

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

Financial Statements

Year Ended December 31, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008, 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. The information included in the accompanying Schedule 1 is presented for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the audit of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Bravos & Associates

March 31, 2010
Bloomington, Illinois

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Statement of Financial Position
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash equivalents	\$ 59,539	\$ 98,747
Accounts receivable	<u>5,736</u>	<u>-</u>
Total Assets	<u>\$ 65,275</u>	<u>\$ 98,747</u>

<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 17,643	\$ -
<u>Net assets</u>		
Net assets, unrestricted	<u>47,632</u>	<u>98,747</u>
Total Liabilities and Net Assets	<u>\$ 65,275</u>	<u>\$ 98,747</u>

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Statement of Activities
For the Years Ended December 31, 2009 and 2008

	<u>Year Ended December 31, 2009</u>			<u>Year Ended December 31, 2008</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue & Related Interest Income	\$ 140,268	\$ 262,990	\$ (122,722)	\$ 144,300	\$ 248,728	\$ (104,428)
 <u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	6,585	9,900	(3,315)	4,568	15,900	(11,332)
2.00 Public Way Maintenance	50,037	63,327	(13,290)	29,277	28,600	677
3.00 Public Way Aesthetics	22,494	54,928	(32,434)	14,623	57,428	(42,805)
4.00 Tenant Retention/Attraction	-	-	-	500	-	500
5.00 Façade Improvements	1,000	6,000	(5,000)	-	-	-
7.00 Safety Program	89,295	96,500	(7,205)	32,546	117,500	(84,954)
8.00 District Planning	2,000	6,000	(4,000)	7,895	-	7,895
Total Program Expense	<u>171,411</u>	<u>236,655</u>	<u>(65,244)</u>	<u>89,409</u>	<u>219,428</u>	<u>(130,019)</u>
 <u>Administration</u>						
9.00 Operational & Administrative Support	19,972	18,400	1,572	19,155	16,800	2,355
10.00 Tax Levy Loss Collection	-	7,935	\$ (7,935)	-	12,500	(12,500)
Total Administration expenses	<u>19,972</u>	<u>26,335</u>	<u>(6,363)</u>	<u>19,155</u>	<u>29,300</u>	<u>(10,145)</u>
 Total Expenses	 <u>191,383</u>	 <u>262,990</u>	 <u>(71,607)</u>	 <u>108,564</u>	 <u>248,728</u>	 <u>(150,286)</u>
 Increase in Net Assets	 (51,115)			 35,736		
 <u>Unrestricted Net Assets:</u>						
Beginning of Year	<u>98,747</u>			<u>63,011</u>		
 End of Year	 <u>\$ 47,632</u>			 <u>\$ 98,747</u>		

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Statement of Cash Flows
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (51,115)	\$ 35,736
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	(5,736)	18,058
Accounts payable	17,643	(6,000)
Cash and Cash Equivalents		
Beginning of the year	<u>98,747</u>	<u>50,953</u>
End of the year	<u>\$ 59,539</u>	<u>\$ 98,747</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ -</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, 2009 and 2008

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, 2009 and 2008, 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 on December 1, 2007 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 had originally approved Regional Redevelopment Corporation; but later removed them as the contractor. 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 2009 and 2008. 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 shall continue through December 31, 2015.

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, 2009 and 2008

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.

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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 31, 2010

Bloomington, Illinois

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2009 and 2008

	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Expenses:</u>						
<u>Programs:</u>						
<u>1.00 Advertising & Promotion</u>						
1.03 Print Materials	-	1,400	(1,400)	-	6,400	(6,400)
1.05 Special Events	241	1,000	(759)	2,478	500	1,978
1.06 Website/Technology	1,085	2,500	(1,415)	90	5,000	(4,910)
1.07 Service Provider direct service	5,259	5,000	259	2,000	4,000	(2,000)
Total	6,585	9,900	(3,315)	4,568	15,900	(11,332)
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase and Maintenance	-	9,000	(9,000)	-	-	-
2.04 Liability/Property Insurance	-	-	-	-	-	-
2.05 Sidewalk Cleaning	43,803	44,327	(524)	23,220	20,000	3,220
2.07 Sidewalk Snow Plowing	-	1,000	(1,000)	-	600	(600)
2.10 Supplies	223	-	223	-	-	-
2.14 Service Provider Direct Services	6,000	6,000	-	5,500	6,000	(500)
2.15 Other: Anti-Litter campaign/incentive	11	3,000	(2,989)	557	2,000	(1,443)
Total	50,037	63,327	(13,290)	29,277	28,600	677
<u>3.00 Public Way Aesthetics</u>						
3.01 Decorative Banner Purchase/Installation	-	17,500	(17,500)	1,515	17,500	(15,985)
3.02 Holiday Decorations	10,694	6,000	4,694	5,577	6,000	(423)
3.03 Landscaping (Plants, Watering, etc.)	250	-	250	531	-	531
3.05 Streetscape Elements	250	2,900	(2,650)	-	3,400	(3,400)
3.07 Service Provider Direct Services	5,000	5,000	-	7,000	7,000	-
3.08 Other: Acorn lamps on light poles	6,300	23,528	(17,228)	-	23,528	(23,528)
Total	22,494	54,928	(32,434)	14,623	57,428	(42,805)
<u>4.00 Tenant Retention/Attraction</u>						
4.04 Technical Assistance to Businesses	-	-	-	500	-	500
Total	-	-	-	500	-	500

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2009 and 2008

	Year Ended December 31, 2009			Year Ended December 31, 2008		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Expenses:</u>						
<u>Programs:</u>						
<u>5.00 Façade Improvements</u>						
5.01 Façade Enhancements Program	-	5,000	(5,000)	-	-	-
5.04 Service Provider Direct Services	1,000	1,000	-	-	-	-
Total	1,000	6,000	(5,000)	-	-	-
<u>7.00 Safety Programs</u>						
7.01 Public Way Surveillance	-	33,250	(33,250)	-	46,500	(46,500)
7.07 Security Subcontractor	84,295	58,250	26,045	25,546	64,000	(38,454)
7.09 Service Provider Direct Services	5,000	5,000	-	7,000	7,000	-
Total	89,295	96,500	(7,205)	32,546	117,500	(84,954)
<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, Streetscape	-	1,000	(1,000)	-	-	-
8.06 SSA Start-up Costs	-	-	-	7,895	-	7,895
8.07 Service Provider Direct Services	2,000	2,000	-	-	-	-
Total	2,000	6,000	(4,000)	7,895	-	7,895
<u>Administration</u>						
<u>9.00 Operational & Administrative Support</u>						
9.01 Audit/Bookkeeping	5,500	5,500	-	-	4,500	(4,500)
9.02 Meeting Expense	250	250	-	-	250	(250)
9.03 Office Equipment Leases/Maintenance	-	-	-	443	-	443
9.04 Office Rent	600	600	-	-	-	-
9.05 Office Supplies	567	250	317	565	250	315
9.06 Office Utilities/Telephone	426	300	126	-	300	(300)
9.07 Postage	250	250	-	-	250	(250)
9.08 Office Printing	250	250	-	1,022	250	772
9.09 Service Provider Administrative Support	12,129	11,000	1,129	17,125	11,000	6,125
Total	19,972	18,400	1,572	19,155	16,800	2,355

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Schedule of Findings
Year ended December 31, 2009 and 2008

Finding # 1

We have reviewed the Agreement for Special Service Area Number 40 between the City of Chicago and the Contractor (Morgan Park - Beverly Hills Business Association) for the year ended December 31, 2009 and 2008. We noted no exceptions