

**KEDZIE INDUSTRIAL TRACT  
SPECIAL SERVICE AREA NUMBER 7**

*FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*For the Year Ended*

*December 31, 2012*

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Statement of Financial Position

December 31, 2012

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**ASSETS**

Cash and cash equivalents (Note 2)	\$ 38,786
Real estate taxes receivable, less allowance for uncollectible taxes of \$10,000	<u>120,223</u>
Total Assets	<u><u>\$ 159,009</u></u>

**LIABILITIES**

Deferred property tax revenue	\$ 129,747
Due to affiliated Organization	<u>15,000</u>
Total Liabilities	<u>144,747</u>

**NET ASSETS**

Unrestricted funds	<u>14,262</u>
Total Liabilities and Net Assets	<u><u>\$ 159,009</u></u>

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

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Statement of Activities

For the Year Ended December 31, 2012

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### REVENUES, LOSSES, AND OTHER SUPPORT

Real estate taxes	\$ 134,752
Real estate taxes - prior period	679
Interest and other income	3
Loss collection on real estate revenue	<u>(14,000)</u>
Total Support, Losses and Revenues	<u>121,434</u>

### EXPENSES

#### Program Services:

Advertising and Promotion	1,040
Public Way Maintenance	4,466
Safety Programs	63,085
Operational Program Support	24,500

#### Supporting Services:

Management and General	<u>14,005</u>
Total Expenses	<u>107,096</u>

### INCREASE IN NET ASSETS

14,338

### NET ASSETS -

Beginning of year	<u>(76)</u>
End of year	<u>\$ 14,262</u>

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

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Statement of Cash Flows For the Year Ended December 31, 2012

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### CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 14,338
Adjustments to reconcile change in net assets to net cash provided by operating activities - (Increase) decrease in operating assets:	
Real estate tax receivable	(531)
Increase (decrease) in operating liabilities:	
Deferred property tax revenue	10,587

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Net Cash Provided by Operating Activities	<u>24,394</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	24,394
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### CASH AND CASH EQUIVALENTS

Beginning of year	<u>14,392</u>
End of year	<u><u>\$ 38,786</u></u>

### SUPPLEMENTAL DISCLOSURE

Cash paid for:	
Interest	<u><u>\$ -</u></u>

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

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2012

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

Nature of Organization - On June 26, 1985, the City Council of the City of Chicago enacted an ordinance, last amended December 15, 1992, which established an area known and designated as City of Chicago Special Service Area #7 and authorized the levy of an annual tax not to exceed an annual rate of five 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.

In 1977, **The Kedzie Tract Industrial Association, Inc.** ("KTIA") had been created to provide special community services, in addition to those provided by the City of Chicago, to the Kedzie Tract which is the industrial area within the boundaries of Kedzie Avenue on the east, Central Park on the west, 49th Street on the south and 47th Street on the north, all boundaries identical to those defined by SSA #7. Under an agreement between the City of Chicago (represented by the Special Service Area Commission) and The Kedzie Tract Industrial Association, Inc., all activities of Special Service Area #7 were performed by KTIA. Services provided include street resurfacing, snow removal, sewer and water line improvements, electrical improvements, refurbishing of railroad crossings, private security, area clean-up, graffiti removal, and technical assistance to promote commercial and economic development within the area.

On March 12, 2008, the board of directors, with members present from the Chicago City Department of Planning decided to replace KTIA as the service provider with Back of the Yards Neighborhood Council beginning January 1, 2009.

The tax levy is in addition to all other property taxes. Tax levied are billed, collected, and remitted by the City to the Special Service Area. Any unused tax levy for approved activities can be used by the Special Service Area in the succeeding year with City Approval.

Financial Statement Presentation -The City of Chicago requires a schedule of activities and a summary schedule of findings. The statement of activities is required to reflect budget, actual and variance amounts . The schedules are presented as additional information in the financial statements.

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Notes to Financial Statements

December 31, 2012

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

Basis of Presentation - Financial statement presentation follows the requirements under *FASB ASC 958 (formerly SFAS No. 117, Financial Statements of Not-for-Profit Organizations)*. Under *FASB ASC 958*, 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. On December 31, 2011, the Organization had no permanently 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.

Date of Management's Review - Management has evaluated subsequent events through April 28, 2013, the date on which the financial statements were available to be issued.

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Notes to Financial Statements

December 31, 2012

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### **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.

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**

The Organization maintains its cash balances at a high quality financial institution. Balances at times may exceed federally insured credit limits.

The Special Service Area receives 100% of its operating support from revenues collected from taxes levied or imposed upon property within the area.

### **NOTE 3 - RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of the Special Service Area Numbers 10, 13, and 39 and Back of the Yards Neighborhood Council. The Organization contracts with the Back of the Yards Neighborhood Council as the sole service provider in order to administer and provide direct services on behalf of the Organization, which has no employees.

Total expenses charged to the Organization for service related fees totaled \$36,057 for the year ended December 31, 2012.

The Organization has a payable to an affiliated Organization Back of the Yards / Special Service Area #39 for an advance on a related line of credit in the amount of \$15,000.

