

Commercial Avenue Commission

SSA #5

Financial Statements

Years ended December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)



Benford Brown & Associates

COMMERCIAL AVENUE COMMISSION

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Independent Auditors' Report

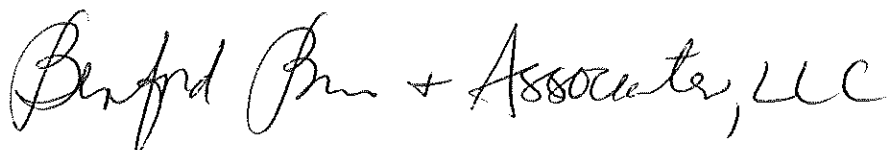
The Board of Directors
South Chicago Chamber of Commerce and SSA #5:

We were engaged to audit the accompanying statement of assets, liabilities, and net assets of Commercial Avenue Commission SSA #5 (the Commission), as of December 31, 2009 and 2008, and the related statements of revenues and expenditures-budget to actual, and cash flows for the years then ended. These financial statements are the responsibility of the Commission'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 Commercial Avenue Commission SSA #5 as of December 31, 2009 and 2008, and its revenues and expenditures-budget to actual, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The 2009 and 2008 budget amounts, which were arrived at by the Special Service Area are shown in the statement of revenue, expenditures and changes in net assets, are presented for comparison purposes only. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.



Benford Brown & Associates, LLC
Chicago, IL
April 6, 2010

COMMERCIAL AVENUE COMMISSION

Statement of Assets, Liabilities and Net Assets

Years ended December 31, 2009 and 2008

	2009	2008
<hr/> Assets <hr/>		
Current assets:		
Cash and cash equivalents	\$ 177,782	\$ 401,118
Levy receivable (note 4)	149,395	108,121
Interest receivable	-	130
Prepaid expenses (note 5)	59,930	-
Total assets	\$ 387,107	\$ 509,369
<hr/> Liabilities and Net Assets <hr/>		
Current liabilities:		
Accounts payable	\$ 3,150	\$ 15,255
Net assets:		
Unrestricted	383,957	494,114
Total liabilities and net assets	\$ 387,107	\$ 509,369

