

**SPECIAL SERVICE AREA NUMBER 10**

*FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*For the Year Ended*

*December 31, 2010*

**SPECIAL SERVICE AREA NUMBER 10**

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**CARY J. HALL**  
**& ASSOCIATES, LLC**  
Certified Public Accountants and Consultants

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Board of Directors  
Special Service Area Number 13

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 13** as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **SPECIAL SERVICE AREA NUMBER 13** as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Cary J. Hall & Associates - LLC*

March 8, 2011  
Chicago, Illinois

**SPECIAL SERVICE AREA NUMBER 10**

Statement of Financial Position

December 31, 2010

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**ASSETS**

Cash and cash equivalents (Note 2)	\$ 76,425
Real estate taxes receivable, less allowance for uncollectible taxes of \$30,000	483,595
Prepaid expenses	13,115
Receivable from affiliates (Note 4)	<u>75,965</u>
Total Assets	<u>\$ 649,100</u>

**LIABILITIES**

Accounts payable	\$ 3,362
Deferred real estate tax income	453,408
Note payable (Note 5)	<u>127,177</u>
Total Liabilities	<u>583,947</u>

**NET ASSETS**

Unrestricted funds	<u>65,153</u>
Total Liabilities and Net Assets	<u>\$ 649,100</u>

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

**SPECIAL SERVICE AREA NUMBER 10**

Statement of Activities

For the Year Ended December 31, 2010

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**SUPPORT AND REVENUES**

Real estate taxes current period	\$ 353,376
Real estate taxes prior period	60,211
Interest and other income	63
Total Support and Revenues	<u>413,650</u>

**EXPENSES**

**Program Services:**

**Advertising and Promotion**

Display ads	15,418
Holiday / Seasonal	2,260
Print materials	3,922
Special events	50,000
Website / Technology	1,754
Service provider direct services	54,100
Total Advertising and Promotion	<u>127,454</u>

**Public Way Maintenance**

Equipment and maintenance	1,412
Storage rental	2,233
Supplies	1,627
Trash removal service	3,647
Service provider direct services	79,000
Other: Truck and sweeper lease	9,000
Other - Fuel	6,749
Other: Radio airtime	1,607
Total Public Way Maintenance	<u>105,275</u>

**Public Way Aesthetics**

Banner maintenance	6,726
Holiday decoration	4,000
Service provider direct services	3,000
Streetscape elements	14,522
Total Public Way Aesthetics	<u>28,248</u>

**Tenant Retention / Attraction**

Service provider direct services	15,000
Total Retention / Attraction	<u>15,000</u>

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

**SPECIAL SERVICE AREA NUMBER 10**

Statement of Activities

For the Year Ended December 31, 2010

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<b>Façade Improvements</b>	
Awning rebate program	6,250
Service provider direct services	12,000
Total Façade Improvments	<u>18,250</u>
<b>Parking/ Transit / Accessibility</b>	
Service provider direct services	46,500
Other - Lease	18,000
Other - Fuel	13,711
Other - Maintenance	3,216
Total Parking / Transit / Accessibility	<u>81,427</u>
<b>Operational &amp; Administrative Support</b>	
Audit/ Bookkeeping	3,600
Meeting expense	1,285
Office equipment / Maintenance	2,000
Office rent	6,660
Office supplies	1,500
Office utilities / telephone	3,500
Postage	1,250
Office printing	1,750
Service provider administrative support	42,949
Other: Bank service fees	2,000
Other: Liability insurance	4,000
Other: Workers comp insurance	3,750
Total Operational & Administrative Support	<u>74,244</u>
<b>Loss Collection</b>	<u>30,000</u>
Total Expenses	<u>479,898</u>
<b>DECREASE IN NET ASSETS</b>	(66,248)
<b>NET ASSETS -</b>	
Beginning of year	<u>131,401</u>
End of year	<u><u>\$ 65,153</u></u>