## **ADDITIONAL INFORMATION**





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

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The Board of Directors of  
Kedzie Industrial Tract Special Service Area Number 7

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

We have audited the financial statements of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** as of and for the year ended December 31, 2012, and have issued our report thereon dated April 28, 2013 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. It is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Cary J. Hall & Associates - LLC*

April 28, 2013  
Chicago, Illinois

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2012 and 2011

	2012			2011		
	2012 Actual	2012 Budget	Variance	2011 Actual	2011 Budget	Variance
<b>SUPPORT AND REVENUES</b>						
Real estate taxes current period	\$ 134,752	\$ 129,847	\$ 4,905	\$ 118,628	\$ 119,160	\$ (532)
Real estate taxes - prior period	679	-	679	-	-	(9,045)
Carryover from prior years	-	-	-	(9,045)	-	(9,045)
Interest and other income	3	-	3	1,001	-	1,001
<b>Total Support and Revenues</b>	<b>135,434</b>	<b>129,847</b>	<b>5,587</b>	<b>110,584</b>	<b>119,160</b>	<b>(8,576)</b>

**EXPENSES**

**Program Services:**

Advertising and Promotion	819	1,000	(181)	-	1,000	(1,000)
Special events	221	500	(279)	373	500	(127)
Website/technology	-	-	-	-	-	-
Service provider direct services	-	-	-	-	-	-
<b>Total Advertising and Promotion</b>	<b>1,040</b>	<b>1,500</b>	<b>(460)</b>	<b>373</b>	<b>1,500</b>	<b>(1,127)</b>

**Public Way Maintenance**

Gate/fence maintenance	3,200	2,000	1,200	4,000	4,000	-
Sidewalk snow plowing	936	4,000	(3,064)	3,358	4,000	(642)
Supplies	330	200	130	-	200	(200)
Service provider direct services	-	-	-	7,000	7,000	-
Storage Fees	-	-	-	-	-	-
<b>Total Public Way Maintenance</b>	<b>4,466</b>	<b>6,200</b>	<b>(1,734)</b>	<b>14,358</b>	<b>15,200</b>	<b>(842)</b>

See independent auditor's report on additional information.

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2012 and 2011

	2012	2012	2011	2011	2011
	Actual	Budget	Variance	Actual	Budget
					Variance
<b>Tenant Retention / Attraction</b>					
Site marketing (Materials, Services, etc.)	-	1,000	(1,000)	1,000	1,000
Service provider direct services	-	-	-	-	-
Total Tenant Retention / Attraction	-	1,000	(1,000)	1,000	1,000
<b>Safety Programs</b>					
Security subcontractor	63,085	70,000	(6,915)	57,250	67,000
Service provider direct fees	-	-	-	7,500	7,500
Total Safety Programs	63,085	70,000	(6,915)	64,750	74,500
<b>District Planning</b>					
Service provider direct services	-	-	-	8,000	8,000
Total District Planning	-	-	-	8,000	8,000
<b>Personal</b>					
Program personal cost allocation	24,500	24,500	-	-	-
Total Personal	24,500	24,500	-	-	-

See independent auditor's report on additional information.

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2012 and 2011

	2012		2012		2011		2011	
	Actual	Budget	Variance	Budget	Actual	Budget	Variance	
<b>Operational &amp; Administrative Support</b>								
Administrative non-personal cost allocation	8,362	8,362	-	-	-	-	-	-
Audit/ Bookkeeping	2,500	1,000	1,500	2,400	800	900	1,500	1,500
Office Rent	813	800	13	800	150	800	-	-
Office utilities	138	150	(12)	150	150	150	-	-
Office supplies	163	150	13	150	150	150	-	-
Office equipment lease	138	150	(12)	150	150	150	-	-
Office printing	450	450	-	450	450	450	-	-
Postage	255	255	-	255	255	255	-	-
Meeting expenses	250	250	-	250	250	250	-	-
Bank fees	148	180	(32)	180	180	-	180	180
Service provider administrative support	-	-	-	9,955	9,955	9,955	-	-
Other: Liability insurance	413	450	(37)	450	450	450	-	-
Other: Workers compensation	375	450	(75)	450	450	450	-	-
<b>Total Operational &amp; Administrative Support</b>	<b>14,005</b>	<b>12,647</b>	<b>1,358</b>	<b>15,640</b>	<b>15,640</b>	<b>13,960</b>	<b>1,680</b>	<b>1,680</b>
<b>Loss Collection</b>	<b>14,000</b>	<b>14,000</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>121,096</b>	<b>129,847</b>	<b>(8,751) #</b>	<b>109,121</b>	<b>109,121</b>	<b>119,160</b>	<b>(10,039)</b>	<b>(10,039)</b>
<b>Excess of Revenues over Expenses</b>	<b>\$ 14,338</b>	<b>\$ -</b>	<b>\$ 14,338</b>	<b>\$ 1,463</b>	<b>\$ 1,463</b>	<b>\$ -</b>	<b>\$ 1,463</b>	<b>\$ 1,463</b>

See independent auditor's report on additional information.

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Summary Schedule of Findings

For the Year Ended December 31, 2012

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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.