

SPECIAL SERVICE AREA NUMBER 39

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2010

SPECIAL SERVICE AREA NUMBER 39

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3 - 5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
ADDITIONAL INFORMATION	
Independent Auditor's Report on Additional Information	10
2009 and 2008 Comparison Schedules of Actual Revenues and Expenses to Budget	11 - 14
Summary Schedule of Findings	15



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

Board of Directors
Special Service Area Number 39

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 39** 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 39** as of December 31, 2010, and the changes in its net assets and its cash flow for the year then ended, in conformity with accounting principles generally accepted in the United States.

Cary J. Hall & Associates, LLC

April 19, 2011
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 39

Statement of Financial Position

December 31, 2010

ASSETS

Cash and cash equivalents (Note 2)	\$ 163,979
Receivable from affiliate (Note 3)	134,515
Real estate taxes receivable, less allowance for uncollectible taxes of \$254,000	<u>992,092</u>
Total Assets	<u>\$ 1,290,586</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 12,517
Deferred real estate tax income	915,972
Notes Payable - Line of credit	123,314
Payable to affiliate (Note 3)	<u>55,000</u>
Total Liabilities	<u>1,106,803</u>

NET ASSETS

Unrestricted funds	<u>183,783</u>
Total Liabilities and Net Assets	<u>\$ 1,290,586</u>

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

SPECIAL SERVICE AREA NUMBER 39

Statement of Activities

For the Year Ended December 31, 2010

SUPPORT AND REVENUES

Real estate taxes - current period	\$ 737,348
Real estate taxes - prior period	67,907
Interest and other income	73
Total Support and Revenues	<u>805,328</u>

EXPENSES

Program Services:

Advertising and Promotion

Display ads	13,920
Holiday / Seasonal	25,936
Print materials	3,644
Special events	44,183
Website/Technology	3,509
Service provider direct services	32,304
Total Advertising and Promotion	<u>123,496</u>

Public Way Maintenance

Equipment purchase and maintenance	1,597
Graffiti removal	22,462
Insurance	3,748
Storage rental	2,233
Supplies	2,985
Trash removal service	9,528
Service provider direct services	185,146
Other: Truck and sweeper lease	9,000
Other: Maintenance and repairs	3,023
Other: Fuel	6,148
Total Public Way Maintenance	<u>245,870</u>

Public Way Aesthetics

Banner maintenance	11,405
Holiday decoration	15,470
Landscaping	34,980
Streetscape elements purchase	36,118
Service provider direct services	20,111
Total Public Way Aesthetics	<u>118,084</u>

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

SPECIAL SERVICE AREA NUMBER 39

Statement of Activities

For the Year Ended December 31, 2010

Tenant Retention / Attraction	
Service provider direct services	30,101
Site marketing materials	2,000
Total Tenant Retention / Attraction	32,101
Façade Improvements	
Service provider direct services	21,300
Total Façade Improvements	21,300
Parking/ Transit / Accessibility	
Service provider direct services	97,459
Parking/way finding/signage	6,258
Other: Bus lease	18,000
Other: Fuel	12,778
Other: Repairs and maintenance	2,440
Other: Radio time	878
Total Parking / Transit / Accessibility	137,813
Safety Programs	
Lighting, tree pruning	6,819
Security	33,501
	40,320
District Planning	
District branding	21,507
District master plan / market study	67,844
Service provider direct services	14,094
Total District Planning	103,445
Supporting Services:	
Operational & Administrative Support	
Audit/ Bookkeeping	3,962
Meeting Expense	5,142
Office Equipment Lease / Maintenance	2,100
Office rent	6,660

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

SPECIAL SERVICE AREA NUMBER 39

Statement of Activities

For the Year Ended December 31, 2010

Operational & Administrative Support

Office supplies	2,432
Office Utilities / Telephone	3,500
Postage	1,250
Office printing	1,750
Service provider administrative support	85,355
Other: Finance charges and bank fees	2,263
Other: Liability insurance	4,000
Other: Workman's comp insurance	3,750

Total Operational & Administrative Support 122,164

Loss Collection 68,000

Total Expenses 1,012,593

DECREASE IN NET ASSETS (207,265)

Beginning of year 391,048

End of year \$ 183,783

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

SPECIAL SERVICE AREA NUMBER 39

Statement of Cash Flows

For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (207,265)
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in:	
Real estate taxes receivable	(45,681)
Due from affiliate	(34,201)
Increase (decrease) in:	
Accounts payable	3,707
Deferred tax revenue	29,087
	<hr/>
Net Cash Used in Operating Activities	(254,353)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds on line of payment	229,000
Payments on line of credit	(194,798)
	<hr/>
Net Cash Provided by Financing Activities	34,202

