

**Howard Street**  
**Special Service Area Number 19**  
(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)

Financial Statements

Years Ended December 31, 2012 and 2011

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)

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# Bravos & Associates

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Howard Street Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Chicago, Illinois

We have audited the accompanying statement of financial position of Howard Street Special Service Area number 19 (DevCorp North D/B/A Rogers Park Business Alliance, 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 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 Howard Street Special Service Area number 19 (DevCorp North D/B/A Rogers Park Business Alliance, 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 C.P.A.'s*

April 22, 2013  
Bloomington, Illinois

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, 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	\$ 59,442	\$ 56,486
Government Receivables	-	3,207
Due from SSA Number 24	432	-
Due from SSA Number 54	53	-
Prepaid Expense	437	530
	<u>60,363</u>	<u>60,223</u>
<u>Total Assets</u>	<u>\$ 60,363</u>	<u>\$ 60,223</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 2,900	\$ 3,648
Accrued expenses	3,349	2,500
Due to SSA Number 24	-	347
Due to DevCorp North D/B/A Rogers Park Business Alliance	8,749	16,337
	<u>14,998</u>	<u>22,832</u>
<u>Total Current Liabilities</u>	<u>14,998</u>	<u>22,832</u>
<u>Net Assets</u>		
<u>Net assets, unrestricted (Deficit)</u>	<u>45,365</u>	<u>37,391</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 60,363</u>	<u>\$ 60,223</u>

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, 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:					
Tax Levy Revenue & Interest Income	\$ 226,982	\$ 228,263	\$ 223,687	\$ 239,854	\$ (16,167)
Expenses:					
<u>Program costs:</u>					
1.00 Advertising & Promotion	29,538	35,600	22,576	30,800	(8,224)
2.00 Public Way Maintenance	20,685	23,200	42,297	37,247	5,050
3.00 Public Way Aesthetics	37,328	44,000	20,521	30,500	(9,979)
4.00 Tenant Retention/Attraction	2,853	2,900	562	6,800	(6,238)
5.00 Façade Improvements	10,000	13,000	1,901	-	1,901
6.00 Parking Transit Accessibility	-	200	-	9,800	(9,800)
7.00 Safety Programs	3,113	4,500	3,928	5,900	(1,972)
8.00 District Planning	59	1,500	-	5,400	(5,400)
Total Program Expense	103,576	124,900	91,785	126,447	(34,662)
Administration					
10.00 Personnel	75,062	73,200	68,317	59,520	8,797
11.00 Operational & Administrative Support	40,371	34,252	48,373	29,935	18,438
12.00 Loss Collection	-	12,000	-	16,444	(16,444)
Total Administration expenses	115,433	119,452	116,690	105,899	10,791
Total Expenses	219,008	244,352	208,475	232,346	(23,871)
Increase (Decrease) in Net Assets	7,973	(16,089)	15,212	7,508	7,704
<u>Unrestricted Net Assets:</u>					
Beginning of Year (Deficit)	37,391		22,179		
End of Year	\$ 45,365		\$ 37,391		

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, 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	\$ 7,973	\$ 15,212
Increase (decrease) in unrestricted net assets		
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
(Increase) decrease in assets:		
Government & other receivables	2,722	35,294
Prepaid expense	93	(503)
Increase (decrease) in liabilities:		
Accounts payable	(748)	3,029
Accrued expenses	<u>849</u>	<u>(1,097)</u>
Net cash (used) provided by operating activities:	10,889	51,935
Cash flows provided by (used in )Financing activities:		
Line of Credit	-	(35,000)
DevCorp North D/B/A Rogers Park Business Alliance	(7,587)	7,224
Due to SSA Number 24	<u>(347)</u>	<u>1,693</u>
Net cash provided by financing activities	<u>(7,934)</u>	<u>(26,083)</u>
Net Cash provided (used)	2,955	25,852
Cash and Cash Equivalents		
Beginning of the year	<u>56,486</u>	<u>30,634</u>
End of the year	<u>\$ 59,442</u>	<u>\$ 56,486</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Howard Street  
Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Notes to Financial Statements  
December 31, 2012 and 2011

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**Summary of Accounting Policies**

Nature of Organization

DevCorp North D/B/A Rogers Park Business Alliance (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Rogers Park 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 “Howard Street Special Service Area Number 19” to provide special services in addition to those services generally provided by the City. DevCorp North D/B/A Rogers Park Business Alliance 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 \$ 228,263 or the amount of service tax funds collected for the years to 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.

Howard Street  
Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Notes to Financial Statements  
December 31, 2012 and 2011

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**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**

Howard Street Special Service Area Number 19 shares office space, equipment and employees through its affiliation with DevCorp North, D/B/A Rogers Park Business Alliance, the contractor.

Howard Street Special Service Area Number 19 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.

**Line of Credit**

A line of credit has been obtained from Community First Bank Chicago in the amount of \$ 100,000 which expired on September 7, 2011. The interest rate is variable based upon the Wall Street Journal prime rate.

