

**SPECIAL SERVICE AREA NUMBER 39**

*FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*For the Year Ended*

*December 31, 2009*

**SPECIAL SERVICE AREA NUMBER 39**

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

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Board of Directors  
Special Service Area Number 39

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 39** 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. 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 39** as of December 31, 2009, and the changes in its net assets and its cash flow for the year then ended, in conformity with accounting principles generally accepted in the United States.

*Cary J. Hall & Associates, LLC*

April 28, 2010  
Chicago, Illinois

**SPECIAL SERVICE AREA NUMBER 39**

Statement of Financial Position

December 31, 2009

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**ASSETS**

Cash and cash equivalents (Note 2)	\$ 384,130
Receivable from affiliate (Note 3)	100,314
Real estate taxes receivable, less allowance for uncollectible taxes of \$186,000	<u>946,411</u>
Total Assets	<u><u>\$ 1,430,855</u></u>

**LIABILITIES**

Accounts payable and accrued expenses	\$ 8,810
Deferred real estate tax income	886,885
Notes Payable - Line of credit	89,112
Payable to affiliate (Note 3)	<u>55,000</u>
Total Liabilities	<u>1,039,807</u>

**NET ASSETS**

Unrestricted funds	<u>391,048</u>
Total Liabilities and Net Assets	<u><u>\$ 1,430,855</u></u>

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

## SPECIAL SERVICE AREA NUMBER 39

### Statement of Activities

For the Year Ended December 31, 2009

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#### **SUPPORT AND REVENUES**

Real estate taxes - current period	\$ 617,530
Real estate taxes - prior period	86,063
Interest and other income	209
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Total Support and Revenues	703,802

#### **EXPENSES**

##### **Program Services:**

##### **Advertising and Promotion**

Display ads	70,374
Holiday / Seasonal	10,664
Print materials	1,285
Special events	32,203
Website/Technology	2,348
Service provider direct services	63,088
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Total Advertising and Promotion	179,962

##### **Public Way Maintenance**

Equipment purchase and maintenance	1,584
Graffiti removal	47,152
Sidewalk power washing	10,045
Storage rental	800
Supplies	812
Trash removal service	3,050
Service provider direct services	163,884
Other: Truck and sweeper lease	6,035
Other: Fuel	3,152
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Total Public Way Maintenance	236,514

##### **Public Way Aesthetics**

Holiday decoration	10,666
Service provider direct services	20,107
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Total Public Way Aesthetics	30,773

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

## SPECIAL SERVICE AREA NUMBER 39

### Statement of Activities

For the Year Ended December 31, 2009

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<b>Tenant Retention / Attraction</b>	
Service provider direct services	24,194
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Total Tenant Retention / Attraction	24,194
<b>Façade Improvements</b>	
Service provider direct services	15,080
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Total Façade Improvements	15,080
<b>Parking/ Transit / Accessibility</b>	
Service provider direct services	95,142
Other: Bus lease	16,500
Other: Fuel	6,514
Other: Repairs and maintenance	1,885
Other: Radio time	834
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Total Parking / Transit / Accessibility	120,875
<b>District Planning</b>	
District branding	10,565
District master plan	2,875
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Total District Planning	13,440
<b>Supporting Services:</b>	
<b>Operational &amp; Administrative Support</b>	
Audit/ Bookkeeping	6,365
Meeting Expense	2,521
Office Equipment Lease / Maintenance	1,885
Office rent	5,720
Office supplies	1,756
Office Utilities / Telephone	1,691
Postage	1,085
Office printing	1,499

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

**SPECIAL SERVICE AREA NUMBER 39**

Statement of Activities

For the Year Ended December 31, 2009

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**Operational & Administrative Support**

Service provider administrative support	77,249
Other: Finance charges and bank fees	13,793
Other: Liability insurance	3,410
Other: Workman's comp insurance	4,198

Total Operational & Administrative Support 121,172

**Loss Collection** 78,000

Total Expenses 820,010

**DECREASE IN NET ASSETS** (116,208)

Beginning of year 507,256

End of year \$ 391,048

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

**SPECIAL SERVICE AREA NUMBER 39**

Statement of Cash Flows

For the Year Ended December 31, 2009

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (116,208)
Adjustments to reconcile change in net assets to net cash provided by operating activities - (Increase) decrease in:	
Real estate taxes receivable	89,746
Increase (decrease) in:	
Accounts payable	5,184
Deferred tax revenue	<u>133,113</u>
Net Cash Provided by Operating Activities	<u>111,835</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net Payments (proceeds) on bank loan	<u>708</u>
Net Cash Used in Financing Activities	<u>708</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

