

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)

Financial Statements

Year Ended December 31, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Michigan Avenue - Roseland Special Services Area Number 40
(Calumet Area Industrial Commission, Contractor)
Chicago, Illinois

We have audited the accompanying statement of financial position of Michigan Avenue - Roseland Special Service Area Number 40 (Calumet Area Industrial Commission, Contractor) (a nonprofit organization) as of December 31, 2011 and 2010, 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 above present fairly, in all material respects, the financial position of Michigan Avenue - Roseland Special Service Area Number 40 (Calumet Area Industrial Commission, Contractor), as of December 31, 2011 and 2010, 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 and 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 7, 2012
Bloomington, Illinois

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Comparative Statement of Financial Position
December 31, 2011 and 2010

2011 2010

Assets

Current Assets

Cash and Cash equivalents	\$ 108,202	\$ 11,268
Accounts receivable	<u>12,966</u>	<u>32,433</u>
 Total Assets	 <u>\$ 121,168</u>	 <u>\$ 43,701</u>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 2,615	\$ 22,648
Line of Credit US Bank	<u>-</u>	<u>15,800</u>
 Total Liabilities	 2,615	 38,448

Net assets

Net assets, unrestricted	<u>118,553</u>	<u>5,253</u>
 Total Liabilities and Net Assets	 <u>\$ 121,168</u>	 <u>\$ 43,701</u>

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Comparative Statement of Activities
For the Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2011		Year Ended December 31, 2010	
	Actual	Budget	Actual	Budget
	Over (Under)		Over (Under)	
		Variance		Variance
<u>Changes in Unrestricted Net Assets:</u>				
<u>Revenues:</u>				
Tax Levy Revenue	\$ 222,847	\$ 272,348	\$ 106,193	\$ 292,748
Interest Income	39	39	10	10
Total Revenues and Interest Income	<u>222,886</u>	<u>272,348</u>	<u>106,203</u>	<u>292,748</u>
<u>Expenses:</u>				
<u>Program costs:</u>				
1.00 Advertising & Promotion	5,610	9,700	5,300	9,700
2.00 Public Way Maintenance	29,152	65,500	32,176	65,500
3.00 Public Way Aesthetics	12,845	26,000	19,668	55,528
4.00 Tenant Retention/Attraction	1,250	-	1,000	-
5.00 Façade Improvements	-	11,000	10,000	6,000
7.00 Safety Program	38,203	110,598	48,915	102,070
8.00 District Planning	2,000	6,000	2,000	6,000
Total Program Expense	<u>89,060</u>	<u>228,798</u>	<u>119,059</u>	<u>244,798</u>
<u>Administration</u>				
10.00 Operational & Administrative Support	20,526	23,550	29,523	28,950
11.00 Tax Levy Loss Collection	-	20,000	-	19,000
Total Administration expenses	<u>20,526</u>	<u>43,550</u>	<u>29,523</u>	<u>47,950</u>
Total Expenses	<u>109,586</u>	<u>272,348</u>	<u>148,582</u>	<u>292,748</u>
Increase (Decrease) in Net Assets	<u>113,300</u>	<u>(139,738)</u>	<u>(42,379)</u>	<u>(125,739)</u>
<u>Unrestricted Net Assets:</u>				
Beginning of Year	<u>5,253</u>		<u>47,632</u>	
End of Year	<u>\$ 118,553</u>		<u>\$ 5,253</u>	

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Comparative Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ 113,300	\$ (42,379)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	19,467	(26,697)
Accounts payable	(20,033)	5,005
Increase (decrease) in financial activities:		
Line of Credit Us Bank	<u>(15,800)</u>	<u>15,800</u>
Net cash provided (Used)	96,934	(48,271)
Cash and Cash Equivalents		
Beginning of the year	<u>11,268</u>	<u>59,539</u>
End of the year	<u>\$ 108,202</u>	<u>\$ 11,268</u>
Supplemental disclosures:		
Interest Paid	<u>\$ 420</u>	<u>\$ 232</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Notes to Financial Statements
December 31, 2011 and 2010

Summary of Accounting Policies

Nature of Organization

Calumet Area Industrial Commission (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois and is the contractor for Michigan Avenue – Roseland Special Service Area Number 40. The Organization was formed to attract, develop and retained industrial businesses in the Calumet Area, and the special service area formed to revitalize the Calumet area industrial and business district. The special service area is located within the boundaries of the City of Chicago.