# Bravos & Associates

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## INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors  
Howard Street Special Services Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, 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 C.P.A.'s*

April 22, 2013  
Bloomington, Illinois

Howard Street  
Special Service Area Number 19  
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Comparative Sscheduel of Tax Levy Revenue and Interest Income  
December 31, 2012 and 2011

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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 2004	\$ -	\$ -
Tax Year 2005	-	-
Tax Year 2006	(119)	(119)
Tax Year 2007	(4,933)	(4,933)
Tax Year 2008	(2,326)	(2,326)
Tax Year 2009	52,605	52,605
Tax Year 2010	213,712	213,712
Tax Year 2011		
Total received during year - Cash Basis	258,939	258,939
 <u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	(38,501)	(38,501)
End of year	3,207	3,207
 <u>Total tax levy revenue - Accrual basis</u>	223,645	223,645
 Interest Income		
Interest earned - Bank accounts	-	
Interest paid by City of Chicago	42	42
<u>Total Interest income earned</u>	42	42
 <u>Total Tax Levy Revenue and Interest Income</u>	\$ 223,687	\$ 223,687

Howard Street

Special Service Area Number 19

(DevCorp North B/B/A Rogers Park Business Alliance, 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 &amp; Promotion</u>						
1.01 Website/Social Media	\$ -	\$ 1,600	\$ (1,600)	\$ -	\$ 1,100	\$ (1,100)
1.02 Public/Media Relations	1,937	6,000	(4,063)	1,250	7,500	(6,250)
1.03 Special Events	13,967	16,000	(2,033)	14,804	10,000	4,804
1.04 Display Ads	11,493	6,000	5,493	5,826	3,700	2,126
1.05 Print Materials	2,141	3,000	(859)	696	8,500	(7,804)
1.06 Other: Holiday Shoppers' Rebates	-	3,000	(3,000)	-	-	-
<u>Totals</u>	<u>29,538</u>	<u>35,600</u>	<u>(6,062)</u>	<u>22,576</u>	<u>30,800</u>	<u>(8,224)</u>
<u>2.00 Public Way Maintenance</u>						
2.02 Gate/Fence Maintenance	-	-	-	-	100	(100)
2.02 Sidewalk Snow Plowing	7,200	15,000	(7,800)	8,666	15,500	(6,834)
2.03 Graffiti Removal	-	-	-	-	200	(200)
2.03 Sidewalk Power Washing	-	500	(500)	-	350	(350)
2.05 Equipment Purchase/Maintenance	402	3,000	(2,598)	2,525	3,291	(766)
2.05 Sidewalk Cleaning	-	-	-	-	1,000	(1,000)
2.06 Supplies	1,560	500	1,060	670	3,300	(2,630)
2.07 Storage Fees	2,005	1,800	205	1,874	1,800	74
2.08 Liability/Property Insurance	2,037	600	1,437	400	100	300
2.08 Staff Wages & Fringe Benefits	-	-	-	23,924	3,456	20,468
2.09 Trash Removal Service	1,414	1,800	(386)	1,225	1,350	(125)
2.12 Vermin Abatement Program	-	-	-	-	2,600	(2,600)
2.13 Window Washing	2,688	-	2,688	1,148	-	1,148
2.15 Other: Maintenance Stipend	3,378	-	3,378	1,865	4,200	(2,335)
<u>Totals</u>	<u>20,685</u>	<u>23,200</u>	<u>(2,515)</u>	<u>42,297</u>	<u>37,247</u>	<u>5,050</u>

The accompanying notes are an integral part of this statement.

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, 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>3.00 Public Way Aesthetics</u>						
3.01 Streetscape Elements	\$ -	\$ 5,500	\$ (5,500)	\$ -	\$ 9,800	\$ (9,800)
3.02 Decorative Banners and/or Holiday Decorations	10,864	7,000	3,864	-	2,500	(2,500)
3.03 Holiday Decorations	5,155	-	5,155	7,382	9,000	(1,618)
3.03 Wayfinding/Signage	25	3,000	(2,975)	-	100	(100)
3.04 Property Insurance	-	-	-	-	500	(500)
3.04 Public Art	1,045	10,000	(8,955)	-	-	-
3.05 Landscaping	20,239	17,000	3,239	13,139	8,600	4,539
3.10 Other: Holiday Lights	-	1,500	(1,500)	-	-	-
<u>Totals</u>	<u>37,328</u>	<u>44,000</u>	<u>(6,672)</u>	<u>20,521</u>	<u>30,500</u>	<u>(9,979)</u>
<u>4.00 Tenant Retention/Attraction</u>						
4.01 Data Collections	853	1,500	(647)	-	-	-
4.01 Property Owner/Broker/Tenant relations	2,000	-	2,000	496	600	(104)
4.02 Site Marketing Materials	-	1,000	(1,000)	-	1,800	(1,800)
4.04 Technical Assistance to Businesses	-	-	-	66	900	(834)
4.07 Other: Tenant Attraction Services	-	400	(400)	-	3,500	(3,500)
<u>Totals</u>	<u>2,853</u>	<u>2,900</u>	<u>(47)</u>	<u>562</u>	<u>6,800</u>	<u>(6,238)</u>
<u>5.00 Façade Improvements</u>						
5.01 Façade Enhancement Program-Rebates	10,000	12,000	(2,000)	1,901	-	1,901
5.02 Awning Rebate Program	-	-	-	-	-	-
5.03 Signage/Gate Removal Program	-	-	-	-	-	-
5.04 Program Cost (Applications)	-	1,000	(1,000)	-	-	-
<u>Totals</u>	<u>10,000</u>	<u>13,000</u>	<u>(2,000)</u>	<u>1,901</u>	<u>-</u>	<u>1,901</u>