112,543

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>271,587</u>
End of year	<u><u>\$ 384,130</u></u>

**SUPPLEMENTAL DISCLOSURE**

Cash paid for:	
Interest	<u><u>\$ 13,793</u></u>

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



## SPECIAL SERVICE AREA NUMBER 39

Notes to Financial Statements

December 31, 2009

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - On November 14, 2006 the City Council of the City of Chicago passed an ordinance authorizing the re-establishment of Special Service Area ("SSA") Number 39, the imposition of the 2006 tax levy, the approval of the 2007 budget and the execution of a service provider agreement for Special Service Area Number 39. The agreement for services took effect as of January 1, 2007 and shall continue through December 31, 2009, or until the agreement is terminated earlier in accordance with its terms.

The SSA is established in the City of Chicago within a defined geographic area of the Back of the Yards Neighborhood. The service programs include but not limited to maintenance and beautification, new construction, coordinated marketing and promotional activities, parking and transit programs, area strategic planning, business retention and recruitments, building facade improvements, security services and other technical assistance activities to promote community and economic development.

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.

## SPECIAL SERVICE AREA NUMBER 39

Notes to Financial Statements

December 31, 2009

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

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. 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 - RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of the Back of the Yards Business Association, Special Service Area Numbers 13, 10, 7 and Back of the Yards Neighborhood Council. The Organization contracts with the Back of the Yards Neighborhood Council as sole service provider in order to administer and provide direct services on behalf of the Organization, which has no employees.

**SPECIAL SERVICE AREA NUMBER 39**

Notes to Financial Statements

December 31, 2009

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**NOTE 3 - RELATED PARTY TRANSACTIONS - CONTINUED**

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

	Neighborhood Council	SSA # 10	Total
Balance due (to) from at December 31, 2008	\$ 100,314	\$ (55,000)	\$ 45,314
Allocated expenses	(510,504)	-	(510,504)
Cash disbursements to affiliates	510,504	-	510,504
Balance due (to) from at December 31, 2009	<u>\$ 100,314</u>	<u>\$ (55,000)</u>	<u>\$ 45,314</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 balance was \$89,112.



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

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Board of Directors  
Special Service Area Number 39

**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 revenues and expenses to budget for the years 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*

April 28, 2010  
Chicago, Illinois

**ADDITIONAL INFORMATION**

**SPECIAL SERVICE AREA NUMBER 39**

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
<b>SUPPORT AND REVENUES</b>						
Real estate taxes - current period	\$ 610,009	\$ 886,685	\$ (276,676)	\$ 753,772	\$ 753,772	\$ -
Real estate taxes - prior period	93,584	501,468	(407,884)	(71,998)	-	(71,998)
Interest and other income	209	-	209	1,539	-	1,539
Total Support and Revenues	703,802	1,388,153	(684,351)	683,313	753,772	(70,459)
<b>EXPENSES</b>						
<b>Program Services:</b>						
<b>Advertising and Promotion</b>						
Display ads	70,374	70,143	231	23,571	65,000	(41,429)
Holiday / Seasonal	10,664	17,820	(7,156)	2,180	15,000	(12,820)
Print materials	1,285	7,650	(6,365)	2,350	5,000	(2,650)
Special events	32,203	30,000	2,203	16,286	10,000	6,286
Website/Technology	2,348	6,546	(4,198)	3,454	5,000	(1,546)
Service provider direct services	63,088	62,753	335	10,661	30,289	(19,628)
Other: Workman's comp insurance	-	924	(924)	-	382	(382)
Total Advertising and Promotion	179,962	195,836	(15,874)	58,502	130,671	(72,169)
<b>Public Way Maintenance</b>						
Equipment purchase and maintenance	1,584	11,070	(9,486)	1,630	16,800	(15,170)
Graffiti removal	47,152	123,600	(76,448)	46,400	50,000	(3,600)
Liability /Property Insurance	-	3,060	(3,060)	-	-	-
Sidewalk power washing	10,045	79,488	(69,443)	24,000	80,000	(56,000)
Storage rental	800	2,000	(1,200)	-	-	-