NET DECREASE IN CASH AND CASH EQUIVALENTS (220,151)

CASH AND CASH EQUIVALENTS

Beginning of year	<hr/> 384,130
End of year	<hr/> <u>\$ 163,979</u>

SUPPLEMENTAL DISCLOSURE

Cash paid for:	
Interest	<hr/> <u>\$ 2,263</u>

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

SPECIAL SERVICE AREA NUMBER 39

Notes to Financial Statements

December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - On November 14, 2006 the City Council of the City of Chicago passed on ordinance authorizing the re-establishment of Special Service Area ("SSA") Number 39 , the imposition of the 2006 tax levy, the approval of the 2007 budget and the execution of a service provider agreement for Special Service Area Number 39. The agreement for services took effect as of January 1, 2007 and shall continue through December 31, 2010, or until the agreement is terminated earlier in accordance with its terms.

The SSA is established in the City of Chicago within a defined geographic area of the Back of the Yards Neighborhood. The service programs include but not limited to maintenance and beautification, new construction, coordinated marketing and promotional activities, parking and transit programs, area strategic planning, business retention and recruitments, building facade improvements, security services and other technical assistance activities to promote community and economic development.

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.

SPECIAL SERVICE AREA NUMBER 39

Notes to Financial Statements

December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 13, 10, 7 and Back of the Yards Neighborhood Council. The Organization contracts with the Back of the Yards Neighborhood Council as sole service provider in order to administer and provide direct services on behalf of the Organization, which has no employees.

SPECIAL SERVICE AREA NUMBER 39

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.

	Neighborhood Council	SSA # 10	Total
Balance due (to) from at December 31, 2009	\$ 100,314	\$ (55,000)	\$ 45,314
Allocated expenses	(611,503)	-	(611,503)
Cash disbursements to affiliates	645,704	-	645,704
Balance due (to) from at December 31, 2010	<u>\$ 134,515</u>	<u>\$ (55,000)</u>	<u>\$ 79,515</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 balance was \$123,314.



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

Board of Directors
Special Service Area Number 39

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

April 19, 2011
Chicago, Illinois

ADDITIONAL INFORMATION

SPECIAL SERVICE AREA NUMBER 39
 Comparison Schedules of Actual Revenues and Expenses to Budget
 For the Years Ended December 31, 2010 and 2009

	2010			2009		
	2010	2010	2009	2009	2009	2009
	Actual	Budget	Variance	Actual	Budget	Variance
SUPPORT AND REVENUES						
Real estate taxes - current period	\$ 737,348	\$ 845,972	\$ (108,624)	\$ 610,009	\$ 886,685	\$ (276,676)
Real estate taxes - prior period	67,907	70,000	(2,093)	93,584	501,468	(407,884)
Interest and other income	73	-	73	209	-	209
Total Support and Revenues	805,328	915,972	(110,644)	703,802	1,388,153	(684,351)
EXPENSES						
Program Services:						
Advertising and Promotion						
Display ads	13,920	50,000	(36,080)	70,374	70,143	231
Holiday / Seasonal	25,936	10,000	15,936	10,664	17,820	(7,156)
Print materials	3,644	5,000	(1,356)	1,285	7,650	(6,365)
Special events	44,183	20,000	24,183	32,203	30,000	2,203
Website/Technology	3,509	4,000	(491)	2,348	6,546	(4,198)
Service provider direct services	32,304	32,304	-	63,088	62,753	335
Other: Workman's comp insurance	-	-	-	-	924	(924)
Total Advertising and Promotion	123,496	121,304	2,192	179,962	195,836	(15,874)
Public Way Maintenance						
Equipment purchase and maintenance	1,597	1,500	97	1,584	11,070	(9,486)
Graffiti removal	22,462	64,906	(42,444)	47,152	123,600	(76,448)
Liability /Property Insurance	3,748	-	3,748	-	3,060	(3,060)
Sidewalk power washing	-	-	-	10,045	79,488	(69,443)
Storage rental	2,233	1,000	1,233	800	2,000	(1,200)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 39