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

COMMERCIAL AVENUE COMMISSION

Statements of Revenue and Expenditures-Budget to Actual

Years ended December 31, 2009 and 2008

	2009			2008		
	Actual	Budget	Variance	Actual	Budget	Variance
Revenues:						
Tax levy revenue (note 3)	\$ 429,607	429,607	-	\$ 443,532	443,532	-
Miscellaneous revenue	171	-	171	2	-	2
Interest revenue	5,348	-	5,348	6,382	-	6,382
Total revenue	435,126	429,607	5,519	449,916	443,532	6,384
Expenditures:						
Advertising and promotion services						
Promotions/marketing	25	-	25	7,416	-	7,416
Holiday/seasonal promotions	14,445	17,500	(3,055)	18,761	25,000	(6,239)
Special events	13,770	15,000	(1,230)	7,250	16,367	(9,117)
Display ads	3,963	4,000	(37)	8,635	10,000	(1,365)
Print materials	654	2,000	(1,346)	334	2,000	(1,666)
Website technology	500	500	-	1,500	1,500	-
Other	-	-	-	-	-	-
Service provider direct services	-	7,500	(7,500)	-	-	-
Total advertising and promotion services	33,357	46,500	(13,143)	43,897	54,867	(10,970)
Public way maintenance services						
Equipment purchase and maintenance	422	-	422	168	10,000	(9,832)
Gate/fence maintenance	27	1,000	(973)	-	-	-
Liability/Property Insurance	11,414	-	11,414	-	-	-
Sidewalk cleaning	62,438	75,000	(12,562)	66,452	75,000	(8,548)
Sidewalk repair	-	2,000	(2,000)	-	18,552	(18,552)
Snow removal	6,400	8,000	(1,600)	5,600	7,100	(1,500)
Supplies	-	2,000	(2,000)	-	-	-
Vermin abatement program	-	1,000	(1,000)	-	-	-
Other: Recycling program	3,200	2,500	700	-	6,500	(6,500)
Service provider direct services	-	7,500	(7,500)	-	-	-
Total public way maintenance services	83,902	99,000	(15,098)	72,220	117,152	(44,932)
Public way aesthetic services						
Decorative banners	4,952	16,000	(11,048)	4,923	15,990	(11,067)
Landscaping	23,463	38,000	(14,537)	28,463	35,000	(6,537)
Holiday decorations/other	20,135	11,000	9,135	1,726	25,000	(23,274)
Streetscape elements purchase	1,077	-	1,077	13,558	20,000	(6,442)
Wayfinding/signage	1,343	1,000	343	-	1,000	(1,000)
Other: Emergency board up	-	1,000	(1,000)	-	2,000	(2,000)
Light pole painting	-	-	-	-	10,000	(10,000)
Service provider direct services	-	7,500	(7,500)	-	-	-
Total public aesthetic services	50,970	74,500	(23,530)	48,669	108,990	(60,321)
Tenant retention/attraction						
Site marketing materials	-	-	-	-	1,500	(1,500)
Technical assistance to businesses	-	1,000	(1,000)	-	2,000	(2,000)
Technical assistance to residents	-	-	-	-	1,500	(1,500)
Service provider direct services	-	1,000	(1,000)	-	-	-
Total tenant retention/attraction	-	2,000	(2,000)	-	5,000	(5,000)
Parking/transit/accessibility services						
Parking facility enhancement program	103,952	10,000	93,952	-	-	-
Parking fee subsidy	-	25,000	(25,000)	-	-	-
Other	-	-	-	6,120	70,000	(63,880)
Service provider direct services	-	6,557	(6,557)	-	-	-
Total parking/transit/accessibility services	103,952	41,557	62,395	6,120	70,000	(63,880)
District planning services						
Service provider direct services	-	-	-	-	-	-
Other	-	-	-	-	-	-
SSA provider transition services	-	-	-	-	-	-
Total district planning services	-	-	-	-	-	-
Safety programs						
Public way surveillance cameras/maintenance	26,027	20,000	6,027	-	-	-
Security rebate program	-	-	-	-	20,000	(20,000)
Security subcontractor	99,554	80,000	19,554	35,465	75,000	(39,535)
Service provider direct services	-	7,500	(7,500)	-	-	-
Total safety programs	125,580	107,500	18,080	35,465	95,000	(59,535)
Facade development services						
Signage	-	-	-	2,495	6,000	(3,505)
Facade enhancement program	29,843	-	29,843	137,539	134,000	3,539
Gate/fence maintenance	-	-	-	725	-	725
Total facade development services	29,843	-	29,843	140,759	140,000	759
Management and general						
Audit/bookkeeping	11,620	10,000	1,620	15,633	19,300	(3,668)
Meeting	36	600	(564)	-	-	-
Rent	4,800	4,500	300	4,160	4,500	(340)
Office equipment lease/maintenance	-	600	(600)	-	-	-
Office supplies	208	600	(392)	1,047	683	364
Utilities	3,002	5,400	(2,398)	2,661	5,809	(3,148)
Postage	-	600	(600)	81	683	(602)
Printing	-	1,250	(1,250)	-	1,333	(1,333)
Other	12,836	-	12,836	1,619	1,200	419
Loss collection	24,443	20,000	4,443	25,526	59,782	(34,256)
Service provider administrative support	60,734	15,000	45,734	53,930	-	53,930
Total management and general	117,679	58,550	59,129	104,656	93,290	11,366
Total expenses	\$ 545,283	429,607	115,676	\$ 451,786	684,299	(232,513)
Excess of Expenditures over Revenue	(110,157)	-	(110,157)	(1,870)	(240,767)	238,897

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

COMMERCIAL AVENUE COMMISSION

Statements of Cash Flows

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (110,157)	\$ (1,870)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Decrease in accounts receivable	-	995
Increase in levy receivable	(41,277)	(30,973)
(Decrease)/increase in interest receivable	130	(130)
Increase in prepaid expenses	(59,930)	-
Increase/(decrease) in accounts payable	(12,102)	15,255
Net cash used in operating activities	(223,336)	(16,723)
Cash flows from investing activities:	-	-
Cash flows from financing activities:	-	-
Net decrease in cash	(223,336)	(16,723)
Cash at January 1, 2009 and 2008	401,118	417,841
Cash at December 31, 2009 and 2008	\$ 177,782	\$ 401,118

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

COMMERCIAL AVENUE COMMISSION SSA #5

Notes to the Financial Statements

Years ended December 31, 2009 and 2008

(1) Organization Description

Commercial Avenue Commission (the Commission) Special Service Area No.5 (SSA #5) was created September 18, 1984 by ordinance of the Chicago City Council. The Commission began financial operations upon receipt of real estate tax assessment revenues in April 1985. The Commission is funded annually by a special tax assessment.

