

**DEVON AVENUE SPECIAL SERVICE AREA #43**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

**DEVON AVENUE SPECIAL SERVICE AREA #43**

**FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION**

DECEMBER 31, 2010

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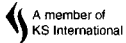
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## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of  
Devon Avenue Special Service Area #43

We have audited the accompanying statement of financial position of the Devon Avenue Special Service Area #43 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 Devon Avenue Special Service Area #43'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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by Devon Avenue Special Service Area #43's 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 Devon Avenue Special Service Area #43 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.

The Summary Schedule of Findings that appears on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of the Organization's management. 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.

The budgetary information in the Statement of Activities on page 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on it.

*Calibre CPA Group PLLC*

Chicago, Illinois  
April 26, 2011

DEVON AVENUE SPECIAL SERVICE AREA #43

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

	<u>2010</u>
ASSETS	
Cash	\$ <u>4,128</u>
Service tax receivable, net of allowance for uncollectible accounts	<u>40,892</u>
Property and equipment	97,033
Less: accumulated depreciation	<u>(24,503)</u>
Net property and equipment	<u>72,530</u>
 TOTAL ASSETS	 <u>\$ 117,550</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	\$ 11,786
Line of credit	<u>66,000</u>
Total liabilities	77,786
NET ASSETS - UNRESTRICTED	<u>39,764</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 117,550</u>

See accompanying notes to financial statements.

**DEVON AVENUE SPECIAL SERVICE AREA #43**

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2010

	2010		
	Budget (Unaudited)	Actual	Variance
<b>REVENUE</b>			
Services tax	\$ 189,553	\$177,554	\$ 11,999
Interest income	-	25	(25)
Total revenue	189,553	177,579	11,974
<b>EXPENSES</b>			
Program Services			
Public Way Maintenance	67,603	54,997	12,606
Public Way Aesthetics	100,000	78,036	21,964
Parking/Transit/Accessibility	6,000	-	6,000
Management and General Expenses			
Operational and Administrative Support	10,950	13,221	(2,271)
Loss Collection	5,000	1,797	3,203
Total expenses	189,553	148,051	41,502
<b>CHANGE IN NET ASSETS</b>	-	29,528	(29,528)
<b>NET ASSETS - UNRESTRICTED</b>			
Beginning of year - as restated	-	10,236	(10,236)
End of year	\$ -	\$ 39,764	\$ (39,764)

See accompanying notes to financial statements.

**DEVON AVENUE SPECIAL SERVICE AREA #43**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 29,528
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	19,407
Change in allowance for doubtful accounts	1,797
Changes in assets and liabilities	
Receivables	(22,377)
Accounts payable and accrued expenses	<u>(164)</u>
Net cash provided by operating activities	<u>28,191</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(64,047)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	1,000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(34,856)
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	<u>38,984</u>
End of year	<u>\$ 4,128</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Interest paid during year	<u>\$ 1,940</u>

See accompanying notes to financial statements.

## DEVON AVENUE SPECIAL SERVICE AREA #43

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

#### NOTE 1. ORGANIZATION

Devon North Town Business and Professional Association (Association) d/b/a West Ridge Chamber of Commerce is an Illinois not-for-profit corporation and is exempt from federal taxes under Section 505(c)(6) of the Internal Revenue Code. The Devon Avenue Special Service Area (SSA) #43 was created as a result of the City of Chicago's Department of Planning and Developments acceptance of the Association's application. The SSA program through the City of Chicago provides communities with the financial means to create, maintain and manage clean, attractive and competitive commercial districts. The SSA raises funds through a small assessment placed on each taxpaying property within a certain boundary. SSA's are governed by the State of Illinois statute, authorized by the City of Chicago ordinance and administered locally with oversight by a local Board of Commissioners.

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Service Tax Receivable** - Service tax due and unpaid at year end are recorded as service tax receivable. Allowance for uncollectible accounts at December 31, 2010 was \$1,797.

**Statement of Cash Flows** - For purposes of this statement, SSA #43 considers deposits in banks to be cash equivalents.

**Use of Estimates** - The preparation of the statement requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Basis of Accounting** - SSA #43 reports on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board which require SSA #43 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, SSA #43 did not have any temporarily or permanently restricted net assets.

**Property & Equipment** - Property and equipment is carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently.

Depreciation is computed on the straight-line method with an estimated useful life of 5 years.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events** - Management has evaluated subsequent events through April 26, 2011, the date which the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

**NOTE 3. RELATED PARTY**

The West Ridge Chamber of Commerce's Executive Director provides certain direct services in addition to the Chamber providing administrative support to SSA #43. Total reimbursement to the West Ridge Chamber of Commerce for the year ended December 31, 2010 was \$18,977.

**NOTE 4. LINE OF CREDIT**

The Devon North Town Business and Professional Association d/b/a West Ridge Chamber of Commerce maintains a promissory note on behalf of SSA #43, which is due January 23, 2012, unless extended. The total available line of credit is \$75,000. As of December 31, 2010, the outstanding balance due to Devon Bank on the line is \$66,000 with an interest rate of 6.50%. Interest is paid on a monthly basis by the West Ridge Chamber of Commerce and SSA #43 reimburses the Chamber.

**NOTE 5. RESTATEMENT OF PRIOR YEAR NET ASSETS**

The Organization's financial statements as of December 31, 2009, contained an understatement of accounts receivable by \$8,894 and an overstatement of accounts payable by \$6,899. Net assets as of January 1, 2010, have been increased by \$15,793 to correct the aggregate effect of the errors.

	<u>2010</u>
Net assets at beginning of year, as previously reported	\$ (5,557)
Prior period adjustment	<u>15,793</u>
Net assets at beginning of year, as restated	<u>\$ 10,236</u>



**ADDITIONAL INFORMATION**

## DEVON AVENUE SPECIAL SERVICE AREA #43

### SUMMARY SCHEDULE OF FINDINGS

DECEMBER 31, 2010

#### *Segregation of Duties*

The City of Chicago Department of Law – Internal Audit Special Service Area Financial and Accounting Guide (the Guide) recommends that the monthly bank reconciliations be performed by someone who does not have check signing authority. In addition, it recommends that the Executive Director review the unopened monthly bank statement.

SSA #43's checking account requires two signatures on all checks. The Executive Director and the Chairman of the Board of Commissioners are authorized signors on the account. The Executive Director is the only employee of the Chamber and the SSA. The Executive Director prepares the bank reconciliation and forwards a copy to the Chairman.

Since there is only one employee, we recommend a duplicate copy of the monthly bank statements be sent directly to the Chairman for review. In addition, we recommend that the Chairman document the review of the monthly bank reconciliation by initialing and dating the reconciliation.

#### *Documentation of Procedures*

The Guide recommends the establishment of a vision statement, mission statement, personnel evaluation policy, document destruction and retention policy and computer back-up procedures.

The SSA has adopted a mission statement and document retention policy, but has not formally documented a vision statement, personnel evaluation policy, or computer back-up procedures.

We recommend that the SSA consider formalizing and documenting in writing a vision statement, personnel evaluation policy, and computer back-up procedures. We recommend that all policies and procedures be reviewed at least annually and updated as considered necessary.

#### *Allocation of Expenses*

The Guide recommends formalizing in a written agreement any cost sharing agreement among related organizations. Also, documentation should be maintained to support the allocation basis of expenses between organizations.

The SSA shares office space, personnel and other administrative expenses with the West Ridge Chamber of Commerce.

We recommend that all cost sharing arrangements be clearly documented and approved by both organizations. In addition, supporting documentation such as timesheets should be maintained to document the basis for the allocation of all expenses between related organizations.