

**KEDZIE INDUSTRIAL TRACT  
SPECIAL SERVICE AREA NUMBER 7**

*FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*For the Year Ended*

*December 31, 2010*

**KEDZIE INDUSTRIAL TRACT  
SPECIAL SERVICE AREA NUMBER 7**

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

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Board of Directors  
Kedzie Industrial Tract Special Service Area Number 7

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** (a not-for-profit organization) 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 **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** 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*

April 19, 2011  
Chicago, Illinois

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Statement of Financial Position

December 31, 2010

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**ASSETS**

Cash and cash equivalents (Note 2)	\$ -
Prepaid expenses	<u>3,048</u>
Total Assets	<u><u>\$ 3,048</u></u>

**LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 4,587</u>
Total Liabilities	<u>4,587</u>

**NET ASSETS**

Unrestricted funds	<u>(1,539)</u>
Total Liabilities and Net Assets	<u><u>\$ 3,048</u></u>

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

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Statement of Activities

For the Year Ended December 31, 2010

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### SUPPORT AND REVENUES

Real estate taxes	\$ 67,197
Interst and other income	576
	<hr/>
Total Support and Revenues	67,773

### EXPENSES

#### Program Services:

Advertising and Promotion	
Special events	-
Website/technology	-
Service provider direct services	2,000
Total Advertising and Promotion	<hr/> 2,000
Public Way Maintenance	
Gate /Fence maintneance	2,494
Sidewalk snow plowing	2,284
Service provider direct services	5,000
Weed treatment	1,254
Total Public Way Maintenance	<hr/> 11,032
Tenant Retention / Attraction	
Service provider direct services	1,000
Total Tenant Retention / Attraction	<hr/> 1,000
Safety Programs	
Security subcontractor	59,622
Service provider direct services	5,500
Total Safety Programs	<hr/> 65,122
District Planning	
Service provider direct services	8,000
Total District Planning	<hr/> 8,000

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

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Statement of Activities

For the Year Ended December 31, 2010

Other Technical Assistance	
Service provider direct services	1,000
Total Other Technical Assistance	<u>1,000</u>
Operational & Administrative Support	
Audit/ Bookkeeping	2,650
Meeting expense	371
Office Rent	239
Office equipment lease	1,000
Office supplies	488
Utilities / Telephone	849
Postage	138
Office printing	210
Service provider administrative support	10,488
Other: Workers comp insurance	450
Other: Liability insurance	480
Other: Bank fees	165
Total Operational & Administrative Support	<u>17,528</u>
Total Expenses	<u>105,682</u>
<b>DECREASE IN NET ASSETS</b>	<b>(37,909)</b>
<b>NET ASSETS -</b>	
Beginning of year	<u>36,370</u>
End of year	<u><u>\$ (1,539)</u></u>

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

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Statement of Cash Flows

For the Year Ended December 31, 2010

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (37,909)
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in assets:	
Prepaid Expenses	(3,048)
Accounts Payable	<u>2,540</u>
Net Cash Used in Operating Activities	<u>(38,417)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (38,417)

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>38,417</u>
End of year	<u><u>\$ -</u></u>

**SUPPLEMENTAL DISCLOSURE**

Cash paid for:	
Interest	<u><u>\$ -</u></u>

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

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2010

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

Nature of Organization - On June 26, 1985, the City Council of the City of Chicago enacted an ordinance, last amended December 15, 1992, which established an area known and designated as City of Chicago Special Service Area #7 and authorized the levy of an annual tax not to exceed an annual rate of five percent of the equalized assessed value of the taxable property therein to provide certain special services in and for the area in addition to the services provided by and to the City of Chicago generally.

In 1977, **The Kedzie Tract Industrial Association, Inc.** ("KTIA") had been created to provide special community services, in addition to those provided by the City of Chicago, to the Kedzie Tract which is the industrial area within the boundaries of Kedzie Avenue on the east, Central Park on the west, 49th Street on the south and 47th Street on the north, all boundaries identical to those defined by SSA #7. Under an agreement between the City of Chicago (represented by the Special Service Area Commission) and The Kedzie Tract Industrial Association, Inc., all activities of Special Service Area #7 were performed by KTIA. Services provided include street resurfacing, snow removal, sewer and water line improvements, electrical improvements, refurbishing of railroad crossings, private security, area clean-up, graffiti removal, and technical assistance to promote commercial and economic development within the area.

