

71st Street - Stony
Special Service Area Number 42
(South Shore Chamber Inc., Contractor)

Financial Statements

Year Ended December 31, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
71st Street - Stony Special Service Area Number 42
(South Shore Chamber, Inc., Contractor)
Chicago, Illinois

We have audited the accompanying statement of financial position of 71st Street - Stony Special Service Area Number 42 (South Shore Chamber, Inc., Contractor) (a nonprofit organization) as of December 31, 2011, and 2010, 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 did not audit the financial statements for the year ended December 31, 2010. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 71st Street - Stony Special Service Area Number 42, is based solely on the report of the other auditors.

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 71st Street - Stony (South Shore Chamber, Inc., 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 schedule of expenses and budget variances on pages 8 and 9 and the comparative schedule of tax levy revenue and interest income on page 10 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

April 12, 2012
Bloomington, Illinois

71st Street - Stony
Special Service Area Number 42
(South Shore Chamber Inc., Contractor)
Comparative Statement of Financial Position
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 112,999	\$ 86,593
Accounts receivable	<u>8,920</u>	<u>25,185</u>
 Total Assets	 <u>\$ 121,919</u>	 <u>\$ 111,778</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Line of Credit payable	\$ 50,000	\$ 25,114
Accounts payable	16,792	113,842
Due to South Shore Chamber	<u>83,186</u>	<u>-</u>
Total Current Liabilities	149,978	138,956
 Net assets, unrestricted (deficit)	 <u>(28,059)</u>	 <u>(27,178)</u>
 Total Liabilities and Net Assets	 <u>\$ 121,919</u>	 <u>\$ 111,778</u>

71st Street - Stony
Special Service Area Number 42
(South Shore Chamber Inc., Contractor)
Comparative Statement of Activities
For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Changes in Unrestricted Net Assets:</u>						
<u>Revenues:</u>						
Tax Levy Revenue - Current Year	\$ 529,501	\$ 555,679	\$ (26,178)	\$ 509,755	\$ 508,255	\$ 1,500
Interest Income	75	-	75	44	-	44
<u>Total Revenues</u>	<u>529,577</u>	<u>555,679</u>	<u>(26,102)</u>	<u>509,799</u>	<u>508,255</u>	<u>1,544</u>
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	90,264	44,752	45,512	38,965	38,752	213
2.00 Public Way Maintenance	159,947	149,203	10,744	123,145	156,998	(33,853)
3.00 Public Way Aesthetics	27,548	83,901	(56,353)	17,674	83,901	(66,227)
4.00 Tenant Retention/Attraction	3,991	3,991	-	4,341	3,991	350
7.00 Safety Programs	165,374	180,642	(15,268)	126,864	130,832	(3,968)
8.00 District Planning	13,535	15,469	(1,934)	9,254	15,469	(6,215)
<u>Total Program Expense</u>	<u>460,659</u>	<u>477,958</u>	<u>(17,299)</u>	<u>320,243</u>	<u>429,943</u>	<u>(109,700)</u>
<u>Administration</u>						
10.00 Operational & Administrative Support	69,799	59,721	10,078	75,825	56,312	19,513
11.00 Tax Levy Loss Collection	-	18,000	(3,044)	-	22,000	(22,000)
<u>Total Administration expenses</u>	<u>69,799</u>	<u>77,721</u>	<u>7,034</u>	<u>75,825</u>	<u>78,312</u>	<u>(2,487)</u>
<u>Total Expenses</u>	<u>530,458</u>	<u>555,679</u>	<u>(10,265)</u>	<u>396,068</u>	<u>508,255</u>	<u>(112,187)</u>
Increase (Decrease) in Net Assets	(881)			113,731		
<u>Unrestricted Net Assets: (Deficit)</u>						
Beginning of Year	(27,178)			(140,909)		
End of Year	\$ (28,059)			\$ (27,178)		

Special Service Area Number 42
(South Shore Chamber Inc., 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	\$ (881)	\$ 113,731
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
(Increase) decrease in:		
Accounts receivable 16,265 (40,084)
(Decrease) increase in:		
Short Term Notes payable - net 24,886 (25,114)
Accounts payable and accrued expenses (97,050) (84,737)
Due to South Shore Chamber	<u>83,186</u>	<u>-</u>
Net cash flows from operating activities:	\$ 26,406 (36,204)
 Cash and Cash Equivalents		
Beginning of the year	<u>86,593</u>	<u>122,797</u>
End of the year	<u>\$ 112,999</u>	<u>\$ 86,593</u>
 Supplemental disclosures:		
Interest Paid	<u>\$ 1,945</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

71st Street - Stony Special Service Area Number 42
(South Shore Chamber, Inc., Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2011 and 2010

Summary of Accounting Policies

Nature of Organization

South Shore Chamber, Inc., Contractor for 71st Street - Stony Special Service Area Number 42 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the 71st Street - Stony district. The organization 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. 116, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 116, 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. The Organization had no temporarily or permanently restricted net assets, as of December 31, 2011 and 2010 the organization has unrestricted net assets (deficit) in the amount of \$ (28,059) and \$ (27,178) respectfully.