The purpose of the Commission is to provide special services within the City of Chicago (City) SSA #5 in addition to services provided by and to the City. The Commission's operations are overseen by the South Chicago Chamber of Commerce (the Chamber).

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America; revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are accounted for using the accrual basis; revenues are recognized when they are both measurable and available. Available means the current period or soon enough thereafter to pay current liabilities. The Commission considers tax revenue to be available if it is collected within 60 days of the end of the year.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Commission maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements have been prepared to focus on the Commission as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted, as recommended by the Accounting Codification Standards (ACS) No.958-205, "Not-for-Profit Entities Presentation of Financial Statements".

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Years ended December 31, 2009 and 2008

Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained by the Commission. Generally, the donors to these assets permit the Commission to use all or part of the income earned on related investments for general or specific purposes. The Commission did not maintain any permanently restricted net assets during fiscal years 2009 or 2008.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Commission and/or passage of time. The Commission did not maintain any temporarily restricted net assets during fiscal years 2009 and 2008.

Unrestricted net assets: Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Donated Services

Donated services are recognized as contributions in accordance with FASB ACS 958-605 "Not-for-Profit Entities, Revenue Recognition", if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Commission.

Income Tax

The Commission, as a Special Service Area established by the City of Chicago, is excluded from federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Years ended December 31, 2009 and 2008

Net Assets

Unrestricted net assets are \$383,957 and \$494,114 as of December 31, 2009 and 2008, respectively.

(3) Real Estate Tax Revenue

The Organization's principle source of revenue is from real estate taxes levied on certain property located in the boundaries listed in Note 1. The taxes are assessed and collected by Cook County, and paid to the City of Chicago, which then remits to the Organization. Taxes are levied in one year, but paid in two installments the following year by the property owners. The Organization recognizes this revenue in the year in which the funds become available.

(4) Levy Receivable

Levy receivable consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
City of Chicago	\$ <u>149,395</u>	\$ <u>108,121</u>

All of the Commission's receivables are due within the next fiscal year.

(5) Prepaid Expenses

Prepaid expenses comprise of the following at December 31:

	<u>2009</u>	<u>2008</u>
Prepaid insurance	\$ 3,180	\$ -
Prepaid trolley cars	<u>56,750</u>	<u>-</u>
Total prepaid expenses	<u>\$ 59,930</u>	<u>\$ -</u>

(6) Loss Collection

The Commission uses the allowance for doubtful account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts in the financial statements. At December 31, 2009 and 2008, the Commission had loss collections included in the budget in the amounts of \$20,000 and \$59,782, respectively. As of December 31, 2009 and 2008, the Commission deemed \$24,443 and \$25,526 to be uncollectible, respectively.

COMMERCIAL AVENUE COMMISSION SSA # 5

Service Provider Agreement Compliance

Summary Schedule of Audit Findings

Year ended December 31, 2009

Finding 09-1 Bank Reconciliations

The various bank accounts and certificate of deposit accounts were reconciled properly, however, we noted no evidence of review. Bank reconciliations should be prepared monthly for all bank accounts and at least annually for all certificates of deposit. These reconciliations should be reviewed by the board or an officer of the board. As a result, the risk of material misstatement of the financial statements increased significantly.

Management Response

The Chamber will review and reconcile all bank accounts on a monthly basis and at least annually on certificates of deposit. The reconciliations will be reviewed and initialed by the Executive Director or an officer of the Board.

COMMERCIAL AVENUE COMMISSION SSA # 5

Service Provider Agreement Compliance

Summary Schedule of Prior Audit Findings

Year ended December 31, 2009

Finding 08-1 Revenue Recognition

Prior year revenue was not properly recorded. During our current audit, we found that the revenue was being recorded properly and as such, we consider this finding to be resolved.

Finding 08-2 Bank Reconciliations

We noted that the Commission did not properly reconcile the various bank accounts and certificates of deposits and that there was no evidence of review. During our current audit, we found that all bank accounts and certificate of deposits account were properly reconciled. However, we noted no evidence of review by the board or an officer of the board. Therefore, full implementation had not yet been achieved as of the date of this audit report (see Finding 09-1). As such, we do not consider this finding to be resolved.

Finding 08-3 Expense Recognition

The prior year expenses were not properly recorded when incurred. During our current audit, we found that the expenses were properly recorded and as such, we consider this finding to be resolved.