

**QUAD COMMUNITIES
DEVELOPMENT CORPORATION**

**SPECIAL SERVICE AREA #47
FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2009
(With Independent Auditors' Report on
Compliance with City Requirements)**

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #47

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**Independent Auditors' Report on Compliance with
City Requirements for the Special Service Area #47**

The Board of Directors
Quad Communities Development Corporation

We have audited the statement of financial position of the Special Service Area #47 of Quad Communities Development Corporation ("QCDC") as of December 31, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of QCDC'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 and the grant policy guidelines of the City of Chicago's Department of Planning and Development audit requirements. Those standards and the guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements. 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. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between QCDC and the City of Chicago's Department of Planning and Development. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of the Special Service Area #47 of QCDC as of December 31, 2009, and 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. In our opinion, QCDC is in compliance with the provisions of laws, regulations, contracts and grants.

Alexander Mannie & Company, P.C.

April 23, 2010

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #47

BALANCE SHEET

AS OF DECEMBER 31, 2009

ASSETS

Cash	\$ 267,233
Accounts receivable	<u>9,764</u>
Total Assets	<u>\$ 276,997</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 17,000
Due to affiliate - QCDC	50,396
Recoverable grant loan payable	<u>49,292</u>

Total Liabilities 116,688

NET ASSETS

Unrestricted	<u>160,309</u>
Total Liabilities and Net Assets	<u>\$ 276,997</u>

See notes to financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #47

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED DECEMBER 31, 2009

Revenue:		
City of Chicago		\$ 328,171
	Total revenue	<u>328,171</u>
Expenses:		
Special events		316
Trash removal service		68,000
Other: shuttle		29
SSA #47 start up costs		49,586
Audit/bookkeeping		5,000
Office rent		4,800
Office supplies		1,500
Office utilities/telephone		2,400
Postage		1,000
Office printing		2,000
Service provider staff compensation		<u>33,231</u>
	Total expenses	<u>167,862</u>
Change in net assets		160,309
Net assets at beginning of year		<u>-</u>
Net assets at end of year		<u>\$ 160,309</u>

See notes to financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #47

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 160,309
Changes in assets and liabilities:	
Increase in accounts receivable	(9,764)
Increase in accounts payable	17,000
Increase in due to affiliate - QCDC	<u>50,396</u>
Net cash provided by operating activities	<u>217,941</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from recoverable grant loan	<u>49,292</u>
Net cash provided by financing activities	<u>49,292</u>

Net increase in cash 267,233

CASH AT BEGINNING OF YEAR -

CASH AT END OF YEAR \$ 267,233

See notes to financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #47

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. **Nature of Business:**

The Quad Communities Development Corporation (“QCDC”) was created in 2003 to provide community services, in addition to those provided by the City of Chicago to the Quad Communities Development Corporation which is the industrial area bounded by Cottage Grove Avenue from 40th Street on the north to 51st Street on the south and along 47th Street from Lake Park Avenue on the east to St. Lawrence Avenue on the west. On September 8, 2008, the City Council of the City of Chicago enacted an ordinance, which established an area known and designated as City of Chicago Special Service Area Number 47 and authorized the levy of an annual tax not to exceed an annual rate of three percent of the equalized assessed value of the taxable property therein to provide certain special services in and for the area in addition to the services provided by and to the City of Chicago generally. The area designated as Special Service Area #47 included the identical boundaries defined by the Quad Communities Development Corporation when it was created in 2003.

The special services authorized in the Ordinance included but not limited to maintenance and beautification activities; new construction; coordinated marketing and promotional activities; parking and transit programs; area strategic planning; business retention/recruitment initiatives; building façade improvements; security services; social services; and other technical assistance activities to promote community and economic development which was commensurate with the services provided by Quad Communities Development Corporation. The Commissioner of the City of Chicago’s Department of Planning and Development was authorized to enter into an agreement to appoint Quad Communities Development Corporation as the Service Provider for the Special Service Area #47. All activities of the Special Service Area #47 are carried out by the Quad Communities Development Corporation.

2. **Significant Accounting Policies:**

(a) **Basic Financial Statements**

Generally accepted reporting standards for nonprofit organizations state that the basic financial statements include a statement of financial position, a statement of activities, and a statement of cash flows.

In order to accommodate the standard requirements and the requirements of the Department of Planning and Development, the statements included with the Independent Auditor’s Report are a statement of financial position re-titled to Balance Sheet, a Statement of Activity and Changes in Net Assets, and a Statement of Cash Flows. A Statement of Revenue and Expenditures with budget comparisons is also included.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #47

NOTES TO FINANCIAL STATEMENTS
(Continued)

YEAR ENDED DECEMBER 31, 2009

2. **Significant Accounting Policies (Continued):**

(b) **Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

(c) **Revenue**

Special Service Area #47 provided for the authorization of a levy of an annual tax not to exceed an annual rate of three percent of the equalized assessed value of the taxable property therein to cover the cost of special services provided for in the ordinance.