On March 12, 2008, the board of directors, with members present from the Chicago City Department of Planning decided to replace KTIA as the service provider with Back of the Yards Neighborhood Council beginning January 1, 2009.

At the annual meeting of KTIA a decision was made to dissolve the Association at midnight on December 31, 2008.

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.



# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Notes to Financial Statements

December 31, 2010

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

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.

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.

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).

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Notes to Financial Statements

December 31, 2010

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### **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 Numbers, 10, 13, 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.

Total expenses charged to the Organization for service related fees totaled \$31,988 for the year ended December 31, 2010.



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

The Board of Directors of  
Kedzie Industrial Tract Special Service Area Number 7

**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 schedule of actual revenues and expenses to budget 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**

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2010 and 2009

	2010			2009		
	2010 Actual	2010 Budget	Variance	2009 Actual	2009 Budget	Variance
<b>SUPPORT AND REVENUES</b>						
Real estate taxes current period	\$ -	\$ -	\$ -	\$ -	\$ -	-
Carryover from prior years	67,197	106,282	(39,085)	75,425	75,425	-
Interest and other income	576	-	576	-	-	-
<b>Total Support and Revenues</b>	<b>67,773</b>	<b>106,282</b>	<b>(38,509)</b>	<b>75,425</b>	<b>75,425</b>	<b>-</b>
<b>EXPENSES</b>						
<b>Program Services:</b>						
Advertising and Promotion						
Special events	-	500	(500)	309	500	(191)
Website/technology	-	500	(500)	351	500	(149)
Service provider direct services	2,000	2,000	-	2,000	2,000	-
<b>Total Advertising and Promotion</b>	<b>2,000</b>	<b>3,000</b>	<b>(1,000)</b>	<b>2,660</b>	<b>3,000</b>	<b>(340)</b>
<b>Public Way Maintenance</b>						
Gate/fence maintenance	2,494	500	1,994	633	500	133
Graffiti removal	-	-	-	-	-	-
Liability/ Property insurance	-	-	-	-	-	-
Sidewalk snow plowing	2,284	4,000	(1,716)	1,620	2,000	(380)

See independent auditor's report on additional information.

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

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	
<b>Public Way Maintenance - continued</b>								
Trash removal	-	-	-	-	-	-	-	-
Service provider direct services	5,000	5,000	5,000	5,000	-	5,000	5,000	-
Weed treatment	1,254	1,500	1,273	1,100	(246)	1,273	1,100	173
<b>Total Public Way Maintenance</b>	<b>11,032</b>	<b>11,000</b>	<b>8,526</b>	<b>8,600</b>	<b>32</b>	<b>8,526</b>	<b>8,600</b>	<b>(74)</b>
<b>Tenant Retention / Attraction</b>								
Service provider direct services	1,000	1,000	1,000	1,000	-	1,000	1,000	-
<b>Total Tenant Retention / Attraction</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>
<b>Safety Programs</b>								
Security subcontractor	59,622	60,000	60,665	60,000	(378)	60,665	60,000	665
Service provider direct fees	5,500	5,500	5,000	5,000	-	5,000	5,000	-
<b>Total Safety Programs</b>	<b>65,122</b>	<b>65,500</b>	<b>65,665</b>	<b>65,000</b>	<b>(378)</b>	<b>65,665</b>	<b>65,000</b>	<b>665</b>
<b>District Planning</b>								
Service provider direct services	8,000	9,000	8,000	8,000	(1,000)	8,000	8,000	-
<b>Total District Planning</b>	<b>8,000</b>	<b>9,000</b>	<b>8,000</b>	<b>8,000</b>	<b>(1,000)</b>	<b>8,000</b>	<b>8,000</b>	<b>-</b>

See independent auditor's report on additional information.