

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

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2009

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

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

Board of Directors
Kedzie Industrial Tract Special Service Area Number 7

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** (a not-for-profit organization) 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 generally accepted auditing standards 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 above present fairly, in all material respects, the financial position of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** as of December 31, 2009, and the 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.

Cary J. Hall & Associates, LLC

April 28, 2010
Chicago, Illinois

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Statement of Financial Position

December 31, 2009

ASSETS

Cash and cash equivalents (Note 2) \$ 38,417

Total Assets \$ 38,417

LIABILITIES

Accounts payable and accrued expenses \$ 2,047

Total Liabilities 2,047

NET ASSETS

Unrestricted funds 36,370

Total Liabilities and Net Assets \$ 38,417

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, 2009

SUPPORT AND REVENUES

Real estate taxes	\$ 75,425
	<hr/>
Total Support and Revenues	75,425
	<hr/>

EXPENSES

Program Services:

Advertising and Promotion	
Special events	309
Website/technology	351
Service provider direct services	2,000
	<hr/>
Total Advertising and Promotion	2,660

Public Way Maintenance

Gate /Fence maintneance	633
Sidewalk snow plowing	1,620
Service provider direct services	5,000
Weed treatment	1,273
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Total Public Way Maintenance	8,526

Tenant Retention / Attraction

Service provider direct services	1,000
	<hr/>
Total Tenant Retention / Attraction	1,000

Safety Programs

Security subcontractor	60,665
Service provider direct services	5,000
	<hr/>
Total Safety Programs	65,665

District Planning

Service provider direct services	8,000
	<hr/>
Total District Planning	8,000

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, 2009

Supporting Services:

Operational & Administrative Support

Audit/ Bookkeeping	3,198
Meeting expense	229
Office Rent	667
Office equipment lease	192
Office supplies	248
Utilities / Telephone	137
Postage	234
Office printing	426
Service provider administrative support	10,978
Other: Workers comp insurance	590
Other: Liability insurance	375
Other: Bank fees	15

Total Operational & Administrative Support 17,289

Total Expenses 103,140

DECREASE IN NET ASSETS (27,715)

NET ASSETS -

Beginning of year 64,085

End of year \$ 36,370

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, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (27,715)
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in assets:	
Accounts Payable	<u>2,047</u>
Net Cash Used in Operating Activities	<u>(25,668)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (25,668)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>64,085</u>
End of year	<u><u>\$ 38,417</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, 2009

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.

At the annual meeting of KTIA a decision was made to dissolve the Association at midnight on December 31, 2008.

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, 2008, the Organization had no permanently or temporarily restricted net assets.

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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).

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2009

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 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 \$15,756 for the year ended December 31, 2009.



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

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

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 schedule of actual revenues and expenses to budget 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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

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
SUPPORT AND REVENUES						
Real estate taxes current period	\$ -	\$ -	-	\$ -	\$ -	-
Carryover from KTIA bank accounts	-	-	-	-	151,700	-
Fund 145 Surplus	75,425	75,425	-	-	-	-
Interest and other income	-	-	-	4,789	-	4,789
Total Support and Revenues	75,425	75,425	-	4,789	151,700	4,789
EXPENSES						
Program Services:						
Advertising and Promotion						
Special events	309	500	(191)	172	500	(328)
Website/technology	351	500	(149)	324	300	24
Service provider direct services	2,000	2,000	-	2,000	2,000	-
Total Advertising and Promotion	2,660	3,000	(340)	2,496	2,800	(304)
Public Way Maintenance						
Gate/fence maintenance	633	500	133	21	500	(479)
Graffiti removal	-	-	-	1,625	50,000	(48,375)
Liability/Property insurance	-	-	-	2,290	2,500	(210)
Sidewalk snow plowing	1,620	2,000	(380)	3,105	2,000	1,105

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, 2009 and 2008

	2009		2008		Variance	2008		Variance
	Actual	Budget	Budget	Actual		Budget		
Public Way Maintenance - continued								
Trash removal	-	-	-	-	-	10,000	(10,000)	
Service provider direct services	5,000	5,000	-	4,000	-	4,000	-	
Weed treatment	1,273	1,100	173	1,170	-	1,200	(30)	
Total Public Way Maintenance	8,526	8,600	(74)	12,211	-	76,200	(57,989)	
Tenant Retention / Attraction								
Service provider direct services	1,000	1,000	-	-	-	-	-	
Total Tenant Retention / Attraction	1,000	1,000	-	-	-	-	-	
Safety Programs								
Security subcontractor	60,665	60,000	665	58,108	-	60,000	(1,892)	
Service provider direct fees	5,000	5,000	-	4,000	-	4,000	-	
Total Safety Programs	65,665	65,000	665	62,108	-	64,000	(1,892)	
District Planning								
Service provider direct services	8,000	8,000	-	4,000	-	4,000	-	
Total District Planning	8,000	8,000	-	4,000	-	4,000	-	
Services Subtotal	85,851	85,600	251	80,815	-	141,000	(60,185)	

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, 2009 and 2008

	2009		2009		2008		2008		Variance
	Actual	Budget	Budget	Variance	Actual	Budget	Budget	Variance	
Operational & Administrative Support									
Audit/ Bookkeeping	3,198	865	865	2,333	3,300	3,500	3,500	(200)	
Meeting expenses	229	250	250	(21)	-	-	-	-	
Office equipment lease	192	150	150	42	-	-	-	-	
Office Rent	667	800	800	(133)	-	-	-	-	
Office supplies	248	150	150	98	-	-	-	-	
Utilities / Telephone	137	150	150	(13)	-	-	-	-	
Postage	234	255	255	(21)	5	100	100	(95)	
Office printing	426	450	450	(24)	15	100	100	(85)	
Service provider administrative support	10,978	11,310	11,310	(332)	7,000	7,000	7,000	-	
Other: Workers compensation	590	630	630	(40)	-	-	-	-	
Other: Liability insurance	375	450	450	(75)	-	-	-	-	
Other: Secretary of State	-	-	-	-	5	-	-	5	
Other: Bank fees	15	-	-	15	61	-	-	61	
Other: Transportation	-	-	-	-	24	-	-	24	
Total Operational & Administrative Support	17,289	15,460	15,460	1,829	10,410	10,700	10,700	(290)	
Total Expenses	103,140	101,060	101,060	2,080	91,225	151,700	151,700	(60,475)	
Excess of Revenues over Expenses	\$ (27,715)	\$ (25,635)	\$ (25,635)	\$ (2,080)	\$ (86,436)	\$ -	\$ -	\$ 65,264	

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, 2009

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.