Cash and Cash Equivalents

Cash and cash equivalents is defined as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The organization has not experienced any losses in such accounts. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The organization has established a separate checking account at the Harris Bank in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

Revenue Recognition

The organization's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred. Accounts receivable represent amounts earned, but not received at year end.

Income Taxes

The organization is a part of the South Shore Chamber, Inc., which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c) (6) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

71st Street - Stony Special Service Area Number 42
(South Shore Chamber, Inc., Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2011 and 2010

Summary of Accounting Policies – Continued

Related Party Transactions

71st Street – Stony Special Service Area Number 42 does share office space, equipment and employees through its affiliation with South Shore Chamber, Inc. 71st Street – Stony Special Service Area Number 42 has no employees of its own, but reimburses South Shore Chamber, Inc. for payroll and related costs of the individuals working on the programs. The 71st Street – Stony Special Service Area Number 42 had funds due to South Shore Chamber, Inc. as of December 31, 2011 and 2010 in the amount of \$ 83,186 and \$ 0 respectfully.

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.

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 “71st Street – Stony Special Service Area Number 42” to provide special services in addition to those services generally provided by the City. South Shore Chamber, Inc., Contractor has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 1.00% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services. The agreement is renewed annually.

Line of Credit

The Organization has an \$ 80,000 line of credit with the Harris Bank N.A., which will mature on September 16, 2012. This note is subject to a variable interest rate, based upon the prime rate. Currently the interest rate is 3.250% and the Organization has used \$ 50,000 of the line.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
71st Street - Stony Special Service Area Number 42
South Shore Chamber, Inc., 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

April 12, 2012
Bloomington, Illinois

71st Street - Stony
Special Service Area Number 42
(South Shore Chamber Inc., Contractor)
Comparative Schedule of Expenses with Budget Variances
December 31, 2011 and 2010

	2011			2010		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
Expenses:						
Programs:						
1.00 Advertising & Promotion						
1.01 Display Ads	\$ 12,686	\$ 3,500	\$ 9,186	\$ 4,272	\$ 3,500	\$ 772
1.02 Holiday/Seasonal Promotions	-	-	-	5,864	-	5,864
1.03 Print Materials	2,195	2,700	(505)	-	2,700	(2,700)
1.04 Public/Media Relations Services	-	3,000	(3,000)	150	3,000	(2,850)
1.05 Special Events	59,771	11,500	48,271	6,802	11,500	(4,698)
1.06 Website/Technology	60	2,500	(2,440)	325	2,500	(2,175)
1.07 Service Provider Direct Services	15,552	21,552	(6,000)	21,552	15,552	6,000
1.08 Other: Marketing Initiatives	-	-	-	-	-	-
Total	90,264	44,752	45,512	38,965	38,752	213
2.00 Public Way Maintenance						
2.05 Sidewalk Cleaning	33,856	47,211	(13,355)	50,552	47,211	3,341
2.06 Sidewalk Power Washing	38,000	12,000	26,000	23,757	12,000	11,757
2.07 Sidewalk Snow Plowing	18,337	40,400	(22,063)	15,898	40,400	(24,502)
2.11 Trash Removal Service	51,807	31,645	20,162	14,991	39,440	(24,449)
2.14 Service Provider Direct Services	17,947	17,947	-	17,947	17,947	-
Total	159,947	149,203	10,744	123,145	156,998	(33,853)
3.00 Public Way Aesthetics						
3.01 Decorative Banner	-	30,000	(30,000)	-	30,000	(30,000)
3.02 Holiday Decorations	-	15,309	(15,309)	-	15,309	(15,309)
3.03 Landscaping	11,956	15,000	(3,044)	-	15,000	(15,000)
3.04 Property Insurance	-	-	-	2,082	-	2,082
3.05 Streetscape Elements	-	8,000	(8,000)	-	8,000	(8,000)
3.07 Service Provider Direct Services	15,592	15,592	-	15,592	15,592	-
3.08 Other: Public Way Art	-	-	-	-	-	-
Total	27,548	83,901	(56,353)	17,674	83,901	(66,227)
4.00 Tenant Retention/Attraction						
4.03 Site Marketing Materials	-	-	-	350	-	350
4.04 Technical Assistance to Businesses	-	-	-	-	-	-
4.06 Service Provider Direct Services	3,991	3,991	-	3,991	3,991	-
4.07 Other: Postage	-	-	-	-	-	-
Total	3,991	3,991	-	4,341	3,991	350

The accompanying notes are an integral part of this statement.

