

**SPECIAL SERVICE AREA NUMBER 10**

*FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*For the Year Ended*

*December 31, 2012*

**SPECIAL SERVICE AREA NUMBER 10**

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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 10

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 10** (a nonprofit organization) as of December 31, 2012, 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 previously present fairly, in all material respects, the financial position of **SPECIAL SERVICE AREA NUMBER 10** as of December 31, 2012, and the changes in its net asset 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*

April 18, 2013  
Chicago, Illinois

**SPECIAL SERVICE AREA NUMBER 10**

Statement of Financial Position

December 31, 2012

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**ASSETS**

Cash and cash equivalents (Note 2)	\$ 36,271
Real estate taxes receivable, less allowance for uncollectible taxes of \$30,000	489,613
Receivable from affiliates (Note 4)	<u>144,913</u>
Total Assets	<u>\$ 670,797</u>

**LIABILITIES**

Accounts payable	\$ 6,473
Deferred real estate tax income	431,683
Note payable (Note 5)	<u>109,214</u>
Total Liabilities	<u>547,370</u>

**NET ASSETS**

Unrestricted funds	<u>123,427</u>
Total Liabilities and Net Assets	<u>\$ 670,797</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, 2012

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#### REVENUES, LOSSES, AND OTHER SUPPORT

Real estate taxes current period	\$ 414,494
Real estate taxes prior period	38,400
Interest and other income	36
Loss collection on real estate revenue	(5,000)
	<hr/>
Total Revenues, Losses and Other Support	447,930
	<hr/>

#### EXPENSES

##### Program Services:

Advertising and promotion	90,415
Public way maintenance	26,656
Public way aesthetics	10,763
Façade improvements	3,650
Parking/ transit / accessibility	22,954
Security service	10,000

##### Supporting Services:

Management and General	<hr/> 272,986
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Total Expenses	<hr/> 437,424
	<hr/>

**INCREASE IN NET ASSETS** 10,506

#### NET ASSETS -

Beginning of Year	<hr/> 112,921
End of year	<hr/> <hr/> \$ 123,427

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, 2012

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 10,506
Adjustments to reconcile change in net assets to net cash used by operating activities - (Increase) decrease in:	
Real estate taxes receivable	(14,921)
Increase (decrease) in:	
Accounts payable	(562)
	<hr/>
Net Cash Used by Operating Activities	<hr/> (4,977)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from line of credit	10,000
Payments on bank loan	<hr/> (74,089)
	<hr/>
Net Cash Used by Financing Activities	<hr/> (64,089)

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (69,066)

**CASH AND CASH EQUIVALENTS**

Beginning of year	<hr/> 105,337
End of year	<hr/> <hr/> \$ 36,271

**SUPPLEMENTAL DISCLOSURE**

Cash paid for:	
Interest	<hr/> <hr/> \$ 11,349

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

## SPECIAL SERVICE AREA NUMBER 10

### Notes to Financial Statements

December 31, 2012

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#### **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 specified as the 47th and Ashland Retail District. 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. The Back of the Yards Neighborhood Council is the sole service provider for Special Service Area (SSA #10") the 47th and Ashland Retail District.

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 schedule of findings. The statement of activities is required to reflect budget, actual and the variance amounts. The schedules are presented as additional information in the financial statements.

**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. At 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.

## SPECIAL SERVICE AREA NUMBER 10

### Notes to Financial Statements

December 31, 2012

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

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 18, 2013, the date on which the financial statements were available to be issued.

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**

The Organization maintains its cash balances at a high credit 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 - 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 2012 of \$58,316, which is included in advertising and promotion expenses.



## SPECIAL SERVICE AREA NUMBER 10

### Notes to Financial Statements

December 31, 2012

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#### **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 provider in order to administer and provide direct services on behalf of the Organization which has no employees.

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

	Neighborhood Council	SSA #39	Total
Balance due (to) from at December 31, 2011	\$ 89,913	\$ 55,000	\$ 144,913
Allocated expenses	359,312	-	359,312
Cash disbursements to affiliates	(359,312)	-	(359,312)
Balance due (to) from at December 31, 2012	<u>\$ 89,913</u>	<u>\$ 55,000</u>	<u>\$ 144,913</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 7.0% at year end. Interest payments are due monthly. At December 31, 2012, the Organization had an outstanding balance of \$109,214.

## **ADDITIONAL INFORMATION**



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

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The Board of Directors of  
Special Service Area Number 10

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

We have audited the financial statements of **SPECIAL SERVICE AREA NUMBER 10** as of and for the year ended December 31, 2012, and have issued our report thereon dated April 18, 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. The schedule of actual revenues and expenses to budget and summary schedule of findings 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 18, 2013  
Chicago, Illinois

**SPECIAL SERVICE AREA NUMBER 10**  
 Comparison Schedules of Actual Revenues and Expenses to Budget  
 For the Years Ended December 31, 2012 and 2011

	2012			2011		
	2012	2012	2011	2011	2011	2011
	Actual	Budget	Variance	Actual	Budget	Variance
<b>SUPPORT AND REVENUES</b>						
Real estate taxes current period	\$ 414,494	\$ 479,604	\$ (65,110)	\$ 391,421	\$ 431,683	\$ (40,262)
Real estate taxes prior period	38,400	-	38,400	79,129	-	79,129
Interest and other income	36	-	36	63	-	63
<b>Total Support and Revenues</b>	<b>452,930</b>	<b>479,604</b>	<b>(26,674)</b>	<b>470,613</b>	<b>431,683</b>	<b>38,930</b>

