

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

Financial Statements

Year Ended December 31, 2012 and 2011

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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, 2012 and 2011, 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, 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 CPAs*

April 28, 2013  
Bloomington, Illinois

Michigan Avenue - Roseland  
Special Service Area Number 40  
(Calumet Area Industrial Commission, 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	\$ 22,359	\$ 108,202
Accounts receivable	<u>                  -</u>	<u>          12,966</u>
Total Assets	<u>\$ 22,359</u>	<u>\$ 121,168</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	<u>\$ 14,642</u>	<u>\$ 2,615</u>
Total Liabilities	14,642	2,615
 <u>Net assets</u>		
Net assets, unrestricted	<u>          7,717</u>	<u>         118,553</u>
Total Liabilities and Net Assets	<u>\$ 22,359</u>	<u>\$ 121,168</u>

**Michigan Avenue - Roseland**  
**Special Service Area Number 40**  
(Calumet Area Industrial Commission, Contractor)  
**Comparative Statement of Activities**

For the Years Ended December 31, 2012 and 2011

	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Actual	Budget	Actual	Budget
<b>Changes in Unrestricted Net Assets:</b>				
<b>Revenues:</b>				
Tax Levy Revenue	\$ 143,502	\$ 216,199	\$ 222,886	\$ 216,650
		\$ (72,697)		\$ 6,236
				Over (Under)
				Variance
<b>Expenses:</b>				
<b>Program costs:</b>				
1.00 Advertising & Promotion	850	2,200	610	4,700
2.00 Public Way Maintenance	68,147	67,000	24,652	59,500
3.00 Public Way Aesthetics	21,988	16,000	7,845	21,000
4.00 Tenant Retention/Attraction	-	-	1,250	-
5.00 Façade Improvements	-	10,000	-	10,000
7.00 Safety Program	100,076	88,000	33,203	110,598
8.00 District Planning	12,223	-	-	4,000
				(4,000)
<b>Total Program Expense</b>	<b>203,282</b>	<b>183,200</b>	<b>67,560</b>	<b>209,798</b>
		20,082		(142,238)
<b>Administration</b>				
10.00 Personnel	38,438	36,500	29,750	24,000
11.00 Operational & Administrative Support	12,617	12,800	12,276	-
12.00 Loss Collection	-	2,849	-	20,000
				(20,000)
<b>Total Administration expenses</b>	<b>51,055</b>	<b>49,300</b>	<b>42,026</b>	<b>24,000</b>
<b>Total Expenses</b>	<b>254,338</b>	<b>232,500</b>	<b>109,586</b>	<b>233,798</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(110,836)</b>	<b>(16,301)</b>	<b>113,300</b>	<b>(17,148)</b>
				130,448
<b>Unrestricted Net Assets:</b>				
Beginning of Year	118,553		5,253	
End of Year	\$ 7,717		\$ 118,553	

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The accompanying notes are an integral part of this statement.

Michigan Avenue - Roseland  
Special Service Area Number 40  
(Calumet Area Industrial Commission, Contractor)  
Comparative Statement of Cash Flows  
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (110,836)	\$ 113,300
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	37,020	19,467
Accounts payable	(12,027)	(20,033)
Increase (decrease) in financial activities:		
Line of Credit Us Bank	<u>          -</u>	<u>      (15,800)</u>
Net cash provided (Used)	(85,843)	96,934
Cash and Cash Equivalents		
Beginning of the year	<u>      108,202</u>	<u>      11,268</u>
End of the year	<u>\$      22,359</u>	<u>\$      108,202</u>
Supplemental disclosures:		
Interest Paid	<u>\$          232</u>	<u>\$          420</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, 2012 and 2011

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**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, 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 “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 for 2012 is the lesser of \$ 216,199 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, 2012 and 2011

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**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 CPAs*

April 28, 2013  
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, 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 2006	\$ (1,382)	\$ (22)
Tax Year 2007	(7,254)	(426)
Tax Year 2008	(4,252)	(47)
Tax Year 2009	(7,020)	73,371
Tax Year 2010	21,044	169,438
Tax Year 2011	155,063	-
Total received during year - Cash Basis	<u>156,199</u>	<u>242,314</u>
<u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	(12,966)	(32,433)
End of year	<u>-</u>	<u>12,966</u>
<u>Total tax levy revenue - Accrual Basis</u>	<u>143,233</u>	<u>222,847</u>
<u>Interest Income</u>		
Interest paid by City of Chicago	<u>269</u>	<u>39</u>
<u>Total Interest Income</u>	<u>269</u>	<u>39</u>
Total Tax Levy Revenue and Interest Income	<u>\$ 143,502</u>	<u>\$ 222,886</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, 2012 and 2011

