

Uptown Special Service Number 34

(Uptown United, Contractor)

Financial Statements

Years Ended December 31, 2012 and 2011

Uptown Special Service Area Number 34

(Uptown United, Contractor)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Uptown Special Service Area Number 34
(Uptown United, Contractor)
Chicago, Illinois

We have audited the accompanying statement of financial position of Uptown Special Service Area Number 34 (Uptown United, Contractor) (a nonprofit organization) as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 audits.

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 above present fairly, in all material respects, the financial position of Uptown Special Service Area Number 34 (Uptown United, Contractor) as of December 31, 2012 and 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative schedule of tax levy revenue and interest income on page 8 and the schedule of expenses and budget variances on pages 9 through 12 are presented for 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.

Bravos & Associates

March 21, 2013
Bloomington, Illinois

Uptown Special Service Area Number 34

(Uptown United, Contractor)

Comparative Statement of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 386,011	\$ 522,559
Due from Uptown United	<u>12,006</u>	<u>-</u>
<u>Total Assets</u>	<u>\$ 398,017</u>	<u>\$ 522,559</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable & Accrued Expenses	\$ 2,618	\$ 36,289
Due to Uptown United	<u>-</u>	<u>7,798</u>
<u>Total Current Liabilities</u>	2,618	44,087
<u>Net Assets</u>		
Net assets, unrestricted (Deficit)	<u>395,399</u>	<u>478,473</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 398,017</u>	<u>\$ 522,559</u>

Uptown Special Service Area Number 34

(Uptown United, Contractor)

Comparative Statement of Activities

For the Years Ended December 31, 2012 and 2011

	2012		2011		Over (Under) Variance
	Actual	Budget	Actual	Budget	
<u>Changes in Unrestricted Net Assets:</u>					
Revenues:	<u>490,740</u>	<u>503,279</u>	<u>597,947</u>	<u>524,710</u>	<u>73,237</u>
<u>Expenses:</u>					
Program costs:					
1.00 Advertising & Promotion	27,824	45,000	14,738	18,000	(3,262)
2.00 Public Way Maintenance	334,946	364,500	311,238	373,000	(61,762)
3.00 Public Way Aesthetics	66,284	134,375	1,472	88,000	(86,528)
4.00 Tenant Retention/Attraction	-	2,500	-	500	(500)
6.00 Parking Transit Accessibility	14,485	16,000	-	1,000	(1,000)
7.00 Safety Programs	5,769	14,800	800	24,500	(23,700)
8.00 District Planning	-	2,000	-	4,000	(4,000)
<u>Total Program Expense</u>	<u>449,307</u>	<u>579,175</u>	<u>328,248</u>	<u>509,000</u>	<u>(180,752)</u>
<u>Administration</u>					
10.00 Personnel	105,005	108,389	81,293	66,740	14,553
11.00 Administrative Non-Personnel	19,502	19,525	11,822	16,470	(4,648)
12.00 Loss Collection	-	13,165	-	20,000	(20,000)
<u>Total Administration expenses</u>	<u>124,507</u>	<u>141,079</u>	<u>93,115</u>	<u>103,210</u>	<u>(10,095)</u>
<u>Total Expenses</u>	<u>573,814</u>	<u>720,254</u>	<u>421,362</u>	<u>612,210</u>	<u>(190,848)</u>
Increase (Decrease) in Net Assets	(83,074)	(216,975)	176,585	(87,500)	264,085
<u>Unrestricted Net Assets:</u>					
Beginning of Year (Deficit)	<u>478,473</u>		<u>301,888</u>		
End of Year	<u>\$ 395,399</u>		<u>\$ 478,473</u>		

Uptown Special Service Area Number 34

(Uptown United, Contractor)

Comparative Statement of Cash Flows

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from operating activities:		
Increase (decrease) in net assets	\$ (83,074)	\$ 176,585
Increase (decrease) in unrestricted net assets		
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Due from Uptown United	(12,006)	-
Increase (decrease) in liabilities:		
Accounts payable & accrued expenses	(31,670)	(3,060)
Due to Uptown United	<u>(7,798)</u>	<u>-</u>
Net cash (used) provided by operating activities:	<u>(134,548)</u>	<u>173,525</u>
Cash and Cash Equivalents		
Beginning of the year	<u>349,034</u>	<u>349,034</u>
End of the year	<u>\$ 349,034</u>	<u>\$ 349,034</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Uptown Special Service Area Number 34
(Uptown United, Contractor)
Notes to Financial Statements
December 31, 2012 and 2011

Summary of Accounting Policies

Nature of Organization

Uptown United (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Uptown business districts.

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, 2012 and 2011, the Organization had no temporarily or permanently restricted net assets.