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, 2011 and 2010, 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 “Michigan Avenue- Roseland Special Service Area Number 40” to provide special services in addition to those services generally provided by the City. Calumet Area Industrial Commission has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 1.50% 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 \$ 248,728 or the amount of service tax funds collected for the year. 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.

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Notes to Financial Statements
December 31, 2011 and 2010

Summary of Accounting Policies – Continued

Concentration of Credit Risk

The Organization maintains its cash balances at a financial institution in the Chicago metropolitan area, which is 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

Michigan Avenue- Roseland Special Service Area Number 40 shares office space, equipment and employees through its affiliation with Calumet Area Industrial Commission, the contractor.

Michigan Avenue- Roseland Special Service Area Number 40 has no employees of its own, but reimburses the contractor for the payroll and related costs of the individuals working on the programs. Michigan Avenue- Roseland Special Service Area Number 40 also reimburses the contractor for a portion of its operating expenses and pays for use of Calumet Area Industrial Commission's office equipment and supplies.

Credit Line of Credit

The Special Service Area Number 40 has obtained a line of credit in the amount of \$ 50,000, from US Bank. The line of credit bears an interest rate of 1% over the prime rate of the bank. The interest rate will not exceed the annual rate of 6%. This note matures on July 1, 2011 and is expected to be renewed. This note is guaranteed by the contractor.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Michigan Avenue - Roseland Special Services Area Number 40
(Calumet Area Industrial Commission, 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 7, 2012
Bloomington, Illinois

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Comparative Schedule of Tax Levy Revenue and Interest Income
December 31, 2011 and 2010

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

	<u>2011</u>	<u>2010</u>
	<u>Income</u> <u>(Returned to City)</u>	<u>Income</u> <u>(Returned to City)</u>
<u>Tax Levy Revenue</u>		
Tax Year 2004	\$ -	\$ -
Tax Year 2005	-	-
Tax Year 2006	(22)	(23,780)
Tax Year 2007	(426)	(22,170)
Tax Year 2008	(47)	16,934
Tax Year 2009	73,371	108,512
Tax Year 2010	<u>169,438</u>	<u>-</u>
Total received during year - Cash Basis	242,314	79,496
 <u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	(32,433)	(5,736)
End of year	<u>12,966</u>	<u>32,433</u>
 <u>Total tax levy revenue - Accrual Basis</u>	 <u>222,847</u>	 <u>106,193</u>
 <u>Interest Income</u>		
Interest earned - Bank Accounts	\$ -	\$ -
Interest paid by City of Chicago	<u>39</u>	<u>10</u>
<u>Total Interest Income</u>	<u>\$ 39</u>	<u>\$ 10</u>

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Comparative Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Expenses:</u>						
<u>Programs:</u>						
<u>1.00 Advertising & Promotion</u>						
1.01 Display Ads (Print, Billboards etc)	\$ -	\$ 1,400	\$ (1,400)	\$ -	\$ -	\$ -
1.03 Print Materials	-	-	-	-	1,400	(1,400)
1.05 Special Events	60	2,000	(1,940)	300	2,000	(1,700)
1.06 Website/Technology	550	1,300	(750)	-	1,300	(1,300)
1.07 Service Provider direct service	5,000	5,000	-	5,000	5,000	-
Totals	5,610	9,700	(4,090)	5,300	9,700	(4,400)
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase and Maintenance	-	1,200	(1,200)	-	5,000	(5,000)
2.02 Gate/Fence Maintenance	-	500	(500)	-	500	(500)
2.04 Liability/Property Insurance	1,500	-	1,500	-	-	-
2.05 Sidewalk Cleaning	23,152	53,800	(30,648)	25,961	50,000	(24,039)
2.07 Sidewalk Snow Plowing	-	1,000	(1,000)	-	1,000	(1,000)
2.10 Supplies	-	-	-	215	-	215
2.14 Service Provider Direct Services	4,500	6,000	(1,500)	6,000	6,000	-
2.15 Other: Anti-Litter campaign/incentive	-	3,000	(3,000)	-	3,000	(3,000)
Totals	29,152	65,500	(36,348)	32,176	65,500	(33,324)

Michigan Avenue - Roseland
Special Service Area Number 40

(Calumet Area Industrial Commission, Contractor)