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 39**

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	
<b>Public Way Maintenance -Continued</b>								
Supplies	812	3,884	1,116	3,000	(3,072)		(1,884)	
Trash removal service	3,050	5,200	3,170	4,300	(2,150)		(1,130)	
Service provider direct services	163,884	163,014	116,298	119,000	870		(2,702)	
Other: Truck and sweeper lease	6,035	7,616	3,768	4,800	(1,581)		(1,032)	
Other: Fuel	3,152	11,150	-	4,950	(7,998)		(4,950)	
Other: Workman's comp insurance	-	2,655	605	1,499	(2,655)		(894)	
Total Public Way Maintenance	236,514	412,737	196,987	284,349	(176,223)		(87,362)	
<b>Public Way Aesthetics</b>								
Banner maintenance	-	43,366	-	24,500	(43,366)		(24,500)	
Holiday decoration	10,666	25,500	5,634	10,000	(14,834)		(4,366)	
Landscaping	-	85,000	-	-	(85,000)		-	
Streetscape elements purchase	-	78,000	-	-	(78,000)		-	
Service provider direct services	20,107	20,000	-	13,334	107		(13,334)	
Other: Workman's comp insurance	-	1,929	-	168	(1,929)		(168)	
Total Public Way Aesthetics	30,773	253,795	5,634	48,002	(223,022)		(42,368)	
<b>Tenant Retention / Attraction</b>								
Site marketing materials	-	6,000	-	5,000	(6,000)		(5,000)	
Service provider direct services	24,194	24,066	-	16,955	128		(16,955)	
Other: Workman's comp insurance	-	427	-	214	(427)		(214)	
Total Tenant Retention / Attraction	24,194	30,493	-	22,169	(6,299)		(22,169)	

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 39**

Comparison Schedules of Actual Revenues and Expenses to Budget  
For the Years Ended December 31, 2009 and 2008

	2009		2009		2008		2008	
	Actual	Budget	Budget	Variance	Actual	Budget	Variance	
<b>Façade Improvements</b>								
Awning rebate program	-	60,000		(60,000)	-	20,000	(20,000)	
Service provider direct services	15,080	15,000		80	-	-	-	
Other: Workman's comp insurance	-	189		(189)	-	-	-	
Total Façade Improvements	15,080	75,189		(60,109)	-	20,000	-	
<b>Parking/ Transit / Accessibility</b>								
Service provider direct services	95,142	94,637		505	86,615	95,838	(9,223)	
Other: Bus lease	16,500	18,000		(1,500)	18,000	18,000	-	
Other: Fuel	6,514	11,886		(5,372)	8,114	15,000	(6,886)	
Other: Repairs and maintenance	1,885	10,000		(8,115)	-	9,500	(9,500)	
Other: Workman's comp insurance	-	1,762		(1,762)	-	830	(830)	
Other: Radio time	834	1,025		(191)	375	700	(325)	
Total Parking / Transit / Accessibility	120,875	137,310		(16,435)	113,104	139,868	(26,764)	
<b>Safety Programs</b>								
Lighting, tree pruning	-	40,000		(40,000)	-	-	-	
Other: Radios	-	-		-	566	-	566	
Total Safety Programs	-	40,000		(40,000)	566	-	566	
<b>District Planning</b>								
District branding	10,565	20,476		(9,911)	-	-	-	
District master plan	2,875	50,000		(47,125)	-	-	-	
Total District Planning	13,440	70,476		(57,036)	-	-	-	

See independent auditor's report on additional information.



**SPECIAL SERVICE AREA NUMBER 39**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2009 and 2008

	2009		2008		Variance
	Actual	Budget	Actual	Budget	
<b>Supporting Services:</b>					
<b>Operational &amp; Administrative Support</b>					
Audit/ Bookkeeping	6,365	4,326	10,195	4,250	5,945
Meeting Expense	2,521	250	-	790	(790)
Office Equipment Lease / Maintenance	1,885	503	233	-	233
Office rent	5,720	6,240	6,240	6,240	-
Office supplies	1,756	1,071	3,825	6,500	(2,675)
Office Utilities / Telephone	1,691	1,020	979	950	29
Postage	1,085	3,720	3,762	7,650	(3,888)
Office printing	1,499	5,051	4,605	8,000	(3,395)
Service provider administrative support	77,249	76,839	123,753	121,804	1,949
Other: Finance charges and bank fee's	13,793	5,000	20,042	5,000	15,042
Other: Liability insurance	3,410	3,077	3,119	3,077	42
Other: Workman's comp insurance	4,198	7,335	1,210	653	557
Total Operational & Administrative Support	121,172	114,432	177,963	164,914	13,049
<b>Loss Collection</b>					
	78,000	57,885	36,000	36,000	-
Total Expenses	820,010	1,388,153	588,756	845,973	(237,217)
Excess of Revenues over Expenses	\$ (116,208)	\$ -	\$ 94,557	\$ (92,201)	\$ 166,758

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 39**

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

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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.