

SPECIAL SERVICE AREA NUMBER 13

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2010

SPECIAL SERVICE AREA NUMBER 13

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

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 13

Statement of Financial Position

December 31, 2010

ASSETS

Cash and cash equivalents (Note 2)	\$ 142,422
Real estate taxes receivable, less allowance for uncollectible taxes of \$70,000	769,601
Receivable from affiliates (Note 3)	<u>81,808</u>
Total Assets	<u>\$ 993,831</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 23,241
Deferred real estate tax income	<u>693,746</u>
Total Liabilities	<u>716,987</u>

NET ASSETS

Unrestricted funds	<u>276,844</u>
Total Liabilities and Net Assets	<u>\$ 993,831</u>

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

SPECIAL SERVICE AREA NUMBER 13

Statement of Activities

For the Year Ended December 31, 2010

SUPPORT AND REVENUES

Real estate taxes current period	\$ 607,664
Real estate taxes prior period	73,976
Interest and other income	37
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Total Support and Revenues	681,677

EXPENSES

Program Services:

Advertising and Promotion

Display ads	2,156
Public media relations services	24,693
Print materials	2,922
Special events	14,824
Service provider direct services	13,000
Website/technology	1,303
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Total Advertising and Promotion	58,898

Public Way Maintenance

Equipment purchase and maintenance	1,526
Gate/fence maintenance	4,150
Storage rental	2,233
Supplies	1,409
Trash removal service	3,799
Service provider direct services	84,138
Truck and sweeper rental	9,000
Other: Fuel	5,471
Vehicle and maintenance	1,730
Other: Radio airtime	836
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Total Public Way Maintenance	114,292

Public Way Aesthetics

Landscaping	15,748
Decorative banner	2,000
Streetscape elements purchase/install	6,500
Service provider direct services	11,000
Way finding / Signage	162
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Total Public Way Aesthetics	35,410

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

SPECIAL SERVICE AREA NUMBER 13

Statement of Activities

For the Year Ended December 31, 2010

Parking / Transit Accessibility	
Service provider direct services	13,241
	<u>13,241</u>
Safety Programs	
Service provider direct services	13,000
Security subcontractor	316,970
Total Safety Programs	<u>329,970</u>
District Planning	
District market study, impact analysis, etc.	19,008
Start-up costs	30,611
Total Safety Programs	<u>49,619</u>
Supporting Services:	
Operational & Administrative Support	
Audit/ Bookkeeping	3,370
Meeting expenses	1,266
Office equipment lease / Maintenance	2,000
Office rent	6,660
Office supplies	1,500
Telephone	3,500
Postage	1,250
Office printing	1,195
Service provider administrative support	70,121
Liability insurance	4,000
Other: Workers comp. insurance	3,750
Total Operational & Administrative Support	<u>98,612</u>
Loss Reserve	<u>44,620</u>
	<u>744,662</u>
DECREASE IN NET ASSETS	(62,985)
NET ASSETS -	
Beginning of year	<u>339,829</u>
End of year	<u><u>\$ 276,844</u></u>

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

SPECIAL SERVICE AREA NUMBER 13

Statement of Cash Flows

For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (62,985)
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in:	
Real estate taxes receivable	(6,867)
Increase (decrease) in:	
Accounts payable and accrued expenses	16,055
Due to from Affiliate	44,250
Deferred real estate taxes	<u>8,953</u>
Net Cash Used in Operating Activities	<u>(594)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (594)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>143,016</u>
End of year	<u><u>\$ 142,422</u></u>

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

SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2010

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 13

Notes to Financial Statements

December 31, 2010

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 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of the Back of the Yards Business Association, Special Service Area Numbers 7, 10 and 39 and Back of the Yards Neighborhood Council. The Organization contracts with the Back of the Yards Neighborhood Council as the sole service provider in order to administer and provide direct services on behalf of the Organization, which has no employees.

SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2010

NOTE 3 - RELATED PARTY TRANSACTIONS - CONTINUED

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

	<u>Neighborhood Council</u>	<u>Business Association</u>	<u>Total</u>
Balance due (to) from at December 31, 2009	\$ 117,524	\$ 8,534	\$ 126,058
Allocated expenses	(245,257)	-	(245,257)
Cash receipts from affiliates	(44,250)	-	(44,250)
Cash disbursements to affiliates	<u>245,257</u>	<u>-</u>	<u>245,257</u>
Balance due (to) from at December 31, 2010	<u>\$ 73,274</u>	<u>\$ 8,534</u>	<u>\$ 81,808</u>

ADDITIONAL INFORMATION



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

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 13

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2010 and 2009

	2010		2009			
	Actual	Budget	Variance	Actual	Budget	Variance
SUPPORT AND REVENUES						
Real estate taxes current period	\$ 607,664	\$ 693,746	(86,082)	\$ 594,740	\$ 684,793	(90,053)
Real estate taxes prior period	73,976	231,317	(157,341)	59,903	218,904	(159,001)
Interest and other income	37	-	37	80	-	80
Total Support and Revenues	681,677	925,063	(243,386)	654,723	903,697	(248,974)

EXPENSES

Program Services:

Advertising and Promotion

Display ads	2,156	55,127	(52,971)	35,203	66,330	(31,127)
Print materials	2,922	7,728	(4,806)	272	6,000	(5,728)
Public media relations services	24,693	-	24,693	-	-	-
Special events	14,824	7,224	7,600	3,328	2,538	790
Website/technology	1,303	7,451	(6,148)	1,611	6,927	(5,316)
Service provider direct services	13,000	12,996	4	-	5,000	(5,000)
Other: workers comp	-	-	-	-	149	(149)
Total Advertising and Promotion	58,898	90,526	(31,628)	40,414	86,944	(46,530)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 13

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2010 and 2009

	2010		2009		Variance	2009	Budget	Variance
	Actual	Budget	Actual	Budget				
Public Way Maintenance								
Equipment purchase and maintenance	1,526	1,500	837	197	640			
Gate/fence maintenance	4,150	13,383	11,625	6,480	5,145			
Liability/property insurance	-	7,414	-	5,982	(5,982)			
Storage rental	2,233	1,000	800	6,000	(5,200)			
Supplies	1,409	4,751	1,790	4,041	(2,251)			
Trash removal	3,799	4,700	3,273	4,700	(1,427)			
Service provider direct services	84,138	82,922	69,868	66,300	3,568			
Other: truck and sweeper rental	9,000	-	6,035	7,936	(1,901)			
Other: fuel	5,471	7,706	2,512	10,218	(7,706)			
Other: workers comp insurance	-	-	-	1,625	(1,625)			
Vehicle & maintenance	1,730	1,310	-	-	-			
Radio airtime	836	-	1,017	1,342	(325)			
Total Public Way Maintenance	114,292	124,686	97,757	114,821	(17,064)			
Public Way Aesthetics								
Landscaping	15,748	58,921	22,059	25,831	(3,772)			
Decorative banner	2,000	-	2,000	-	-			
Streetscape elements purchase/install	6,500	30,000	25,000	25,000	-			
Way finding / Signage	162	6,742	3,258	10,000	(6,742)			
Service provider direct services	11,000	9,891	-	5,000	(5,000)			
Other: workers comp insurance	-	-	-	149	(149)			
Total Public Way Aesthetics	35,410	105,554	50,317	65,980	(15,663)			

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 13

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2010 and 2009

	2010		2009		Variance	2009 Budget	Variance
	Actual	Budget	Actual	Budget			
Parking / Transit Accessibility							
Service provider direct services	13,241	11,934	-	5,000	1,307	5,000	(5,000)
Other: workers comp insurance	-	-	-	149	-	149	(149)
Total Tenant Retention/Attraction	13,241	11,934	-	5,149	1,307	5,149	(5,149)
Tenant Retention/Attraction							
Service provider direct services	-	-	-	-	-	-	-
Other: workers comp insurance	-	-	-	-	-	-	-
Total Tenant Retention/Attraction	-	-	-	-	-	-	-
Safety Programs							
Public way surveillance cameras/maintenance	-	8,146	-	106,000	(8,146)	106,000	(106,000)
Security subcontractor	316,970	386,000	301,460	304,457	(69,030)	304,457	(2,997)
Service provider direct fees	13,000	8,777	-	5,000	4,223	5,000	(5,000)
Other: radios	-	-	-	-	-	-	-
Other: workers comp insurance	-	-	-	149	-	149	(149)
Total Safety Programs	329,970	402,923	301,460	415,606	(72,953)	415,606	(114,146)
District Planning							
District market study, impact analysis, etc.	19,008	31,264	-	31,264	(12,256)	31,264	(31,264)
Start-up costs	30,611	15,000	-	-	15,611	-	-
Other: Public transit enhancement study	-	-	-	15,000	-	15,000	(15,000)
	49,619	46,264	-	46,264	3,355	46,264	(46,264)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 13

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2010 and 2009

	2010		2009		Variance	2009		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
Operational & Administrative Support								
Audit	2,600	(4,954)	6,365	5,400	7,554	5,400	965	
Bookkeeping / payroll processing	770	750	-	-	20	-	-	
Meeting expense	1,266	2,029	949	700	(763)	700	249	
Office equipment lease / Maintenance	2,000	1,121	1,885	1,100	879	1,100	785	
Office rent	6,660	11,595	9,130	9,130	(4,935)	9,130	-	
Office supplies	1,500	698	1,834	1,000	802	1,000	834	
Office utilities / telephone	3,500	3,485	965	800	15	800	165	
Postage	1,250	3,200	1,056	800	(1,950)	800	256	
Office printing	1,195	2,466	1,526	1,200	(1,271)	1,200	326	
Service provider administrative support	70,121	70,074	104,678	96,003	47	96,003	8,675	
Other: Bank service fees	-	(1,591)	4,763	4,000	1,591	4,000	763	
Other: Liability insurance	4,000	4,000	-	-	-	-	-	
Other: Workers comp insurance	3,750	5,683	1,781	1,300	(1,933)	1,300	481	
Total Operational & Administrative Support	98,612	98,556	134,932	121,433	56	121,433	13,499	
Loss Collection	44,620	44,620	35,000	47,500	-	47,500	(12,500)	
Total Expenses	744,662	925,063	659,880	903,697	(180,401)	903,697	(243,817)	
Excess of Revenues over Expenses	\$ (62,985)	\$ -	\$ (5,157)	\$ -	\$ (62,985)	\$ -	\$ (5,157)	

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 13

Summary Schedule of Findings

For the Year Ended December 31, 2010

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.