Comparative Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2011 and 2010

<u>3.00 Public Way Aesthetics</u>										
3.01 Decorative Banner Purchase/Installation	\$	-	\$	7,500	\$	(7,500)	\$	17,500	\$	(17,500)
3.02 Holiday Decorations		7,845		10,000		(2,155)		6,000		3,668
3.03 Landscaping (Plants, Watering, etc.)		-		500		(500)		500		(500)
3.05 Streetscape Elements		-		3,000		(3,000)		3,000		(3,000)
3.07 Service Provider Direct Services		5,000		5,000		-		5,000		-
3.08 Other: Acorn lamps on light poles		-		-		-		5,000		(18,528)
Totals		<u>12,845</u>		<u>26,000</u>		<u>(13,155)</u>		<u>19,668</u>		<u>(35,860)</u>
<u>4.00 Tenant Retention/Attraction</u>										
4.04 Technical Assistance to Businesses		<u>1,250</u>		<u>-</u>		<u>1,250</u>		<u>1,000</u>		<u>1,000</u>
Totals		<u>1,250</u>		<u>-</u>		<u>1,250</u>		<u>1,000</u>		<u>1,000</u>
<u>5.00 Façade Improvements</u>										
5.01 Façade Enhancements Program		-		10,000		(10,000)		10,000		5,000
5.04 Service Provider Direct Services		-		1,000		(1,000)		-		(1,000)
Totals		<u>-</u>		<u>11,000</u>		<u>(11,000)</u>		<u>10,000</u>		<u>4,000</u>

Michigan Avenue - Roseland
Special Service Area Number 40

(Calumet Area Industrial Commission, Contractor)

Comparative Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2010		Year Ended December 31, 2009	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
	<u>Over (Under)</u>		<u>Over (Under)</u>	
		<u>Variance</u>		<u>Variance</u>
<u>Expenses:</u>				
<u>Programs:</u>				
<u>7.00 Safety Programs</u>				
7.01 Public Way Surveillance	\$ -	\$ 12,070	\$ -	\$ 12,070
7.07 Security Subcontractor	33,203	98,528	43,915	85,000
7.09 Service Provider Direct Services	5,000	-	5,000	5,000
Totals	<u>38,203</u>	<u>110,598</u>	<u>48,915</u>	<u>102,070</u>
		<u>(72,395)</u>		<u>(53,155)</u>
<u>8.00 District Planning</u>				
8.01 SSA Work Plans, Visioning, etc.	-	1,000	-	1,000
8.02 District Branding, Identity Development	-	1,000	-	1,000
8.03 District Market Study, Impact, Analysis, etc.	-	1,000	-	1,000
8.04 District Master Plan, Corridor Plans, Street Plans	-	1,000	-	1,000
8.07 Service Provider Direct Services	2,000	2,000	2,000	2,000
Totals	<u>2,000</u>	<u>6,000</u>	<u>2,000</u>	<u>6,000</u>
		<u>(4,000)</u>		<u>(4,000)</u>

Michigan Avenue - Roseland
 Special Service Area Number 40

(Calumet Area Industrial Commission, Contractor)

Comparative Schedule of Expenses with Budget Variances
 For the Years Ended December 31, 2011 and 2010

<u>Administration</u>									
<u>10.00 Operational & Administrative Support</u>									
10.01	SSA Audit	\$ 2,600	\$ 2,500	\$ 100	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	
10.02	Bookkeeping	3,013	3,000	13	3,000	3,000	3,000	-	
10.03	Meeting Expense	400	200	200	200	200	200	-	
10.04	Office Equipment Leases/Maintenance	-	2,000	(2,000)	2,000	2,000	2,000	-	
10.05	Office Rent	600	600	-	6,000	6,000	6,000	-	
10.06	Office Supplies	742	500	242	841	500	500	341	
10.07	Office Utilities/Telephone	375	3,000	(2,625)	3,000	3,000	3,000	-	
10.08	Postage	338	250	88	250	250	250	-	
10.09	Office Printing	3,788	500	3,288	500	500	500	-	
10.10	Service Provider Administrative Support	8,250	11,000	(2,750)	11,000	11,000	11,000	-	
10.12	Other: Line of Credit Interest	420	-	420	232	-	-	232	
Totals		<u>20,526</u>	<u>23,550</u>	<u>(3,024)</u>	<u>29,523</u>	<u>28,950</u>	<u>28,950</u>	<u>573</u>	

The accompanying notes are an integral part of this statement.

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Schedule of Findings
Year ended December 31, 2011 and 2010

Finding # 1

We have reviewed the Agreement for Special Service Area Number 40 between the City of Chicago and the Contractor for the year ended December 31, 2011 and 2010. We noted no exceptions