

**95<sup>th</sup> Street Special Service Area Number 4  
95<sup>th</sup> Street Beverly Hills Business Association, Contractor**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2011 and 2010**

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
Statement of Financial Position .....	2
Statements of Activities .....	3
Statements of Cash Flows .....	4
Notes to Financial Statements .....	5-8
Comparative Schedule of Revenue and Expenditures with Budget Variances .....	9
Schedule of Findings .....	10

**RANDALL GROSS & COMPANY, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
110 SOUTH HAGER AVENUE  
BARRINGTON, ILLINOIS 60010

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS CPA SOCIETY

(847) 381-5544  
FAX (847) 381-5660  
RANDCPA@AOL.COM

**INDEPENDENT AUDITOR'S REPORT**

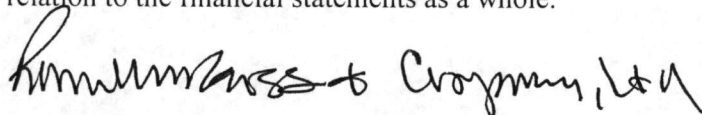
To the Board of Directors  
95<sup>th</sup> Street Beverly Hills Business Association

We have audited the accompanying statement of financial position of the Special Service Area Number 4 of the 95<sup>th</sup> Street Beverly Hills Business Association, Contractor (a nonprofit organization) as of December 31, 2011 and 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 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 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 the Special Service Area Number 4 as of December 31, 2011 and 2010, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, Schedule I Revenues and Expenditures with Budget Variances is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Barrington, Illinois  
May 9, 2012

95<sup>th</sup> Street Special Service Area Number 4  
95<sup>th</sup> Street Beverly Hills Business Association, Contractor  
STATEMENT OF FINANCIAL POSITION  
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash	\$ 12,411	
Accounts receivable (Net of allowance of \$340 in 2011 and 2010)	10,232	\$ 865
Equipment, net (Note 2)	<u>10,700</u>	<u>14,702</u>
Total assets	<u>\$ 33,343</u>	<u>\$ 15,567</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 2,857	\$ 1,475
Due to 95 <sup>th</sup> Street Beverly Hills Business Assoc.	<u>15,946</u>	<u>11,878</u>
Total liabilities	18,803	13,353
Net assets		
Unrestricted	<u>14,540</u>	<u>2,214</u>
Total Liabilities and Net Assets	<u>\$ 33,343</u>	<u>\$ 15,567</u>

The accompanying notes are an integral part of this statement.

95<sup>th</sup> Street Special Service Area Number 4  
 95<sup>th</sup> Street Beverly Hills Business Association, Contractor  
 STATEMENT OF ACTIVITIES

December 31, 2011 and 2010

	2011		2010		Over (Under) Variance
	Actual	Budget	Actual	Budget	Variance
<b>Changes in Unrestricted Net Assets</b>					
Revenues:					
Tax Levy Revenue -Current Year	\$ 88,801	\$ 85,800	\$ 83,511	\$ 85,800	\$ (2,289)
Expenses					
Program Costs :					
1.00 Advertising & Promotion	10,365	5,650	5,355	6,500	(1,145)
2.00 Public Way Maintenance	28,663	32,500	32,030	34,000	(1,970)
3.00 Public Way Aesthetics	23,804	29,900	23,278	28,800	(5,522)
4.00 Tenant Retention /Attraction	1,600	2,150	1,800	2,200	(400)
8.00 District Planning	1,800	2,500	1,600	1,600	-
9.00 Other Technical Assistance	<u>1,600</u>	<u>2,000</u>	<u>1,600</u>	<u>1,600</u>	<u>-</u>
Total Program Expense	<u>67,832</u>	<u>74,700</u>	<u>64,063</u>	<u>73,100</u>	<u>(9,037)</u>
Administrative					
10.00 Operation & Administrative Support	10,615	12,100	17,476	10,700	6,776
11.00 Tax Levy Loss Collection	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
Total Administrative expenses	<u>10,615</u>	<u>14,100</u>	<u>17,746</u>	<u>12,700</u>	<u>4,776</u>
Total expenses	<u>78,447</u>	<u>86,800</u>	<u>81,539</u>	<u>85,800</u>	<u>(4,261)</u>
Increase (Decrease) in Net Assets	10,354	1,000	1,972	-	1,972
Unrestricted Net Assets:					
Beginning of Year	<u>4,186</u>		<u>2,214</u>		
End of Year )	<u>\$ 14,540</u>		<u>\$ 4,186</u>		

The accompanying notes are an integral part of this statement.