	Year Ended December 31, 2012			Year Ended December 31, 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 and/ or Social Media	\$ 650	\$ 1,200	\$ (550)	\$ 550	\$ 1,300	\$ (750)
1.03 Special Events	200	1,000	(800)	60	2,000	(1,940)
1.05 Print Materials	-	-	-	-	1,400	(1,400)
Totals	<u>850</u>	<u>2,200</u>	<u>(1,350)</u>	<u>610</u>	<u>4,700</u>	<u>(4,090)</u>
<u>2.00 Public Way Maintenance</u>						
2.01 Sidewalk Cleaning	67,574	65,000	2,574	23,152	53,800	(30,648)
2.02 Gate/Fence Maintenance	-	-	-	-	500	(500)
2.02 Sidewalk Snow Plowing	-	-	-	-	1,000	(1,000)
2.04 Liability/Property Insurance	-	-	-	1,500	-	1,500
2.05 Equipment Purchase and Maintenance	-	-	-	-	1,200	(1,200)
2.09 Other: Anti-Litter campaign/incentive	573	2,000	(1,427)	-	3,000	(3,000)
Totals	<u>68,147</u>	<u>67,000</u>	<u>1,147</u>	<u>24,652</u>	<u>59,500</u>	<u>(34,848)</u>
<u>3.00 Public Way Aesthetics</u>						
3.01 Streetscape Elements	903	5,000	(4,098)	-	3,000	(3,000)
3.02 Decorative Banners & Holiday Decorations	13,105	10,000	3,105	7,845	17,500	(9,655)
3.05 Landscaping (Plants, Watering, etc.)	7,980	1,000	6,980	-	500	(500)
Totals	<u>21,988</u>	<u>16,000</u>	<u>5,988</u>	<u>7,845</u>	<u>21,000</u>	<u>(13,155)</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, 2012 and 2011

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>4.00 Tenant Retention/Attraction</u>						
4.04 Technical Assistance to Businesses	\$ -	\$ -	\$ -	\$ 1,250	\$ -	\$ 1,250
Totals	-	-	-	1,250	-	1,250
<u>5.00 Façade Improvements</u>						
5.01 Façade Enhancements Program	-	10,000	(10,000)	-	10,000	(10,000)
Totals	-	10,000	(10,000)	-	10,000	(10,000)
<u>7.00 Safety Programs</u>						
7.01 Public Way Surveillance	-	-	-	-	12,070	(12,070)
7.02 Security Services	99,906	85,000	14,906	33,203	98,528	(65,325)
7.05 Other: Crime Prevention Programs	169	3,000	(2,831)	-	-	-
Totals	100,076	88,000	12,076	33,203	110,598	(77,395)
<u>8.00 District Planning</u>						
8.01 SSA Designation or Reconstitution	12,223	-	12,223	-	1,000	(1,000)
8.05 Economic Impact study Branding	-	-	-	-	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)
Totals	12,223	-	12,223	-	4,000	(4,000)

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, 2012 and 2011

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Expenses:</u>						
<u>Programs:</u>						
<u>10.00 Personal</u>						
10.01 President	10,309	10,000	309	7,735	6,250	1,485
10.02 SSA Project Manager	28,129	26,500	1,629	22,015	17,750	4,265
Totals	38,438	36,500	1,938	29,750	24,000	5,750
<u>Administration</u>						
<u>11.00 Operational &amp; Administrative Support</u>						
11.02 SSA Audit	\$ 2,500	\$ 2,500	\$ -	\$ 2,600	\$ -	\$ 2,600
11.03 Bookkeeping	3,000	3,000	-	3,013	-	3,013
11.04 Office Rent	600	600	-	600	-	600
11.05 Office Utilities/Telephone	1,000	3,000	(2,000)	375	-	375
11.06 Office Supplies	1,686	500	1,186	742	-	742
11.07 Office Equipment Leases/Maintenance	1,000	2,000	(1,000)	-	-	-
11.08 Office Printing	500	500	-	3,788	-	3,788
11.09 Postage	250	250	-	338	-	338
11.10 Meeting Expense	300	200	100	400	-	400
11.12 Other: Line of Credit Interest	232	-	232	420	-	420
11.14 Parking & Mileage	1,550	250	1,300	-	-	-
Totals	12,617	12,800	(183)	12,276	-	12,276

Michigan Avenue - Roseland  
Special Service Area Number 40  
(Calumet Area Industrial Commission, 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 40 between the City of Chicago and the Contractor for the year ended December 31, 2012 and 2011. We noted no exceptions