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

**SPECIAL SERVICE AREA NUMBER 10**

Statement of Cash Flows

For the Year Ended December 31, 2010

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (66,248)
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in:	
Real estate taxes receivable	(53,262)
Prepaid expenses	(13,115)
Increase (decrease) in:	
Accounts payable	328
Deferred real estate taxes	<u>21,725</u>
Net Cash Used in Operating Activities	<u>(110,572)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from line of credit	278,000
Payments on bank loan	<u>(249,003)</u>
Net Cash Provided by Financing Activities	<u>28,997</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (81,575)

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>158,000</u>
End of year	<u><u>\$ 76,425</u></u>

**SUPPLEMENTAL DISCLOSURE**

Cash paid for:	
Interest	<u><u>\$ 7,398</u></u>

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

## SPECIAL SERVICE AREA NUMBER 10

### Notes to Financial Statements

December 31, 2010

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization - The Organization is chartered by the City of Chicago to provide additional services on behalf of the City of Chicago within a defined geographic area of the Back of the Yards Neighborhood. The service programs include security patrols, street cleaning and beautification, shuttle bus service and other promotional services for the commercial and civic interests in the service area.

Basis of Presentation - Financial statement presentation follows the requirements under *FASB ASC 958 (formerly SFAS No. 117, Financial Statements of Not-for-Profit Organizations)*. Under *FASB ASC 958*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2010, the Organization had no permanently restricted net assets.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flow, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments.

Income Tax Status - The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.



## SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2010

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Tax Levies / Revenue Recognition - Property taxes are levied pursuant to law in September and an enforceable legal claim attaches to the properties. The taxes are payable in two installments in the following year. The first installment is an estimate based on prior year's tax and is due in March. The second installment, adjusted to reflect any increase or decrease from the previous year, is due approximately in August. Cook County bills and collects all property taxes and remits them to the City of Chicago, which remits them to the Organization. On December 31, an estimated receivable and deferred revenue amount is recognized as an estimate of the actual amounts to be received in the subsequent year.

Revenue from property taxes levied is recognized in the statement of activities in the year that it becomes available.

Annually, an estimate for doubtful receivables based on uncollected taxes from prior years is determined. Management determines the allowance based on historical experience. Accounts receivable are written off when deemed uncollectible (generally, after two years).

### **NOTE 2 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash balances at a high credit quality financial institution. Balances at times may exceed federally insured credit limits.

### **NOTE 3 - FESTIVAL EXPENSES**

A significant portion of the Organization's program to promote the commercial and civic interests of the service area involves coordinating and producing the "El Grito" Street Festival. Expenses incurred include the costs of a carnival midway, performers, other entertainment and security patrols. The financial statements reflect the costs for 2010 of \$50,000, which is included in advertising and promotion expenses.

### **NOTE 4 - RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of the Back of the Yards Business Association, Special Service Area Numbers 7, 13 and 39 and Back of the Yards Neighborhood Council. The Organization contracts with Back of the Yards Neighborhood Council as sole service providers in order to administer and provide direct services on behalf of the Organization, which has no employees.

## SPECIAL SERVICE AREA NUMBER 10

### Notes to Financial Statements

December 31, 2010

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#### **NOTE 4 - RELATED PARTY TRANSACTIONS - CONTINUED**

The transactions and balances due (to) from each of the affiliates are summarized below.

	Neighborhood Council	Business Association	Special Service Area Number 39	Total
Balance due (to) from at December 31, 2009	\$ 44,074	\$ (23,109)	\$ 55,000	\$ 75,965
Allocated expenses	376,905	-	-	376,905
Cash disbursements to affiliates	(376,905)	-	-	(376,905)
Balance due (to) from at December 31, 2010	<u>\$ 44,074</u>	<u>\$ (23,109)</u>	<u>\$ 55,000</u>	<u>\$ 75,965</u>

#### **NOTE 5 - NOTE PAYABLE**

The Organization has available a line of credit with a local bank totaling \$205,000. The unpaid principal balance under the loan is secured by future tax revenue and bears interest at 9.25% at year end. Interest payments are due monthly. At December 31, 2010, the Organization had an outstanding balance of \$127,177.