Special Service Area Agreement

The Organization entered into an agreement with the City of Chicago, whereby the City has establish a special service area known and designated as "Uptown Special Service Area Number 34" to provide special services in addition to those services generally provided by the City. Uptown United has been designated as "Contractor" under terms of the agreement. The City has authorized a levy not to exceed 1% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organization is the lesser of \$ 553,560 or the amount of service tax funds collected during the years of 2012 and 2011. For each subsequent year of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year. The agreement is renewable annually.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Uptown Special Service Area
Special Service Area Number 34
Notes to Financial Statements
December 31, 2012 and 2011

Summary of Accounting Policies – Continued

Concentration of Credit Risk

The Organization maintains its cash balances at three financial institutions in the Chicago metropolitan area, which are federally insured up to prescribed limits.

Income Tax Status

The Organization is exempt from Federal Income tax under Section 501(c) (3) of the Internal Revenue Code.

Revenue Recognition

Revenue from property taxes levied is recognized in the year that it becomes available.

Related Party Transactions

Uptown Special Service Area Number 34 shares office space, equipment and employees through its affiliation Uptown United, the contractor.

Uptown Special Service Area Number 34 has no employees of its own, but reimburses the contractor for the payroll and related costs of the individuals working on the programs. In addition, the contractor also receives reimbursements for a portion of its operating expenses, and use of office equipment and supplies.

As of December 31, 2012, the Special Service Area had advance to Uptown United, contractor in the amount of \$ 12,006 for future reimbursements and as of December 31, 2011, the Special Service Area had a payable to Uptown United, contractor in the amount of \$ 7,798, for expense due.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Uptown Special Service Area Number 34
Uptown United, Contractor)
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Bravos & Associates

March 21, 2013
Bloomington, Illinois

Uptown Special Service Area Number 34
(Uptown United, Contractor)
Comparative Schedule of Tax Levy Revenue and Interest Income
December 31, 2012 and 2011

Tax Levy Revenue and Interest Income received from the City of Chicago

	<u>2012</u>	<u>2011</u>
	<u>Income</u> <u>(Returned to City)</u>	<u>Income</u> <u>(Returned to City)</u>
<u>Tax Levy Revenue</u>		
Tax Year 2005 & Prior	\$ 138	\$ (526)
Tax Year 2006	(512)	(361)
Tax Year 2007	(3,255)	(1,483)
Tax Year 2008	(4,859)	(625)
Tax Year 2009	(1,921)	97,824
Tax Year 2010	13,309	498,661
Tax Year 2011	486,569	-
Total received during year - Cash Basis	<u>489,470</u>	<u>593,490</u>
<u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	-	-
<u>End of year</u>	<u>-</u>	<u>-</u>
<u>Total tax levy revenue - Accrual basis</u>	<u>489,470</u>	<u>593,490</u>
Grant Income - Public Allies	-	2,800
<u>Interest Income</u>		
Interest earned - Bank accounts	1,250	1,566
Interest paid by City of Chicago	21	92
<u>Total Interest income earned</u>	<u>1,270</u>	<u>1,657</u>
<u>Total Tax Levy Revenue and Interest Income</u>	<u>\$ 490,740</u>	<u>\$ 597,947</u>

Uptown Special Service Area Number 34

(Uptown United, Contractor)

**Comparative Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2012 and 2011**

	2012			2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Expenses:</u>						
<u>Programs:</u>						
<u>1.00 Advertising & Promotion</u>						
1.01 Website/Social Media	\$ 11,402	\$ 12,000	\$ (598)	\$ 915	\$ -	\$ 915
1.02 Public/Media Relations	-	10,000	(10,000)	10,640	5,000	5,640
1.03 Special Events	5,000	5,000	-	2,500	-	2,500
1.04 Display Advertising	2,477	10,000	(7,523)	683	5,000	(4,317)
1.05 Print Materials	8,945	8,000	945	-	8,000	(8,000)
<u>Totals</u>	<u>27,824</u>	<u>45,000</u>	<u>(17,176)</u>	<u>14,738</u>	<u>18,000</u>	<u>(3,262)</u>
<u>2.00 Public Way Maintenance</u>						
2.01 Sidewalk Cleaning	247,491	267,000	(19,509)	247,716	275,000	(27,284)
2.02 Sidewalk Snow Plowing	59,662	62,500	(2,838)	54,428	70,000	(15,572)
2.03 Sidewalk Power Washing	4,075	10,000	(5,925)	-	20,000	(20,000)
2.08 Liability/Property Insurance	2,993	3,000	(7)	2,599	5,000	(2,401)
2.09 Graffiti Removal	20,724	22,000	(1,276)	4,376	2,000	2,376
2.10 Supplies	-	-	-	2,120	1,000	1,120
<u>Totals</u>	<u>334,946</u>	<u>364,500</u>	<u>(29,554)</u>	<u>311,238</u>	<u>373,000</u>	<u>(61,762)</u>
<u>3.00 Public Way Aesthetics</u>						
3.01 Streetscape Elements	-	38,000	(38,000)	80	20,000	(19,920)
3.02 Decorative Banner	30,297	32,875	(2,578)	1,092	28,000	(26,908)
3.03 Wayfinding/Signage	-	-	-	-	20,000	(20,000)
3.04 Public Art	5,000	6,000	(1,000)	-	-	-
3.05 Landscaping	30,988	55,000	(24,013)	300	20,000	(19,700)
3.10 Other: Argyle Identifier Svc/Maint	-	2,500	(2,500)	-	-	-
<u>Totals</u>	<u>66,284</u>	<u>134,375</u>	<u>(68,091)</u>	<u>1,472</u>	<u>88,000</u>	<u>(86,528)</u>

