

SPECIAL SERVICE AREA NUMBER 10

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2009



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

Board of Directors
Special Service Area Number 10

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 10** as of December 31, 2009 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 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 10** as of December 31, 2009, 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

Chicago, Illinois
April 28, 2010

SPECIAL SERVICE AREA NUMBER 10

Statement of Financial Position

December 31, 2009

ASSETS

Cash and cash equivalents (Note 2)	\$ 158,000
Real estate taxes receivable, less allowance for uncollectible taxes of \$30,000	430,333
Receivable from affiliates (Note 4)	<u>75,965</u>
Total Assets	<u><u>\$ 664,298</u></u>

LIABILITIES

Accounts payable	\$ 3,034
Deferred real estate tax income	431,683
Note payable (Note 5)	<u>98,180</u>
Total Liabilities	<u>532,897</u>

NET ASSETS

Unrestricted funds	<u>131,401</u>
Total Liabilities and Net Assets	<u><u>\$ 664,298</u></u>

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

SPECIAL SERVICE AREA NUMBER 10

Statement of Activities

For the Year Ended December 31, 2009

SUPPORT AND REVENUES

Real estate taxes current period	\$ 372,157
Real estate taxes prior period	61,231
Interest and other income	<u>149</u>
Total Support and Revenues	<u>433,537</u>

EXPENSES

Program Services:

Advertising and Promotion

Display ads	18,175
Holiday / Seasonal	918
Print materials	665
Special events	50,384
Website / Technology	1,025
Service provider direct services	<u>66,938</u>
Total Advertising and Promotion	138,105

Public Way Maintenance

Equipment and maintenance	1,901
Sidewalk power washing	18,000
Storage rental	800
Supplies	186
Trash removal service	3,058
Service provider direct services	67,882
Other: Truck and sweeper lease	6,283
Other - Fuel	2,286
Other: Radio airtime	<u>1,062</u>
Total Public Way Maintenance	101,458

Public Way Aesthetics

Holiday decoration	<u>5,112</u>
Total Public Way Aesthetics	5,112

Tenant Retention / Attraction

Service provider direct services	<u>7,469</u>
Total Retention / Attraction	7,469

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

SPECIAL SERVICE AREA NUMBER 10

Statement of Activities

For the Year Ended December 31, 2009

Parking/ Transit / Accessibility	
Service provider direct services	43,937
Other - Lease	14,300
Other - Fuel	5,389
Other - Maintenance	<u>2,273</u>
Total Parking / Transit / Accessibility	65,899
Operational & Administrative Support	
Audit/ Bookkeeping	6,365
Meeting expense	2,053
Office equipment / Maintenance	1,845
Office rent	5,720
Office supplies	1,371
Office utilities / telephone	964
Postage	1,100
Office printing	1,377
Service provider administrative support	62,343
Other: Bank service fees	14,350
Other: Liability insurance	3,410
Other: Workers comp insurance	<u>2,643</u>
Total Operational & Administrative Support	103,541
Loss Collection	<u>30,000</u>
Total Expenses	<u>451,584</u>
DECREASE IN NET ASSETS	(18,047)
NET ASSETS -	
Beginning of year	<u>149,448</u>
End of year	<u><u>\$ 131,401</u></u>

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

SPECIAL SERVICE AREA NUMBER 10

Statement of Cash Flows

For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ (18,047)
Adjustments to reconcile change in net assets to net cash provided by operating activities - (Increase) decrease in:	
Real estate taxes receivable	24,242
Increase (decrease) in:	
Accounts payable	(378)
Deferred real estate taxes	<u>326</u>
Net Cash Provided by Operating Activities	<u>6,143</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on bank loan	<u>544</u>
Net Cash used in Financing Activities	<u>544</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

6,687

CASH AND CASH EQUIVALENTS

Beginning of year	<u>151,313</u>
End of year	<u><u>\$ 158,000</u></u>

SUPPLEMENTAL DISCLOSURE

Cash paid for:	
Interest	<u><u>\$ 8,893</u></u>

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

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Organization is chartered by the City of Chicago to provide additional services on behalf of the City of Chicago within a defined geographic area of the Back of the Yards Neighborhood. The service programs include security patrols, street cleaning and beautification, shuttle bus service and other promotional services for the commercial and civic interests in the service area.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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, 2009, the Organization had no permanently or temporarily 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.

