization in the State of Illinois, visit: <http://www.cyberdriveillinois.com>.

Officer

Any individual who serves as or performs the functions of chief executive officer, chief financial officer, or chief operating officer of the Applicant firm, without regard to such individual’s title, e.g., president, vice president, secretary, treasurer, board chairperson, trustee, (individual or entity who administers a trust) or their equivalents

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Owner

One who has all of the customary incidents of ownership including the right of disposition as well as a share in all of the risks, responsibilities and profits commensurate with the degree of ownership.

Partner

A person participating in a partnership. A partnership is an association of two or more persons who carry on a business for profit as co-owners.

Principal

An owner of a privately held business.

Principal Office

The primary location from which the Applicant firm conducts its business. A principal place of business is usually the location where the books and records are kept and/or management works. If there is more than one business location, determine your principal place of business based on the following factors:

- (1) the relative importance of the activities performed at each location, and
- (2) if the relative importance factor does not determine your principal place of business, the time spent at each location.

Qualifying Individual or Qualifying Owner

For the purposes of the City of Chicago Supplier Diversity Programs, “qualifying individual” and “qualifying owner” are synonymous. For an Applicant firm to be certified, at least 51 % of the business must be owned and controlled by one or more qualifying individuals. A qualifying individual must be part of a socially disadvantaged group: minorities (MBE), women (WBE), or individuals with disabilities (BEPD). If the Applicant firm is a non-profit (only eligible for BEPD), the qualifying individuals are senior management (typically the executive director) and members of the board of directors who are individuals with disabilities. See the BEPD regulations for more detail.

Senior Management

Salaried employees in a supervisory capacity who, either by virtue of their title or their duties, have discretion over Applicant firm business activities. This would include

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employees with the authority to commit the resources of the firm, negotiate and execute contracts on behalf of the firm, or negotiate any line of credit.

Shared Equipment

Equipment is shared when the Applicant firm has joint ownership and/or the use of any equipment with any other entity or individual. Equipment is the items used in an individual or entity's operation or activity that include, but are not limited to, telephones(s) and telephone systems, photocopiers, computers, motor vehicles and construction machinery. Equipment should not be considered shared under the following three circumstances:

- (1) when the Applicant firm has entered into a formal lease for the use of the equipment and exercises exclusive use of the equipment; or
- (2) when the Applicant firm owns equipment that it has formally leased to another entity, and for the duration of such lease the Applicant firm has relinquished all right to the use of such leased equipment; or
- (3) when the Applicant firm out-sources internal administrative functions, such as payroll.

Shared Expenses

Expenses are shared when the Applicant firm and any other entity jointly incur or pay for expenses, including costs, charges, or other fees or fines.

Shared Space

Space is shared when 1) any part of the space utilized by the Applicant firm at any of its sites is also utilized on a regular or intermittent basis for any purpose by another entity, and 2) where there is no lease or sublease in effect between the Applicant firm and the other entity sharing space with the Applicant firm.

Shared Staff

Staff is shared when an individual provides the services of an employee (including services of any type or level, managerial or supervisory, whether paid or unpaid) to the Applicant firm and to any other entity on a regular or irregular basis during the same business hours. This type of sharing may include, but is not limited to, individuals who provide the following services: telephone answering, receptionist, delivery, custodial, and driving.

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Socially Disadvantaged

A designation for groups or individuals that have suffered actual racial, ethnic or sex discrimination resulting in decreased opportunities to compete in the Chicago area markets or to do business with the City of Chicago. Women are presumed to suffer social disadvantage. The Affirmative Action Advisory Board will determine if other qualifying individual(s) from an Applicant firm meet this definition.

Taxpayer Identification (Tax ID) Number

A generic term used by the Internal Revenue Service for identification in the administration of tax laws, which includes FEIN, among others. Federal employer identification number (FEIN) is a nine-digit number assigned by the Internal Revenue Service to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting business purposes. For sole proprietors, a social security number (SSN) is an acceptable