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**SHARI TAYLOR & CO., CHARTERED**

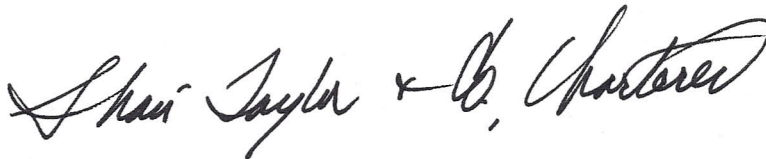
**REPORT OF INDEPENDENT AUDITORS**

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

We have audited the accompanying statements of financial position of the Devon Avenue Special Service Area #43 as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the year ended December 31, 2009 and 2008. 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 audits.

We conducted our audits 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 statements presentation. We believe that our audits provide 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Northbrook, Illinois  
April 29, 2010

CERTIFIED  
PUBLIC  
ACCOUNTANTS &  
CONSULTANTS

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

Devon Avenue Special Service Area #43  
 Statements of Financial Position  
 December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash	\$ 38,984	\$ 2,736
Service Tax Receivable, Net of Allowance for uncollectible accountbs	11,418	640
Property and Equipment	32,986	16,986
Less: Accumulated Depreciation	5,096	1,699
Net Property and Equipment	<u>27,890</u>	<u>15,287</u>
Total Assets	<u>\$ 78,292</u>	<u>\$ 18,683</u>
<b>LIABIITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 18,849	\$ 14,863
Note payable	<u>65,000</u>	<u>-</u>
Total Liabiilities	88,849	14,863
Net assets - unrestricted	<u>(5,557)</u>	<u>(3,800)</u>
Total liabilities and net assets	<u>\$ 78,292</u>	<u>\$ 18,663</u>

See accompanying notes to financial statements

## Devon Avenue Special Service Area #43

## Statements of Activities

Years Ended December 31, 2009 and 2008

	<u>2009</u>			<u>2008</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE						
Services tax	\$181,050	\$176,962	\$4,088	\$ 167,737	\$ 105,246	\$ 62,491
Interest income	-	43	(43)	-	776	(776)
Total revenue	<u>181,050</u>	<u>177,005</u>	<u>4,045</u>	<u>167,737</u>	<u>106,022</u>	<u>61,715</u>
EXPENSES						
Program Services						
Advertising and Promotion	9,000	1,750	7,250	3,472	1,463	2,009
Public Way Maintenance	91,750	87,030	4,720	70,848	78,595	(7,747)
Public Way Aesthetics	46,000	60,796	(14,796)	70,796	70,533	263
Public Way Parking	13,150	4,200	8,950	1,750	550	1,200
Management and General Expenses						
Operational and Admin Support	16,150	32,586	(16,436)	10,240	13,065	(2,825)
Loss Collection	5,000	-	5,000	10,631	(5,107)	15,738
Total Expenses	<u>181,050</u>	<u>186,362</u>	<u>5,312</u>	<u>167,737</u>	<u>159,099</u>	<u>8,638</u>
CHANGE IN NET ASSETS	-	(9,357)	9,357		(53,077)	53,077
NET ASSETS - UNRESTRICTED						
Beginning of year	-	3,800	(3,800)	-	56,877	(56,877)
End of year	-	\$ (5,557)	\$ 5,557	-	\$ 3,800	\$ (3,800)

See accompanying notes to financial statements

## Devon Avenue Special Service Area #43

## Statement of Cash Flows

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,357)	\$ (53,077)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation expense	3,397	1,699
Changes in assets and liabilities		
Receivables	(10,778)	11,407
Accounts Payable and accrued expenses	3,986	9,922
Net cash provided by (used for) operating activities	<u>(12,752)</u>	<u>(30,049)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(16,000)</u>	<u>(16,986)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of loan	72,000	-
Paydown loan	(7,000)	-
Net cash provided by financing activities	<u>65,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,248	(47,035)
CASH AND CASH EQUIVALENTS		
Beginning of year	2,736	49,771
End of Year	<u>\$ 38,984</u>	<u>\$ 2,736</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid during year	<u>\$ 1,696</u>	<u>-</u>

See accompanying notes to financial statements

DEVON AVENUE SPECIAL SERVICE AREA #43

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

**NOTE 1. ORGANIZATION**

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 Devon North Town Business and Professional Association d/b/a West ridge Chamber of Commerce'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 with 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, 2009 and 2008 was \$0 .