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.

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 - FESTIVAL EXPENSES

A significant portion of the Organization's program to promote the commercial and civic interests of the service area involves coordinating and producing the "El Grito" Street Festival. Expenses incurred include the costs of a carnival midway, performers, other entertainment and security patrols. The financial statements reflect the costs for 2009 of \$50,384, which is included in advertising and promotion expenses.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of the Back of the Yards Business Association, Special Service Area Numbers 7, 13 and 39 and Back of the Yards Neighborhood Council. The Organization contracts with Back of the Yards Neighborhood Council as sole service providers in order to administer and provide direct services on behalf of the Organization, which has no employees.

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2009

NOTE 4 - RELATED PARTY TRANSACTIONS - CONTINUED

The transactions and balances due (to) from each of the affiliates are summarized below.

	Neighborhood Council	Business Association	Special Service Area Number 39	Total
Balance due (to) from at December 31, 2008	\$ 44,074	\$ (23,109)	\$ 55,000	\$ 75,965
Allocated expenses	(297,662)	-	-	(297,662)
Cash disbursements to affiliates	297,662	-	-	297,662
Balance due (to) from at December 31, 2009	<u>\$ 44,074</u>	<u>\$ (23,109)</u>	<u>\$ 55,000</u>	<u>\$ 75,965</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, 2009, the Organization had an outstanding balance of \$98,180.

ADDITIONAL INFORMATION



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

Board of Directors of
Special Service Area Number 10

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Our report on the audit of the basic financial statements for the year ended December 31, 2009 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 revenue and expenses to budget for the years ended December 31, 2009 and 2008 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

Chicago, Illinois
April 28, 2010

SPECIAL SERVICE AREA NUMBER 10

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2009 and 2008

	2009			2008		
	2009 Actual	2009 Budget	Variance	2008 Actual	2008 Budget	Variance
SUPPORT AND REVENUES						
Real estate taxes current period	\$ 372,157	\$ 431,683	\$ (59,526)	\$ 399,265	\$ 447,317	\$ (48,052)
Real estate taxes prior period	61,231	58,224	3,007	80,910	-	80,910
Interest and other income	149	-	149	986	-	986
Total Support and Revenues	433,537	489,907	(56,370)	481,161	447,317	33,844
EXPENSES						
Program Services:						
Advertising and Promotion						
Display ads	18,175	33,575	(15,400)	18,088	37,000	(18,912)
Holiday / Seasonal	918	6,589	(5,671)	4,911	7,000	(2,089)
Print materials	665	3,500	(2,835)	-	-	-
Special events	50,384	50,000	384	50,000	50,000	-
Website / Technology	1,025	1,775	(750)	-	-	-
Service provider direct services	66,938	60,940	5,998	39,563	36,500	3,063
Other : Workers comp insurance	-	646	(646)	-	441	(441)
Total Advertising and Promotion	138,105	157,025	(18,920)	112,562	130,941	(18,379)
Public Way Maintenance						
Equipment and maintenance	1,901	1,500	401	-	-	-
Sidewalk power washing	18,000	17,000	1,000	7,000	7,000	-
Storage rental	800	2,000	(1,200)	-	-	-
Supplies	186	2,000	(1,814)	1,147	1,000	147
Trash removal service	3,058	3,200	(142)	3,245	3,200	45
Service provider direct services	67,882	61,800	6,082	57,480	61,800	(4,320)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2009 and 2008

