

Commercial Avenue Commission

SSA #5

Financial Statements

Years ended December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)



DRAFT

COMMERCIAL AVENUE COMMISSION

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report.....	1
Statements of Assets, Liabilities and Net Assets.....	2
Statements of Revenue and Expenditures – Budget to Actual.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5 - 7
Summary Schedule of Audit Findings.....	8



8334 South Stony Island Ave.
Chicago, IL 60617

(773) 731-1300
fax (773) 731-1301
www.benfordbrown.com

Independent Auditors' Report

The Board of Directors
South Chicago Chamber of Commerce and SSA #5:

We were engaged to audit the accompanying statement of assets, liabilities, and net assets of Commercial Avenue Commission SSA #5 (the Commission), as of December 31, 2010 and 2009, and the related statements of revenues and expenditures-budget to actual, and cash flows for the years then ended. These financial statements are the responsibility of the Commission'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 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 Commercial Avenue Commission SSA #5 as of December 31, 2010 and 2009, and its revenues and expenditures-budget to actual, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The 2010 and 2009 budget amounts, which were arrived at by the Special Service Area are shown in the statement of revenue, expenditures and changes in net assets, are presented for comparison purposes only. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.

DRAFT

Benford Brown & Associates, LLC
Chicago, IL
April 8, 2011

COMMERCIAL AVENUE COMMISSION

Statement of Financial Position

December 31, 2010 and 2009

DRAFT

DRAFT

	Assets	2010	2009
Current assets:			
Cash		\$ 74,947	\$ 177,782
Levy receivables (note 4)		221,353	149,395
Prepaid expenses (note 5)		49,062	59,930
Total assets		\$ 345,363	\$ 387,107
Liabilities and Net Assets			
Current liabilities:			
Accounts payable		\$ 22,228	\$ 3,150
Net assets:			
Unrestricted		323,135	383,957
Total liabilities and net assets		\$ 345,363	\$ 387,107

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

COMMERCIAL AVENUE COMMISSION

Statement of Activities and Change in Net Assets

For the years ended December 31, 2010 and 2009

DRAFT

DRAFT

	2010			2009		
	Actual	Budget	Variance	Actual	Budget	Variance
Revenue and other support:						
Tax levy revenue	\$ 413,170	413,107	\$ 63	\$ 429,607	\$ 429,607	\$ -
Miscellaneous revenue	421	-	421	171	-	171
Interest revenue	-	-	-	5,348	-	5,348
Total revenue	413,591	413,107	484	435,126	429,607	5,519
Expenses:						
Program services -						
Advertising and promotion services	16,050	25,250	(9,200)	33,357	46,500	(13,143)
Public way maintenance	80,256	81,600	(1,344)	83,902	99,000	(15,098)
Public way aesthetics	39,310	58,000	(18,690)	50,970	74,500	(23,530)
Tenant retention/attraction	-	13,000	(13,000)	-	2,000	(2,000)
Parking/transit/accessibility services	59,210	117,215	(58,005)	103,952	41,557	62,395
District planning	-	-	-	-	-	-
Safety programs	137,476	93,000	44,476	125,580	107,500	18,080
Façade/development services	4,450	17,500	(13,051)	29,843	-	29,843
Total program expenses	336,751	405,565	(68,814)	427,603	371,057	56,546
Management and general	137,664	65,242	72,422	117,679.18	58,550	
Total expenses	474,414	470,807	(68,814)	545,282	429,607	115,675
Increase/(decrease) in net assets	(60,823)	-	(60,823)	(110,156)	-	(110,156)
Net assets as of January 1, 2010 and 2009	383,958	-	383,958	494,114	-	494,114
Net assets as of December 31, 2010 and 2009	\$ 323,135	-	\$ 323,135	\$ 383,958	\$ -	\$ 383,958

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

COMMERCIAL AVENUE COMMISSION

Statement of Cash Flows

For the years ended December 31, 2010 and 2009

DRAFT

DRAFT

	2010	2009
Cash flows from operating activities:		
Net decrease in net assets	\$ (60,823)	\$ (110,157)
Adjustments to reconcile increase/(decrease) in net assets to cash used in operating activities:		
Decrease in accounts receivable	-	-
Increase in levy receivable	(71,958)	(41,277)
(Decrease)/increase in interest receivable	-	130
Increase in prepaid expenses	10,868	(59,930)
Increase/(decrease) in accounts payable	19,078	(12,102)
Net cash used in operating activities	(102,835)	(223,336)
Cash flows from investing activities:	-	-
Cash flows from financing activities:	-	-
Net increase in cash	(102,835)	(223,336)
Cash as of January 1, 2010 and 2009	177,782	401,118
Cash as of December 31, 2010 and 2009	\$ 74,947	\$ 177,782

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

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Years ended December 31, 2010 and 2009

(1) Organization Description

Commercial Avenue Commission (the Commission) Special Service Area No.5 (SSA #5) was created September 18, 1984 by ordinance of the Chicago City Council. The Commission began financial operations upon receipt of real estate tax assessment revenues in April 1985. The Commission is funded annually by a special tax assessment.