Uptown Special Service Area Number 34
 (Uptown United, Contractor)
 Comparative Schedule of Expenses with Budget Variances
 For the Years Ended December 31, 2012 and 2011

	2012		2011		Over (Under) Variance
	Actual	Budget	Actual	Budget	
<u>Expenses:</u>					
<u>Programs:</u>					
<u>4.00 Tenant Retention/Attraction</u>					
4.02 Site Marketing Materials	\$ -	\$ 2,500	\$ -	\$ -	\$ -
4.04 Technical Assistance to Businesses	-	-	-	500	(500)
<u>Totals</u>	-	2,500	-	500	(500)
<u>6.00 Parking/Transit/Accessibility</u>					
6.01 Bicycle Advocacy	-	-	-	1,000	(1,000)
6.07 Equipment Purchase/Maintenance	14,485	16,000	-	-	-
<u>Totals</u>	14,485	16,000	-	1,000	(1,000)
<u>7.00 Safety Programs</u>					
7.01 Public way Surveillance Cameras/ Maintenance	-	-	-	-	-
7.02 Security Rebate Program	5,769	14,000	800	20,000	(19,200)
7.07 Other: CAPS Community Service	-	300	-	500	(500)
7.06 Safety Seminars	-	500	-	4,000	(4,000)
<u>Totals</u>	5,769	14,800	800	24,500	(23,700)
<u>8.00 District Planning</u>					
8.02 District Branding	-	-	-	4,000	(4,000)
8.05 Economic Impact Study, Market Study, Banding Study, Et	-	2,000	-	-	-
<u>Totals</u>	-	2,000	-	4,000	(4,000)

Uptown Special Service Area Number 34
 (Uptown United, Contractor)
 Comparative Schedule of Expenses with Budget Variances
 For the Years Ended December 31, 2012 and 2011

	2012		2011		Over (Under) Budget	Over (Under) Variance
	Actual	Budget	Actual	Budget		
<u>Expenses:</u>						
<u>Programs:</u>						
<u>Administration:</u>						
<u>10.00 Personnel</u>						
10.01 President - CEO	\$ 27,721	\$ 28,462	\$ (741)	\$ 7,000	\$ 450	
10.02 Administrative - Assistant Director	54,345	54,077	268	48,740	5,646	
10.03 Public Ally	7,494	7,500	(6)	11,000	1,666	
10.04 Program Assistant	15,444	18,350	(2,906)	-	6,791	
<u>Totals</u>	<u>105,005</u>	<u>108,389</u>	<u>(3,384)</u>	<u>66,740</u>	<u>14,553</u>	
<u>11.00 Administrative Support Non-Personnel</u>						
11.01 SSA Annual Report	-	1,300	(1,300)	-	(2,500)	
11.02 SSA Audit	2,500	2,500	-	5,000	(668)	
11.03 Bookkeeping	1,294	1,200	94	4,950	597	
11.04 Office Rent	7,719	7,800	(81)	2,076	6	
11.05 Office Utilities/Telephone	2,919	2,800	119	283	33	
11.06 Office Supplies	582	275	307	200	(200)	
11.07 Office Equipment Lease/Maintenance	2,161	200	1,961	-	(2,200)	
11.08 Office Printing	275	1,400	(1,125)	-	(100)	
11.09 Postage	921	850	71	405	205	
11.10 Meeting Expense	618	200	418	180	180	
11.11 Subscriptions/dues	515	500	15	-	-	
11.13 Monitoring/Compliance	-	500	(500)	-	-	
<u>Totals</u>	<u>19,502</u>	<u>19,525</u>	<u>(23)</u>	<u>11,822</u>	<u>(4,648)</u>	

Uptown Special Service Area
Special Service Area Number 34
Schedule of Findings
Year ended December 31, 2012 and 2011

Finding # 1

We have reviewed the Agreement for Special Service Area Number 34 between the City of Chicago and the Contractor for the year ended December 31, 2012 and 2011.

We noted no exceptions