95<sup>th</sup> Street Special Service Area Number 4  
 95<sup>th</sup> Street Beverly Hills Business Association, Contractor

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

Cash Flows from operating activities	<u>2011</u>	<u>2010</u>
Increase(decrease) in net assets	\$ 10,354	\$ 1,972
Adjustments to reconcile increase in net assets to cash provided by operating activities		
Depreciation	2,354	2,261
Changes in operating assets and liabilities		
Increase (decrease) in accounts receivable	1,573	(10,939)
Increase decrease) in accounts payable	2,649	(1,267)
Increase (decrease) due to 95 <sup>th</sup> Street Beverly Hills Business Association	<u>(3,905)</u>	<u>7,973</u>
Net cash provided from operating activities	13,025	-
Cash flows from investing activities		
(Purchase) of equipment	<u>(614)</u>	<u>-</u>
Net cash used by investing activities	(614)	-
Net increase (decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	<u>\$ 12,411</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.



95<sup>th</sup> Street Special Service Area Number 4  
95<sup>th</sup> Street Beverly Hills Business Association, Contractor  
NOTES TO FINANCIAL STATEMENTS

**Note 1**            **Summary of Accounting Policies**

Nature of Organization

95<sup>th</sup> Street Beverly Hills Business Association, Contractor for 95<sup>th</sup> Street Special Service Area Number 4 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the 95<sup>th</sup> Street Beverly Hills business district. The Organization is located within the boundaries of the City of Chicago.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 226, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 116, 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. The Organization had no temporarily or permanently restricted net assets as of December 31, 2011 and 2010. The Organization has unrestricted net assets in the amount of \$14,540 and \$2,214 respectively.

Cash and Cash Equivalents

Cash and cash equivalents is defined as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The Organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization has established a separate checking account at the Suburban Bank & Trust in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

Revenue Recognition

The Organization's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred. Accounts receivable represent amounts earned, but not received at year end.

Trade Receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

95<sup>th</sup> Street Special Service Area Number 4  
95<sup>th</sup> Street Beverly Hills Business Association, Contractor  
NOTES TO FINANCIAL STATEMENTS

**Note 1**                      **Summary of Accounting Policies– Continued**

Income Taxes

The Organization is a part of the 95<sup>th</sup> Street Beverly Hills Business Association, which is a not-for-profit organization that is exempt from federal income taxes under Section 501 (c)(6) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were not unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2011.

The Organization files its form 990 EZ, *Return of Organization Exempt from Income Tax* in the U.S. federal jurisdiction. At present there are no ongoing income tax audits or unresolved disputes with various tax authorities the Organization currently files or has filed with. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2007.

Equipment

The Organization capitalizes all equipment in excess of \$500.00. Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the useful lives of the assets.

Related Party Transactions

95<sup>th</sup> Street Special Service Area Number 4 shares office space, equipment and employees through its affiliation with 95<sup>th</sup> Street Beverly Hills Business Association. 95<sup>th</sup> Street Special Service Area Number 4 has no employees of its own, but reimburses 95<sup>th</sup> Street Beverly Hills Business Association for payroll and related costs of the individual working on the programs. It also reimburses 95<sup>th</sup> Street Beverly Hills Business Association for a portion of its operating expenses. The 95<sup>th</sup> Street Special Service Area Number 4 had \$15,946 and \$11,878 due to 95<sup>th</sup> Street Beverly Hills Business Association as of December 31, 2011 and 2010 respectively.

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 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.



95<sup>th</sup> Street Special Service Area Number 4  
95<sup>th</sup> Street Beverly Hills Business Association, Contractor  
NOTES TO FINANCIAL STATEMENTS

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago on January 1, 2011, which expired December 31, 2011; whereby the City has established a special service area known and designated as 95<sup>th</sup> Street Special Service Area Number 4 to provide special services in addition to those services generally provided by the City. 95<sup>th</sup> Street Beverly Hills Business Association, Contractor has been designated as "Contractor" under terms of the agreement. The City has authorized a levy not to exceed 2% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organizations is the lesser of \$85,800 or the amount of service tax collected for the tax years 2011 and 2010. For each subsequent year of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year. The agreement continued through December 31, 2011.