(d) **Income Tax Status**

QCDC is a nonprofit Illinois corporation and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

3. **Recoverable Grant Loan Payable**

At December 31, 2009, recoverable grant loan payable of \$49,292 consist of the startup cost for the Special Area Funding from Local Initiative Support Corporation bearing no interest. The note matures on December 31, 2010.

4. **Concentration of Credit Risk:**

QCDC SSA#47 maintains its cash in bank account deposit account which, at times, may exceed federally insured limits. Management has not experienced any losses in such accounts. At December 31, 2009, cash exceeding federally insured limit by \$17,233.

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**Independent Auditors' Report
on Supplemental Information**

To the Board of Directors
Quad Communities Development Corporation

Our audit was made for the purpose of forming an opinion on the basic financial statements of Quad Communities Development Corporation Special Service Area #47 taken as a whole. The accompanying statement of revenues and expenditures with budget comparisons for the year ended December 31, 2009 is presented for the purpose 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. The accompanying summary schedule of findings has not been audited by us and, accordingly, we express no opinion on it.

Alexander Mannie & Company, P.C.

April 23, 2010

QUAD COMMUNITIES DEVELOPMENT CORPORATION

SPECIAL AREA AREA #47

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUE:			
Fee Income	\$ 350,600	\$ 328,171	\$ (22,429)
Total Revenue	350,600	328,171	(22,429)
EXPENDITURES:			
<i>Advertising & Promotion</i>			
Display Ads	8,000	-	8,000
Print Materials	10,000	-	10,000
Public/ Media Relations Services	5,000	-	5,000
Special Events	17,500	316	17,184
Service Provider Direct Services	2,500	2,500	-
	43,000	2,816	40,184
 <i>Public Way Maintenance</i>			
Trash Removal Service	120,000	68,000	52,000
Service Provider Direct Services	5,000	5,000	-
	125,000	73,000	52,000
 <i>Public Way Aesthetics</i>			
Landscaping	14,000	-	14,000
Service Provider Direct Services	5,000	5,000	-
Other: Banner Design	2,500	-	2,500
	21,500	5,000	16,500
 <i>Tenant Retention/Attraction</i>			
Site Marketing Materials	8,400	-	8,400
Technical Assistance to Business	3,000	-	3,000
	11,400	-	11,400
 <i>Parking/Transit/Accessibility</i>			
Shared Valet Program	5,000	-	5,000
Other: Shuttle	5,000	29	4,971
	10,000	29	9,971
 <i>Safety Program</i>			
Security Rebate Program	10,000	-	10,000
	10,000	-	10,000
 <i>District Planning</i>			
SSA Work Plans, Visioning, etc.	1,000	-	1,000
Service Provider Direct Services	2,000	2,000	-
District Branding, Identity Development	5,000	-	5,000
SSA Start-up Costs	60,000	49,586	10,414
	68,000	51,586	16,414

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION

SPECIAL AREA AREA #47

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2009

	Budget	Actual	Favorable (Unfavorable)
<i>Administrative</i>			
Audit/Bookkeeping	5,000	5,000	-
Meeting Expense	2,000	-	2,000
Office Rent	4,800	4,800	-
Office Supplies	1,500	1,500	-
Office Utilities/Telephone	2,400	2,400	-
Postage	1,000	1,000	-
Office Printing	2,000	2,000	-
Service Provider Staff Compensation	25,000	18,731	6,269
	43,700	35,431	8,269
Loss Collection	18,000	-	18,000
	18,000	-	18,000
Total Expenditure	350,600	167,862	182,738
Change in net assets	-	160,309	160,309
NET ASSETS AT BEGINNING OF YEAR	-	-	-
NET ASSETS AT END OF YEAR	\$ -	\$ 160,309	\$ 160,309

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #47

SUMMARY SCHEDULE OF FINDINGS

(Unaudited)

YEAR ENDED DECEMBER 31, 2009

We have read the requirements of the Service Provider Agreement between Quad Communities Development Corporation, Contractor, and the City of Chicago.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

The total revenues used during the year ended December 31, 2009, were made available from the budgeted sources in amounts specified in the budget.

Finding-1

Budget allowances were available for all line items for which expenditures were made. The actual spending for all items, except for eighteen items was equal to or less than the budgeted allowance.

Finding-2

The SSA#47 year ending December 31, 2009 unexpended balance of \$160,309 does not equal to 2010 SSA# 47 Budget Carryover of \$43,440.