**EXPENSES**

<b>Program Services:</b>						
<b>Advertising and Promotion</b>						
Display ads	22,167	24,921	(2,754)	14,635	20,000	(5,365)
Print materials	8,937	17,000	(8,063)	-	-	-
Special events	58,316	53,000	5,316	50,354	50,000	354
Website / Technology	995	2,000	(1,005)	1,000	1,000	-
Service provider direct services	-	-	-	34,527	34,527	-
<b>Total Advertising and Promotion</b>	<b>90,415</b>	<b>96,921</b>	<b>(6,506)</b>	<b>100,516</b>	<b>105,527</b>	<b>(5,011)</b>
<b>Public Way Maintenance</b>						
Equipment and maintenance	896	1,500	(604)	1,000	1,000	-
Sidewalk power washing	2,500	5,031	(2,531)	4,600	6,770	(2,170)
Storage rental	2,600	2,300	300	2,000	2,000	-
Supplies	2,774	1,500	1,274	-	-	-
Trash removal service	2,883	3,500	(617)	2,400	2,000	400
Service provider direct services	-	-	-	92,227	92,227	-

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, 2012 and 2011

	2012 Actual	2012 Budget	Variance	2011 Actual	2011 Budget	Variance
<b>Public Way Maintenance - continued</b>						
Other: Truck and Sweeper Lease	8,250	9,000	(750)	9,000	9,000	-
Other: Fuel	5,867	4,500	1,367	1,000	1,000	-
Other: Maintenance	-	-	-	1,000	1,000	-
Other: Radio airtime	886	800	86	1,152	1,200	(48)
<b>Total Public Way Maintenance</b>	<b>26,656</b>	<b>28,131</b>	<b>(1,475)</b>	<b>114,379</b>	<b>116,197</b>	<b>(1,818)</b>
<b>Public Way Aesthetics</b>						
Banners and or /Holiday decoration	10,763	14,000	(3,237)	5,750	5,000	750
<b>Total Public Way Aesthetics</b>	<b>10,763</b>	<b>14,000</b>	<b>(3,237)</b>	<b>5,750</b>	<b>5,000</b>	<b>750</b>
<b>Tenant Retention / Attraction</b>						
Service provider direct services	-	-	-	12,857	12,857	-
<b>Total Retention / Attraction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,857</b>	<b>12,857</b>	<b>-</b>
<b>Façade Improvements</b>						
Awning rebate program	3,650	8,000	(4,350)	4,900	7,000	(2,100)
Service provider direct services	-	-	-	12,272	12,272	-
<b>Total Façade Improvements</b>	<b>3,650</b>	<b>8,000</b>	<b>(4,350)</b>	<b>17,172</b>	<b>19,272</b>	<b>(2,100)</b>

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, 2012 and 2011

	2012		2012		2011		2011	
	Actual	Budget	Variance	Budget	Actual	Budget	Variance	
<b>Parking/ Transit / Accessibility</b>								
Service provider direct services	-	-	-	-	62,907	62,907	-	
Other - Lease	14,667	16,000	(1,333)		17,926	18,000	(74)	
Other - Fuel	7,865	5,000	2,865		-	-	-	
Other - Maintenance	422	2,000	(1,578)		-	-	-	
<b>Total Parking / Transit / Accessibility</b>	<b>22,954</b>	<b>23,000</b>	<b>(46)</b>		<b>80,833</b>	<b>80,907</b>	<b>(74)</b>	
<b>Safety Programs</b>								
Security services	10,000	10,000	-		-	-	-	
<b>Personal</b>								
Program personal cost allocation	192,562	214,085	(21,523)		-	-	-	
<b>Operational &amp; Administrative Support</b>								
Administrative personnel cost allocation	44,192	44,192	-		-	-	-	
Audit/ Bookkeeping	3,682	3,500	182		3,600	3,600	-	
Meeting expense	1,863	1,500	363		1,500	1,500	-	
Office equipment / maintenance	1,948	2,125	(177)		2,500	2,500	-	
Office rent	9,158	9,000	158		9,990	9,990	-	
Office supplies	2,200	2,400	(200)		2,500	2,500	-	
Office utilities / telephone	3,415	3,725	(310)		3,800	3,800	-	
Postage	1,146	1,250	(104)		775	775	-	
Office printing	1,535	1,675	(140)		1,285	1,250	35	
Service provider admin. support	-	-	-		34,559	38,527	(3,968)	

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, 2012 and 2011

	2012	2012	2011	2011	2011
	Actual	Budget	Variance	Actual	Budget
					Variance
<b>Operational &amp; Administrative Support - Continued</b>					
Other: Bank service fees	1,569	500	1,069	4,262	600
Other: Liability insurance	5,316	5,800	(484)	4,000	4,000
Other: Workers comp insurance	4,400	4,800	(400)	2,567	2,800
					3,662
					-
					(233)
<b>Total Operational &amp; Administrative Support</b>	<b>80,424</b>	<b>80,467</b>	<b>(43)</b>	<b>71,338</b>	<b>71,842</b>
					(504)
<b>Loss Collection</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>20,000</b>	<b>20,081</b>
					(81)
<b>Total Expenses</b>	<b>442,424</b>	<b>479,604</b>	<b>(37,180)</b>	<b>422,845</b>	<b>431,683</b>
					(8,838)
<b>Excess of Revenues over Expenses</b>	<b>\$ 10,506</b>	<b>\$ -</b>	<b>\$ 10,506</b>	<b>\$ 47,768</b>	<b>\$ -</b>
					\$ 47,768

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 10**

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.