95<sup>th</sup> Street Special Service Area Number 4  
 95<sup>th</sup> Street Beverly Hills Business Association, Contractor  
 NOTES TO FINANCIAL STATEMENTS

**Note 2**                      **Equipment**

	2011	2010
Equipment consists of the following as of December 31:		
Maintenance equipment	\$ 22,618	\$ 22,618
Flag pole	1,617	1,617
Computer	<u>614</u>	<u>-</u>
	24,849	24,235
Less: Accumulated depreciation	<u>(14,149)</u>	<u>(9,533)</u>
	<u>\$ 10,700</u>	<u>\$ 14,702</u>

**Note 3**                      **Subsequent Events**

Subsequent events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through May 9, 2012, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.

95th Street Special Services Area Number 4  
 95th Street Beverly Hills Business Association, Contractor  
 SCHEDULE OF EXPENSES WITH BUDGET VARIANCES  
 Schedule I  
 December 31, 2011 and 2010

Expenses/Programs	2011		2010		Over(Under) Variance
	Actual	Budget	Actual	Budget	
1.00 Advertising & Promotion					
1.01 Display Ads	4,879	1,000	643	2,000	(1,357)
1.02 Holiday/Seasonal Promotions	3,811	1,650	1,832	1,700	132
1.03 Print Materials	343	3,000	80	2,800	80
1.06 Website/Technology	1,332	5,650	2,800	6,500	(1,145)
1.07 Service Provider Direct Services	10,365	2,500	5,355	2,000	(1,145)
Total	28,663	35,500	32,030	34,000	(1,970)
2.00 Public Way Maintenance					
2.01 Equipment Purchase & Maintenance	201	2,500	4,226	2,000	2,226
2.04 Liability/Property Insurance	400	500	400	500	(100)
2.05 Sidewalk Maintenance	21,362	25,000	23,304	25,000	(1,696)
2.07 Sidewalk Snow Plowing	5,700	4,500	2,100	4,500	(2,400)
2.14 Service Provider Direct Services	1,000	3,000	2,000	2,000	-
Total	28,663	35,500	32,030	34,000	(1,970)
3.00 Public Way Aesthetics					
3.01 Decorative Banner	1,460	2,500	2,210	2,500	(290)
3.02 Holiday Decorations	18,022	18,000	16,327	18,000	(1,673)
3.03 Landscaping	60	2,400	-	3,000	(3,000)
3.05 Streetscape Elements	-	-	-	-	-
3.07 Service Provider Direct Services	2,000	3,500	2,800	2,800	-
3.08 Other	2,262	3,500	1,941	2,500	(559)
Total	23,804	29,900	23,278	28,800	(5,522)
4.00 Tenant & Retention/Attraction					
4.06 Service Provider Direct Services	1,600	2,150	1,800	2,200	(400)
Total	1,600	2,150	1,800	2,200	(400)
8.00 District Planning					
8.07 Service Provider Direct Services	1,800	2,500	1,600	1,600	-
Total	1,800	2,500	1,600	1,600	-
Other Technical Assistance					
9.01 Other: Technical Assistance to area businesses	1,600	2,000	400	400	-
Total	1,600	2,000	400	400	-
10.00 Operational & Administrative Support					
10.01 Audit/Bookkeeping	3,881	3,000	4,550	625	3,925
10.03 Meeting Expense	848	700	855	700	155
10.06 Office Supplies	637	800	387	800	(413)
10.07 Office Utilities/Telephone	1,442	1,500	1,144	1,500	(356)
10.08 Postage	225	700	442	700	(258)
10.09 Office Printing	210	200	101	300	(199)
10.10 Service Provider Administrative Support	1,000	2,000	2,875	2,875	-
10.11 Other	92	-	7,063	200	7,063
10.11 Subscriptions	74	200	59	200	(141)
10.12 Other: Transportation Travel Office	2,206	3,000	-	3,000	(3,000)
Total	10,615	12,100	17,477	10,700	6,777
Grand Total	78,447	89,800	81,539	83,800	(2,261)

See Independent Auditor's Report

95<sup>th</sup> Street Special Service Area Number 4  
95<sup>th</sup> Street Beverly Hills Business Association, Contractor  
SUMMARY SCHEDULE OF FINDINGS  
For the Years Ended December 31, 2011 and 2010

---

Finding #1:

We have reviewed the Agreement for Special Service Area Number 4 between the City of Chicago and the Contractor (95<sup>th</sup> Street Beverly Hills Business Association) for the year ended December 31, 2011 and 2010. We noted no exceptions.