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	
Public Way Maintenance -Continued					
Supplies	2,985	2,000	812	3,884	(3,072)
Trash removal service	9,528	4,500	3,050	5,200	(2,150)
Service provider direct services	185,146	172,255	163,884	163,014	870
Other: Truck and sweeper lease	9,000	6,584	6,035	7,616	(1,581)
Other: Maintenance & repairs	3,023	-	-	-	-
Other: Fuel	6,148	4,000	3,152	11,150	(7,998)
Other: Workman's comp insurance	-	-	-	2,655	(2,655)
Total Public Way Maintenance	245,870	256,745	236,514	412,737	(176,223)
Public Way Aesthetics					
Banner maintenance	11,405	19,000	-	43,366	(43,366)
Holiday decoration	15,470	15,000	10,666	25,500	(14,834)
Landscaping	34,980	20,000	-	85,000	(85,000)
Streetscape elements purchase	36,118	20,000	-	78,000	(78,000)
Service provider direct services	20,111	20,111	20,107	20,000	107
Other: Workman's comp insurance	-	-	-	1,929	(1,929)
Total Public Way Aesthetics	118,084	94,111	30,773	253,795	(223,022)
Tenant Retention / Attraction					
Site marketing materials	2,000	3,000	-	6,000	(6,000)
Service provider direct services	30,101	30,101	24,194	24,066	128
Technical assistance	-	-	-	-	-
Other: Workman's comp insurance	-	-	-	427	(427)
Total Tenant Retention / Attraction	32,101	33,101	24,194	30,493	(6,299)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 39

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
Facade Improvements						
Awning rebate program	-	25,000	(25,000)	-	60,000	(60,000)
Service provider direct services	21,300	16,300	5,000	15,080	15,000	80
Other: Workman's comp insurance	-	-	-	-	189	(189)
Total Facade Improvements	21,300	41,300	(20,000)	15,080	75,189	(60,109)
Parking/ Transit / Accessibility						
Service provider direct services	97,459	87,478	9,981	95,142	94,637	505
Parking / wayfinding/signage	6,258	-	6,258	-	-	-
Other: Bus lease	18,000	18,000	-	16,500	18,000	(1,500)
Other: Fuel	12,778	9,000	3,778	6,514	11,886	(5,372)
Other: Repairs and maintenance	2,440	5,000	(2,560)	1,885	10,000	(8,115)
Other: Workman's comp insurance	-	-	-	-	1,762	(1,762)
Other: Radio time	878	800	78	834	1,025	(191)
Total Parking / Transit / Accessibility	137,813	120,278	17,535	120,875	137,310	(16,435)
Safety Programs						
Lighting, tree pruning	6,819	25,000	(18,181)	-	40,000	(40,000)
Security	33,501	-	33,501	-	-	-
Total Safety Programs	40,320	25,000	15,320	-	40,000	(40,000)
District Planning						
District branding	21,507	-	21,507	10,565	20,476	(9,911)
District master plan / market study	67,844	10,000	57,844	2,875	50,000	(47,125)
Service provider direct services	14,094	24,094	(10,000)	-	-	-
Total District Planning	103,445	34,094	69,351	13,440	70,476	(57,036)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 39

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2010 and 2009

	2010		2009		
	Actual	Budget	Actual	Budget	Variance
Supporting Services:					
Operational & Administrative Support					
Audit/ Bookkeeping	3,962	3,150	6,365	4,326	2,039
Meeting Expense	5,142	1,500	2,521	250	2,271
Office Equipment Lease / Maintenance	2,100	2,000	1,885	503	1,382
Office rent	6,660	6,660	5,720	6,240	(520)
Office supplies	2,432	2,000	1,756	1,071	685
Office Utilities / Telephone	3,500	3,500	1,691	1,020	671
Postage	1,250	1,250	1,085	3,720	(2,635)
Office printing	1,750	1,750	1,499	5,051	(3,552)
Service provider administrative support	85,355	87,604	77,249	76,839	410
Other: Finance charges and bank fee's	2,263	5,000	13,793	5,000	8,793
Other: Liability insurance	4,000	4,000	3,410	3,077	333
Other: Workman's comp insurance	3,750	3,750	4,198	7,335	(3,137)
Total Operational & Administrative Support	122,164	122,164	121,172	114,432	6,740
Loss Collection					
Total Expenses	68,000	67,875	78,000	57,885	20,115
Excess of Revenues over Expenses	1,012,593	915,972	820,010	1,388,153	(568,143)
	\$ (207,265)	\$ -	\$ (116,208)	\$ -	\$ (116,208)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 39

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.