**ADDITIONAL INFORMATION**



**CARY J. HALL**  
**& ASSOCIATES, LLC**  
Certified Public Accountants and Consultants

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Board of Directors  
Special Service Area Number 13

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

Our report on the audit of the basic financial statements for the year ended December 31, 2010, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The comparison schedules of actual revenues and expenses to budget for the years 2010 and 2009 and summary schedule of findings are presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 taken as a whole.

*Cary J Hall & associates - LLC*

March 8, 2011  
Chicago, Illinois

**SPECIAL SERVICE AREA NUMBER 10**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2010 and 2009

	2009		2009		Variance	2009		Variance
	2010 Actual	2010 Budget	2009 Actual	2009 Budget		2009 Actual	2009 Budget	
<b>SUPPORT AND REVENUES</b>								
Real estate taxes current period	\$ 353,376	\$ 432,408	\$ 372,157	\$ 431,683	\$ (79,032)	\$ 431,683	\$ (59,526)	
Real estate taxes prior period	60,211	38,987	61,231	58,224	21,224	58,224	3,007	
Interest and other income	63	-	149	-	63	-	149	
Total Support and Revenues	413,650	471,395	433,537	489,907	(57,745)	489,907	(56,370)	
<b>EXPENSES</b>								
<b>Program Services:</b>								
Advertising and Promotion								
Display ads	15,418	22,400	18,175	33,575	(6,982)	33,575	(15,400)	
Holiday / Seasonal	2,260	5,000	918	6,589	(2,740)	6,589	(5,671)	
Print materials	3,922	1,000	665	3,500	2,922	3,500	(2,835)	
Special events	50,000	50,000	50,384	50,000	-	50,000	384	
Website / Technology	1,754	2,020	1,025	1,775	(266)	1,775	(750)	
Service provider direct services	54,100	46,960	66,938	60,940	7,140	60,940	5,998	
Other : Workers comp insurance	-	-	-	646	-	646	(646)	
Total Advertising and Promotion	127,454	127,380	138,105	157,025	74	157,025	(18,920)	
<b>Public Way Maintenance</b>								
Equipment and maintenance	1,412	1,500	1,901	1,500	(88)	1,500	401	
Sidewalk power washing	-	3,475	18,000	17,000	(3,475)	17,000	1,000	
Storage rental	2,233	1,000	800	2,000	1,233	2,000	(1,200)	
Supplies	1,627	1,500	186	2,000	127	2,000	(1,814)	
Trash removal service	3,647	3,500	3,058	3,200	147	3,200	(142)	
Service provider direct services	79,000	82,069	67,882	61,800	(3,069)	61,800	6,082	

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 10**  
 Comparison Schedules of Actual Revenues and Expenses to Budget  
 For the Years Ended December 31, 2010 and 2009

	2010		2009		Variance
	Actual	Budget	Actual	Budget	
<b>Public Way Maintenance - continued</b>					
Other: Truck and Sweeper Lease	9,000	6,854	6,283	6,584	(301)
Other: Fuel	6,749	2,500	2,286	5,400	(3,114)
Other: Workers comp insurance	-	-	-	646	(646)
Other: Radio airtime	1,607	2,300	1,062	475	587
<b>Total Public Way Maintenance</b>	<b>105,275</b>	<b>104,698</b>	<b>101,458</b>	<b>100,605</b>	<b>853</b>
<b>Public Way Aesthetics</b>					
Banner maintenance	6,726	6,000	-	792	(792)
Service provider direct services	4,000	-	-	-	-
Holiday decoration	3,000	6,704	5,112	5,466	(354)
Streetscape elements	14,522	15,407	-	-	-
<b>Total Public Way Aesthetics</b>	<b>28,248</b>	<b>28,111</b>	<b>5,112</b>	<b>6,258</b>	<b>(1,146)</b>
<b>Tenant Retention / Attraction</b>					
Service provider direct services	15,000	13,699	7,469	6,800	669
<b>Total Retention / Attraction</b>	<b>15,000</b>	<b>13,699</b>	<b>7,469</b>	<b>6,800</b>	<b>669</b>
<b>Façade Improvements</b>					
Awning rebate program	6,250	5,250	1,000	11,960	(11,960)
Service provider direct services	12,000	11,579	-	-	-
Other: Artistic board up	-	-	-	3,250	(3,250)
	18,250	16,829	-	15,210	(15,210)