**Statement of Cash Flows** For purposes of this statement, SA#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 in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-profit Organizations. Under SFAS No. 117, SSA #43 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 and 2008, SSA #43 did not have any temporarily or permanently restricted net assets.

**Property and 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.

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

**NOTE 3. TAX STATUS**

The Internal Revenue Service has advised that the Devon North Town Business and Professional Association qualifies under Section 501©(6) of the Internal Revenue Code and, is therefore, not subject to tax under present income tax laws.

**NOTE 4. RELATED PARTY – LINE OF CREDIT**

The Devon North Town Business and Professional Association/ d/b/a West Ridge Chamber of Commerce took out a Line of Credit with Devon Bank on behalf of SSA #43. The total line of credit is \$100,000. As of 12/31/09, the balance due to Devon Bank on the line is \$65,000. There is additionally accrued interest in the amount of \$1,696.45. The interest rate is 3.75%.

**NOTE 5. Leases**

SSA#43 leased its office space August 24, 2009. The term of the least is for the period September 1, 2009 through August 31, 2010 with the option to renew for an additional year. SSA#43 pays half of the electricity and gas.

**NOTE 6. Commitments**

SSA#43 has a lease purchase agreement with Bigbelly Solar for 20 Black BigBelly Solar Compactors and 40 Ad Panels. The final payment will be payable on 4/15/2010 in the amount of \$68,290.00. The initial payment of \$16,000 was paid on 3/17/2009.

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**REPORT OF INDEPENDENT AUDITORS ON ADDITIONAL INFORMATION**

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

Our audits of the financial statements of Devon Avenue Special Service Area #43 for The year ended December 31, 2009 and 2008 was made for the purpose of forming an opinion on the basis financial statements taken as a whole. The accompanying information that appears on pages 8 and 9 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.

*Shari Taylor & Co., Chartered*

Northbrook, Illinois  
April 29, 2010

**DEVON AVENUE SPECIAL SERVICE AREA #43**

**SUMMARY SCHEDULE OF FINDINGS**

**DECEMBER 31, 2009 AND 2008**

**Financial Review and Reporting**

The City of Chicago Department of Law – Internal Audit Special Service Area Financial and Accounting Guide (the Guide) recommends the SSA distribute appropriate and accurate financial and operational information including, but not limited to, monthly financial statements and a comparison of actual to budgeted income and expenses. This information should be presented to the Board of Commissioners for approval on a timely basis.

The general ledger is being kept on a cash basis of accounting. We discovered there were no beginning balances in the general ledger and, consequently, the financial statements given to us were prepared on the cash basis which is not in accordance with generally accepted accounting principles.

Additionally, there was a variance in the cash balance in the general ledger of \$12,423.90 compared to the bank reconciliation. We performed additional audit functions and discovered the cash balance per the certified audit 12/31/08 showed a cash balance of \$2,736. The bank reconciliation showed a balance of \$15,159.90. The variance of \$12,423.90 of various checks written in 2008 was recorded in 2009 which distorted the financial statements significantly.

We recommend you hire the services of a CPA firm to come in and enter the balances in Quickbooks so that you will have the correct beginning balances for 2010 and have financial statements that are accurate. We furthermore recommend a quarterly review of your financial statements by a CPA firm so that at year end when you need a certified audit, the financial statements are correct.

There were significant variances between the budget figures and the actual figures. We suggest more time be spent preparing the budget and any variances on a quarterly basis should be looked into immediately.

The contract with Patch Landscaping and Snow Removal, Inc. dated 2/24/09 in the amount of \$15,200 indicates a 2% fuel surcharge be applied per season for delivery costs. We determined the company is charging 4%. We recommend you bring this to their attention and request a refund in the amount of \$304.



**Summary Schedule of Findings (continued)**

**Segregation of Duties**

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.

We recommend a duplicate copy of the monthly bank statements be sent directly to the Treasurer for review. In addition, we recommend that the Treasurer document the review of the monthly bank reconciliation by initialing and dating the reconciliation.

**Documentation of Procedures**

We recommend the SSA review all policies and procedures quarterly and updated as necessary.

**Allocation of Expenses**

We recommend that all cost sharing arrangements be clearly documented and approved by the various organizations. Supporting documentation should be maintained to document the basis for the allocation of all expenses between related organizations.