

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

Financial Statements

Year Ended December 31, 2010 and 2009

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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, 2010 and 2009, 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, 2010 and 2009, 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

April 23, 2011

Bloomington, Illinois

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Statement of Financial Position
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash equivalents	\$ 11,268	\$ 59,539
Accounts receivable	<u>32,433</u>	<u>5,736</u>
Total Assets	<u>\$ 43,701</u>	<u>\$ 65,275</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 22,648	\$ 17,643
Line of Credit US Bank	<u>15,800</u>	<u>-</u>
Total Liabilities	\$ 38,448	\$ 17,643
<u>Net assets</u>		
Net assets, unrestricted	<u>5,253</u>	<u>47,632</u>
Total Liabilities and Net Assets	<u>\$ 43,701</u>	<u>\$ 65,275</u>

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Statement of Activities
For the Years Ended December 31, 2010 and 2009

	<u>Year Ended December 31, 2010</u>			<u>Year Ended December 31, 2009</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	\$ 106,203	\$ 292,748	\$ (186,545)	\$ 140,268	\$ 262,990	\$ (122,722)
 <u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	5,300	9,700	(4,400)	6,585	9,900	(3,315)
2.00 Public Way Maintenance	32,176	65,500	(33,324)	50,037	63,327	(13,290)
3.00 Public Way Aesthetics	19,668	55,528	(35,860)	22,494	54,928	(32,434)
4.00 Tenant Retention/Attraction	1,000	-	1,000	-	-	-
5.00 Façade Improvements	10,000	6,000	4,000	1,000	6,000	(5,000)
7.00 Safety Program	48,915	102,070	(53,155)	89,295	96,500	(7,205)
8.00 District Planning	2,000	6,000	(4,000)	2,000	6,000	(4,000)
Total Program Expense	<u>119,059</u>	<u>244,798</u>	<u>(125,739)</u>	<u>171,411</u>	<u>236,655</u>	<u>(65,244)</u>
 <u>Administration</u>						
10.00 Operational & Administrative Support	29,523	28,950	573	19,972	18,400	1,572
11.00 Tax Levy Loss Collection	-	19,000	\$ (19,000)	-	7,935	(7,935)
Total Administration expenses	<u>29,523</u>	<u>47,950</u>	<u>(18,427)</u>	<u>19,972</u>	<u>26,335</u>	<u>(6,363)</u>
 Total Expenses	 <u>148,582</u>	 <u>292,748</u>	 <u>(144,166)</u>	 <u>191,383</u>	 <u>262,990</u>	 <u>(71,607)</u>
 Increase in Net Assets	 (42,379)			 (51,115)		
 <u>Unrestricted Net Assets:</u>						
Beginning of Year	<u>47,632</u>			<u>98,747</u>		
 End of Year	 <u>\$ 5,253</u>			 <u>\$ 47,632</u>		

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Statement of Cash Flows
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (42,379)	\$ (51,115)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	(26,697)	(5,736)
Accounts payable	5,005	17,643
Increase (decrease) in financial activities:		
Line of Credit Us Bank	15,800	
Cash and Cash Equivalents		
Beginning of the year	<u>59,539</u>	<u>98,747</u>
End of the year	<u>\$ 11,268</u>	<u>\$ 59,539</u>
Supplemental disclosures:		
Interest Paid	<u>\$ 232</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, 2010 and 2009

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, 2010 and 2009, 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 2010 and 2009. 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, 2010 and 2009

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.

Credit Line of Credit

The Special Service Area Number 40 has obtained a line of credit in the amount of \$ 50,000, from US Bank. The line of credit bears an interest rate of 1% over the prime rate of the bank. The interest rate will not exceed the annual rate of 6%. This note matures on July 1, 2011 and is expected to be renewed. This note is guaranteed by the contractor.