Howard Street

Special Service Area Number 19

(DevCorp North B/B/A Rogers Park Business Alliance, 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>6.00 Parking/Transit/Accessibility</u>						
6.01 Bicycle Advocacy	\$ -	\$ -	\$ -	\$ -	\$ 1,600	\$ (1,600)
6.01 Parking Facility (Lease, Management, etc.)	-	100	(100)	-	-	(100)
6.02 On-Street Parking	-	-	-	-	100	(100)
6.02 Parking Fee Subsidy	-	100	(100)	-	-	(100)
6.09 Parking Wayfinding/Signage	-	-	-	-	100	(100)
6.10 Public Transit Enhancements	-	-	-	-	8,000	(8,000)
<u>Totals</u>	-	200	(200)	-	9,800	(9,800)
<u>7.00 Safety Programs</u>						
7.01 Public way Surveillance Cameras/ Maintenance	3,113	4,500	(1,387)	3,928	5,800	(1,872)
7.02 Security Rebate Program	-	-	-	-	-	-
7.06 Safety Seminars	-	-	-	-	100	(100)
<u>Totals</u>	3,113	4,500	(1,387)	3,928	5,900	(1,972)
<u>8.00 District Planning</u>						
8.01 SSA Work Plans, Visioning, etc.	-	-	-	-	100	(100)
8.02 Commission Development (Policy, Governance, Traini	59	500	(441)	-	-	-
8.02 District Branding	-	-	-	-	3,800	(3,800)
8.03 District Market Study: Impact Analysis, etc	-	-	-	-	1,000	(1,000)
8.03 Strategic Planning	-	1,000	(1,000)	-	-	-
8.04 District Master Plan, Corridor Plans, Streetscape, Plans	-	-	-	-	500	(500)
8.05 Parking Studies	-	-	-	-	-	-
<u>Totals</u>	59	1,500	(1,441)	-	5,400	(5,400)

Howard Street

Special Service Area Number 19

(DevCorp North B/B/A Rogers Park Business Alliance, 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
<b>10.00 Personnel</b>						
10.01 Executive Director	\$ 11,311	\$ 10,800	\$ 511	\$ 10,248	\$ 8,928	\$ 1,320
10.02 Managing Director	9,399	7,800	1,599	8,881	7,738	1,143
10.03 Community Development Coordinator	-	-	-	-	-	-
10.04 Director of Planning	28,268	27,000	1,268	25,960	22,618	3,342
10.05 Director of Maintenance	10,859	16,800	(5,941)	9,564	8,333	1,231
10.06 Administrative Assistant	12,533	10,800	1,733	11,614	10,118	1,496
10.07 Glenwood Sunday Market Manager	2,693	-	2,693	2,050	1,785	265
10.08 Computer Lab Instructor	-	-	-	-	-	-
<b>Totals</b>	<b>75,062</b>	<b>73,200</b>	<b>1,862</b>	<b>68,317</b>	<b>59,520</b>	<b>8,797</b>
<b>11.00 Administrative Non-Personnel</b>						
11.02 SSA Audit	3,208	3,200	8	3,200	2,500	700
11.03 Bookkeeping	12,406	10,920	1,486	11,194	6,700	4,494
11.04 Office Rent	10,988	8,002	2,986	14,263	8,000	6,263
11.05 Office Utilities	2,807	2,700	107	3,153	2,000	1,153
11.06 Office Supplies	2,844	2,000	844	3,091	3,000	91
11.07 Office Equipment Lease/Maintenance	2,643	2,400	243	4,184	1,500	2,684
11.08 Office Printing	600	1,000	(400)	1,500	1,500	-
11.09 Postage	300	650	(350)	1,222	535	687
11.10 Meeting Expense	988	630	358	1,025	1,000	25
11.11 Subscriptions/dues	623	300	323	1,658	800	858
11.12 Banking Fees	-	200	(200)	-	-	-
11.14 Training & Development	2,963	2,250	713	3,513	1,200	2,313
11.15 Other: Line of Credit Expenses	-	-	-	370	1,200	(830)
<b>Totals</b>	<b>40,371</b>	<b>34,252</b>	<b>6,119</b>	<b>48,373</b>	<b>29,935</b>	<b>18,438</b>

Howard Street  
Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Schedule of Findings  
Year ended December 31, 2012 and 2011

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Finding # 1

We have reviewed the Agreement for Special Service Area Number 19 between the City of Chicago and the Contractor for the year ended December 31, 2012 and 2011.

We noted no exceptions