	2009		2008		Variance	2008		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
Public Way Maintenance - continued								
Other: Truck and Sweeper Lease	6,283	6,584	-	-	(301)	-	-	-
Other: Vehicle lease	-	-	5,467	4,800	-	5,467	4,800	667
Other: Fuel	2,286	5,400	-	-	(3,114)	-	-	-
Other: Workers comp insurance	-	646	808	779	(646)	808	779	29
Other: Radio airtime	1,062	475	-	-	587	-	-	-
Total Public Way Maintenance	101,458	100,605	75,147	78,579	853	75,147	78,579	(3,432)
Public Way Aesthetics								
Banner maintenance	-	792	1,708	2,500	(792)	1,708	2,500	(792)
Holiday decoration	5,112	5,466	7,238	6,000	(354)	7,238	6,000	1,238
Service provider direct services	-	-	-	14,000	-	-	14,000	(14,000)
Total Public Way Aesthetics	5,112	6,258	8,946	22,500	(1,146)	8,946	22,500	(13,554)
Tenant Retention / Attraction								
Service provider direct services	7,469	6,800	-	-	669	-	-	-
Total Retention / Attraction	7,469	6,800	-	-	669	-	-	-
Façade Improvements								
Awning rebate program	-	11,960	-	-	(11,960)	-	-	-
Service provider direct services	-	-	-	14,000	-	-	14,000	(14,000)
Other: Artistic board up	-	3,250	1,750	5,000	(3,250)	1,750	5,000	(3,250)
Total Façade Improvements	-	15,210	1,750	19,000	(15,210)	1,750	19,000	(17,250)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

Comparison Schedules of Actual Revenues and Expenses to budget

For the Years Ended December 31, 2009 and 2008

	2009		2008		Variance	2008		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
Parking/ Transit / Accessibility								
Parking fee subsidy	-	500	44	500	(500)	44	500	(456)
Service provider direct services	43,937	40,000	44,844	54,000	3,937	44,844	54,000	(9,156)
Other - Lease	14,300	15,600	17,554	18,000	(1,300)	17,554	18,000	(446)
Other - Fuel	5,389	15,312	8,687	13,000	(9,923)	8,687	13,000	(4,313)
Other - Maintenance	2,273	4,270	867	3,000	(1,997)	867	3,000	(2,133)
Other: Workers comp insurance	-	646	-	504	(646)	-	504	(504)
Total Parking / Transit / Accessibility	65,899	76,328	71,996	89,004	(10,429)	71,996	89,004	(17,008)
District Planning								
Direct market study	-	9,965	-	-	(9,965)	-	-	-
Total District Planning	-	9,965	-	-	(9,965)	-	-	-
Operational & Administrative Support								
Audit/ Bookkeeping	6,365	5,095	4,796	4,450	1,270	4,796	4,450	346
Meeting expense	2,053	1,250	-	250	803	-	250	(250)
Office equipment / maintenance	1,845	503	-	-	1,342	-	-	-
Office rent	5,720	6,240	6,616	14,200	(520)	6,616	14,200	(7,584)
Office supplies	1,371	672	413	1,800	699	413	1,800	(1,387)
Office utilities / telephone	964	935	915	900	29	915	900	15

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

Comparison Schedule of Actual Revenues and Expenditures to Budget

For the Years Ended December 31, 2009 and 2008

	2009		2008			
	Actual	Budget	Variance	Actual	Budget	Variance
Operational & Administrative Support - Continued						
Postage	1,100	3,720	(2,620)	4,262	4,650	(388)
Office printing	1,377	1,502	(125)	1,376	3,000	(1,624)
Service provider admin. support	62,343	56,757	5,586	66,915	46,475	20,440
Other: Bank service fees	14,350	5,000	9,350	18,132	5,000	13,132
Other: Liability insurance	3,410	3,144	266	3,077	3,231	(154)
Other: Workers comp insurance	2,643	3,077	(434)	-	837	(837)
Total Operational & Administrative Support	103,541	87,895	15,646	106,502	84,793	21,709
Loss Collection	30,000	29,821	179	-	22,500	(22,500)
Total Expenses	451,584	489,907	(38,323)	376,903	447,317	(70,414)
Excess of Revenues over Expenses	\$ (18,047)	\$ -	\$ (18,047)	\$ 104,258	\$ -	\$ 104,258

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

Summary Schedule of Findings
For the Year Ended December 31, 2009

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.