The purpose of the Commission is to provide special services within the City of Chicago (City) SSA #5 in addition to services provided by and to the City. The Commission's operations are overseen by the South Chicago Chamber of Commerce (the Chamber).

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America; revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are accounted for using the accrual basis; revenues are recognized when they are both measurable and available. Available means the current period or soon enough thereafter to pay current liabilities. The Commission considers tax revenue to be available if it is collected within 60 days of the end of the year.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Commission maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements have been prepared to focus on the Commission as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted, as recommended by the Accounting Codification Standards (ACS) No.958-205, "Not-for-Profit Entities Presentation of Financial Statements".

DRAFT

DRAFT

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Years ended December 31, 2010 and 2009

Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained by the Commission. Generally, the donors to these assets permit the Commission to use all or part of the income earned on related investments for general or specific purposes. The Commission did not maintain any permanently restricted net assets during fiscal years 2010 or 2009.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Commission and/or passage of time. The Commission did not maintain any temporarily restricted net assets during fiscal years 2010 and 2009.

Unrestricted net assets: Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Donated Services

Donated services are recognized as contributions in accordance with FASB ACS 958-605 "Not-for-Profit Entities, Revenue Recognition", if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Commission.

Income Tax

The Commission, as a Special Service Area established by the City of Chicago, is excluded from federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Years ended December 31, 2010 and 2009

Net Assets

Unrestricted net assets are \$323,135 and \$383,957 as of December 31, 2010 and 2009, respectively.

(3) Real Estate Tax Revenue

The Organization's principle source of revenue is from real estate taxes levied on certain property located in the boundaries listed in Note 1. The taxes are assessed and collected by Cook County, and paid to the City of Chicago, which then remits to the Organization. Taxes are levied in one year, but paid in two installments the following year by the property owners. The Organization recognizes this revenue in the year in which the funds become available.

(4) Levy Receivable

Levy receivable consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
City of Chicago	\$ <u>221,353</u>	\$ <u>149,395</u>

All of the Commission's receivables are due within the next fiscal year.

(5) Prepaid Expenses

Prepaid expenses comprise of the following at December 31:

	<u>2010</u>	<u>2009</u>
Prepaid insurance	\$ 1,456	\$ 3,180
Prepaid trolley cars	<u>47,606</u>	<u>56,750</u>
Total prepaid expenses	\$ <u>49,062</u>	\$ <u>59,930</u>

(6) Loss Collection

The Commission uses the allowance for doubtful account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts in the financial statements. At December 31, 2010 and 2009, the Commission had loss collections included in the budget in the amounts of \$23,000 and \$20,000 respectively. As of December 31, 2010 and 2009, the Commission deemed \$44,113 and \$24,443 to be uncollectible, respectively.

COMMERCIAL AVENUE COMMISSION SSA # 5

Service Provider Agreement Compliance

Summary Schedule of Audit Findings

Year ended December 31, 2010

Finding 10-1 Revenue Recognition

Revenue was not properly recorded. During our current audit, we found that the revenue was being recorded properly and as such, we consider this finding to be resolved.

Finding 10-2 Bank Reconciliations

We noted that the Commission did not properly reconcile the various bank accounts and certificates of deposits and that there was no evidence of review. During our current audit, we found that all bank accounts and certificate of deposits account were properly reconciled. However, we noted no evidence of review by the board or an officer of the board. Therefore, full implementation had not yet been achieved as of the date of this audit report (see Finding 10-1). As such, we do not consider this finding to be resolved.

Finding 10-3 Expense Recognition

The prior year expenses were not properly recorded when incurred. During our current audit, we found that the expenses were properly recorded and as such, we consider this finding to be resolved.

Management Response

COMMERCIAL AVENUE COMMISSION SSA # 5

Service Provider Agreement Compliance

Summary Schedule of Audit Findings

Year ended December 31, 2010