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 10**

Comparison Schedules of Actual Revenues and Expenses to budget

For the Years Ended December 31, 2010 and 2009

	2010		2009		Variance
	Actual	Budget	Actual	Budget	
<b>Parking/ Transit / Accessibility</b>					
Parking fee subsidy	-	-	-	500	(500)
Service provider direct services	46,500	45,203	43,937	40,000	3,937
Other - Lease	18,000	15,600	14,300	15,600	(1,300)
Other - Fuel	13,711	13,000	5,389	15,312	(9,923)
Other - Maintenance	3,216	7,429	2,273	4,270	(1,997)
Other: Workers comp insurance	-	-	-	646	(646)
<b>Total Parking / Transit / Accessibility</b>	<b>81,427</b>	<b>81,232</b>	<b>65,899</b>	<b>76,328</b>	<b>(10,429)</b>
<b>District Planning</b>					
Direct market study	-	-	-	9,965	(9,965)
<b>Total District Planning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,965</b>	<b>(9,965)</b>
<b>Operational &amp; Administrative Support</b>					
Audit/ Bookkeeping	3,600	2,330	6,365	5,095	1,270
Meeting expense	1,285	482	2,053	1,250	803
Office equipment / maintenance	2,000	658	1,845	503	1,342
Office rent	6,660	7,180	5,720	6,240	(520)
Office supplies	1,500	801	1,371	672	699
Office utilities / telephone	3,500	3,471	964	935	29

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 10**

Comparison Schedule of Actual Revenues and Expenditures to Budget

For the Years Ended December 31, 2010 and 2009

	2010		2009			
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Operational &amp; Administrative Support - Continued</b>						
Postage	1,250	3,870	(2,620)	1,100	3,720	(2,620)
Office printing	1,750	1,875	(125)	1,377	1,502	(125)
Service provider admin. support	42,949	44,735	(1,786)	62,343	56,757	5,586
Other: Bank service fees	2,000	(7,350)	9,350	14,350	5,000	9,350
Other: Liability insurance	4,000	3,734	266	3,410	3,144	266
Other: Workers comp insurance	3,750	4,184	(434)	2,643	3,077	(434)
<b>Total Operational &amp; Administrative Support</b>	<b>74,244</b>	<b>65,970</b>	<b>8,274</b>	<b>103,541</b>	<b>87,895</b>	<b>15,646</b>
<b>Loss Collection</b>	<b>30,000</b>	<b>33,476</b>	<b>(3,476)</b>	<b>30,000</b>	<b>29,821</b>	<b>179</b>
<b>Total Expenses</b>	<b>479,898</b>	<b>471,395</b>	<b>8,503</b>	<b>451,584</b>	<b>489,907</b>	<b>(38,323)</b>
<b>Excess of Revenues over Expenses</b>	<b>\$ (66,248)</b>	<b>\$ -</b>	<b>\$ (66,248)</b>	<b>\$ (18,047)</b>	<b>\$ -</b>	<b>\$ (18,047)</b>

See independent auditor's report on additional information.



**SPECIAL SERVICE AREA NUMBER 10**

Summary Schedule of Findings

For the Year Ended December 31, 2010

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We confirm that we have read the agreement and after conducting the audit determined that no exceptions were noted.

See independent auditor's report on additional information.