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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

April 23, 2011

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, 2010 and 2009

	Year Ended December 31, 2010			Year Ended December 31, 2009		
	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)	-	1,400	(1,400)
1.05 Special Events	300	2,000	(1,700)	241	1,000	(759)
1.06 Website/Technology	-	1,300	(1,300)	1,085	2,500	(1,415)
1.07 Service Provider direct service	5,000	5,000	-	5,259	5,000	259
Total	5,300	9,700	(4,400)	6,585	9,900	(3,315)
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase and Maintenance	-	5,000	(5,000)	-	9,000	(9,000)
2.02 Gate/Fence Maintenance	-	500	(500)	-	-	-
2.05 Sidewalk Cleaning	25,961	50,000	(24,039)	43,803	44,327	(524)
2.07 Sidewalk Snow Plowing	-	1,000	(1,000)	-	1,000	(1,000)
2.10 Supplies	215	-	215	223	-	223
2.14 Service Provider Direct Services	6,000	6,000	-	6,000	6,000	-
2.15 Other: Anti-Litter campaign/incentive	-	3,000	(3,000)	11	3,000	(2,989)
Total	32,176	65,500	(33,324)	50,037	63,327	(13,290)
<u>3.00 Public Way Aesthetics</u>						
3.01 Decorative Banner Purchase/Installation	-	17,500	(17,500)	-	17,500	(17,500)
3.02 Holiday Decorations	9,668	6,000	3,668	10,694	6,000	4,694
3.03 Landscaping (Plants, Watering, etc.)	-	500	(500)	250	-	250
3.05 Streetscape Elements	-	3,000	(3,000)	250	2,900	(2,650)
3.07 Service Provider Direct Services	5,000	5,000	-	5,000	5,000	-
3.08 Other: Acorn lamps on light poles	5,000	23,528	(18,528)	6,300	23,528	(17,228)
Total	19,668	55,528	(35,860)	22,494	54,928	(32,434)
<u>4.00 Tenant Retention/Attraction</u>						
4.04 Technical Assistance to Businesses	1,000	-	1,000	-	-	-
Total	1,000	-	1,000	-	-	-

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, 2010 and 2009

	Year Ended December 31, 2010			Year Ended December 31, 2009		
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Expenses:</u>						
<u>Programs:</u>						
<u>5.00 Façade Improvements</u>						
5.01 Façade Enhancements Program	10,000	5,000	5,000	-	5,000	(5,000)
5.04 Service Provider Direct Services	-	1,000	(1,000)	1,000	1,000	-
Total	10,000	6,000	4,000	1,000	6,000	(5,000)
 <u>7.00 Safety Programs</u>						
7.01 Public Way Surveillance	-	12,070	(12,070)	-	33,250	(33,250)
7.07 Security Subcontractor	43,915	85,000	(41,085)	84,295	58,250	26,045
7.09 Service Provider Direct Services	5,000	5,000	-	5,000	5,000	-
Total	48,915	102,070	(53,155)	89,295	96,500	(7,205)
 <u>8.00 District Planning</u>						
8.01 SSA Work Plans, Visioning, etc.	-	1,000	(1,000)	-	1,000	(1,000)
8.02 District Branding, Identity Development	-	1,000	(1,000)	-	1,000	(1,000)
8.03 District Market Study, Impact, Analysis, etc.	-	1,000	(1,000)	-	1,000	(1,000)
8.04 District Master Plan, Corridor Plans, Streetscape	-	1,000	(1,000)	-	1,000	(1,000)
8.07 Service Provider Direct Services	2,000	2,000	-	2,000	2,000	-
Total	2,000	6,000	(4,000)	2,000	6,000	(4,000)
 <u>Administration</u>						
<u>10.00 Operational & Administrative Support</u>						
10.01 SSA Audit	2,500	2,500	-	5,500	-	5,500
10.02 Bookkeeping	3,000	3,000	-	250	5,500	(5,250)
10.03 Meeting Expense	200	200	-	-	250	(250)
10.04 Office Equipment Leases/Maintenance	2,000	2,000	-	600	-	600
10.05 Office Rent	6,000	6,000	-	567	600	(33)
10.06 Office Supplies	841	500	341	426	250	176
10.07 Office Utilities/Telephone	3,000	3,000	-	250	300	(50)
10.08 Postage	250	250	-	250	250	-
10.09 Office Printing	500	500	-	-	250	(250)
10.10 Service Provider Administrative Support	11,000	11,000	-	12,129	11,000	1,129
10.12 Other: Line of Credit Interest	232	-	232	-	-	-
Total	29,523	28,950	573	19,972	18,400	1,572

Michigan Avenue - Roseland
Special Service Area Number 40
(Calumet Area Industrial Commission, Contractor)
Schedule of Findings
Year ended December 31, 2010 and 2009

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, 2009 and 2008. We noted no exceptions