71st Street - Stony
Special Service Area Number 42
(South Shore Chamber Inc., Contractor)
Comparative Schedule of Expenses with Budget Variances
December 31, 2011 and 2010

Expenses: Programs:	2011			2010		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
7.00 Safety Programs						
7.05 Lighting, Tree Pruning	-	-	-	-	-	-
7.07 Security Subcontractor	146,542	161,810	(15,268)	108,032	112,000	(3,968)
7.09 Service Provider Direct Services	18,832	18,832	-	18,832	18,832	-
Total	165,374	180,642	(15,268)	126,864	130,832	(3,968)
8.00 District Planning						
8.02 District Branding	6,066	8,000	(1,934)	1,785	8,000	(6,215)
8.03 District Market Study, Impact Analysis	-	-	-	-	-	-
8.04 District Master Plan, Corridor, Streetscape Plan:	-	-	-	-	-	-
8.06 SSA Start-Up or Reconstitution Costs	-	-	-	-	-	-
8.07 Service Provider Direct Services	7,469	7,469	-	7,469	7,469	-
Total	13,535	15,469	(1,934)	9,254	15,469	(6,215)
10.00 Operational & Administrative Support						
10.01 Audit	5,000	6,000	(1,000)	7,600	8,000	(400)
10.02 Bookkeeping	3,250	2,700	550	3,000	2,500	500
10.03 Meeting Expense	561	1,500	(939)	197	1,500	(1,303)
10.04 Office Equipment Lease/Maintenance	-	-	-	2,015	1,000	1,015
10.05 Office Rent	15,300	11,144	4,156	8,871	7,100	1,771
10.06 Office Supplies	12,997	2,330	10,667	7,996	3,000	4,996
10.07 Office Utilities/Telephone	5,034	5,720	(686)	4,853	6,500	(1,647)
10.08 Postage	366	2,500	(2,134)	245	2,500	(2,255)
10.09 Office Printing	2,268	2,157	111	-	3,000	(3,000)
10.10 Service Provider Administrative Support	23,078	22,670	408	41,048	19,712	21,336
10.11 Subscriptions/dues	-	100	(100)	-	500	(500)
10.12 Other: Software/Office Furniture/Copier	-	-	-	-	-	-
10.12 Other: Interest Expense	1,945	2,900	(955)	-	1,000	(1,000)
Total	69,799	59,721	10,078	75,825	56,312	19,513

71st Street - Stony
Special Service Area Number 42
(South Shore Chamber Inc., 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>
	Income (Returned to City)	Income (Returned to City)
Tax Levy Revenue		
Tax Year 2004	\$ -	\$ -
Tax Year 2005	-	(142)
Tax Year 2006	(179)	(8,131)
Tax Year 2007	(62)	2,855
Tax Year 2008	2,487	28,571
Tax Year 2009	97,045	512,653
Tax Year 2010	<u>446,475</u>	<u>-</u>
 Total received during year - Cash Basis	 545,766	 535,806
 Accrual adjustments - Accounts Receivable		
Beginning of year	(25,185)	(51,236)
End of year	<u>8,920</u>	<u>25,185</u>
 Total tax levy revenue - Accrual Basis	 <u>\$ 529,501</u>	 <u>\$ 509,755</u>
 Interest Income		
Interest earned - Bank Accounts	\$ -	\$ -
Interest paid by City of Chicago	<u>75</u>	<u>44</u>
 Total Interest Income	 <u>\$ 75</u>	 <u>\$ 44</u>

71st Street - Stony Special Service Area Number 42
(South Shore Chamber, Inc., Contractor)
Summary Schedule of Findings
Years ended December 31, 2011 and 2010

Finding # 1

The contractor uses a computerize accounting program which records all of the accounting transactions. The contractor, while having separated the bank accounts, did not create a separated general ledger system within the computerized accounting program. The Contractor has made the necessary adjustments and has now created a separate general ledger and will continue to use it for the Special Service Area.