

103rd Street - Roseland
Special Service Area Number 41
(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 Commissioners
103rd Street - Roseland Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Chicago, Illinois

We have audited the accompanying statement of financial position of 103rd Street - Roseland Special Service Area Number 41 (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 103rd Street - Roseland Special Service Area Number 41 (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 11 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

103rd Street - Roseland
Special Service Area Number 41
(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	\$ 15,304	\$ 100,495
Accounts receivable	<u> -</u>	<u> 17,690</u>
Total Assets	<u>\$ 15,304</u>	<u>\$ 118,185</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 13,880	\$ 1,231
Total Current Liabilities	<u>13,880</u>	<u>1,231</u>
 <u>Net assets</u>		
Net assets, unrestricted	<u>1,423</u>	<u>116,954</u>
Total Liabilities and Net Assets	<u>\$ 15,304</u>	<u>\$ 118,185</u>

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Comparative Statement of Activities
For the Years Ended December 31, 2012 and 2011

	Year Ended December 2012			Year End December 2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Changes in Unrestricted Net Assets:</u>						
Revenues:						
Tax Levy Revenue & Interest Income	\$ 134,017	\$ 193,456	\$ (59,439)	\$ 212,778	\$ 180,250	\$ 32,528
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	650	2,200	(1,550)	610	3,500	(2,890)
2.00 Public Way Maintenance	68,272	62,000	6,272	23,152	54,500	(31,348)
3.00 Public Way Aesthetics	14,641	16,000	(1,359)	3,693	25,000	(21,307)
4.00 Tenant Retention/Attraction	-	-	-	1,250	-	1,250
5.00 Façade Improvements	-	10,000	(10,000)	-	10,000	(10,000)
7.00 Safety Programs	100,617	75,000	25,617	33,003	52,600	(19,597)
8.00 District Planning	12,000	-	12,000	-	4,000	(4,000)
Total Program Expense	196,180	165,200	30,980	61,708	149,600	(87,892)
Administration						
10.00 Personnel	40,787	39,349	1,438	34,000	35,000	(1,000)
11.00 Operational & Administrative Support	12,581	11,650	931	9,895	17,950	(8,055)
12.00 Tax Levy Loss Collection	-	-	-	-	20,000	(20,000)
Total Administration expenses	53,367	50,999	2,368	43,895	72,950	(29,055)
Total Expenses	249,548	216,199	33,349	105,603	222,550	(116,947)
Increase in Net Assets	(115,531)	(22,743)	(92,788)	107,175	(42,300)	149,475
<u>Unrestricted Net Assets:</u>						
Beginning of Year	116,954			9,779		
End of Year	\$ 1,423			\$ 116,954		

103rd Street- Roseland
Special Service Area Number 41
(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	\$ (115,531)	\$ 107,175
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	17,690	(4,838)
Accounts payable	<u>12,650</u>	<u>(5,507)</u>
Total cash Provided (Used)	(85,191)	96,830
Cash Flows from Financing activities:		
Line of Credit	<u>-</u>	<u>(48,800)</u>
Total Cash Provided (Used)	(85,191)	48,030
Cash and Cash Equivalents		
Beginning of the year	<u>100,495</u>	<u>52,465</u>
End of the year	<u>\$ 15,304</u>	<u>\$ 100,495</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ 220</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Notes to Financial Statements
December 31, 2012 and 2011

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 103rd Street – Roseland Special Service Area Number 41. 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 41” 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 \$ 193,456 or the amount of service tax funds collected. 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.

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Notes to Financial Statements
December 2012 and 2011

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 41 shares office space, equipment and employees through its affiliation with Calumet Area Industrial Commission, the contractor.

Michigan Avenue- Roseland Special Service Area Number 41 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 41 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 Commissioners
103rd Street - Roseland Special Service Area Number 41
(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

103rd Street - Roseland
Special Service Area Number 41
(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	(797)	(44)
Tax Year 2007	(945)	(417)
Tax Year 2008	(835)	(657)
Tax Year 2009	(6,497)	86,795
Tax Year 2010	32,171	122,234
Tax Year 2011	128,603	-
 Total received during year - Cash Basis	 151,700	 207,911
 <u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	(17,690)	(12,852)
End of year	-	17,690
 <u>Total tax levy revenue - Accrual Basis</u>	 134,010	 212,749
 <u>Interest Income</u>		
Interest earned - Bank Accounts	-	-
Interest paid by City of Chicago	7	29
 Total Interest earned	 7	 29
 Tax Levy Revenue and Interest Income	 \$ 134,017	 \$ 212,778

103rd Street - Roseland Special Service Area Number 41

(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)	Actual	Budget	Over (Under)
<u>Expenses:</u>						
<u>Programs:</u>						
<u>1.00 Advertising & Promotion</u>						
1.01 Website and/or Social Media	\$ 600	\$ 1,200	\$ (600)	\$ 550	\$ 500	\$ 50
1.03 Special Events	-	1,000	(1,000)	60	2,000	(1,940)
1.04 Display Advertising	50	-	50	-	-	-
1.05 Print Materials	-	-	-	-	1,000	(1,000)
Totals	650	2,200	(1,550)	610	3,500	(2,890)
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase & Maintenance	2,080	-	2,080	-	6,500	(6,500)
2.01 Sidewalk Cleaning	65,494	60,000	5,494	23,152	45,000	(21,848)
2.02 Sidewalk Snow Plowing	-	-	-	-	1,000	(1,000)
2.09 Anti-Litter campaign	698	2,000	(1,302)	-	2,000	(2,000)
Totals	68,272	62,000	6,272	23,152	54,500	(31,348)
<u>3.00 Public Way Aesthetics</u>						
3.01 Streetscape Elements Purchase/Install	-	5,000	(5,000)	-	1,000	(1,000)
3.02 Decorative Banner Holiday Decorations	6,661	10,000	(3,339)	3,693	15,000	(11,307)
3.05 Landscaping	7,980	1,000	6,980	-	9,000	(9,000)
Totals	14,641	16,000	(1,359)	3,693	25,000	(21,307)

103rd Street - Roseland Special Service Area Number 41

(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>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 Enhancement Program	-	10,000	(10,000)	-	10,000	-
Totals	-	10,000	(10,000)	-	10,000	-
<u>7.00 Safety Programs</u>						
7.02 Security Services	100,617	75,000	25,617	33,003	52,600	(19,597)
Totals	100,617	75,000	25,617	33,003	52,600	(19,597)
<u>8.00 District Planning</u>						
8.01 SSA Designation or Reconstitution	12,000	-	12,000	-	1,000	(1,000)
8.02 District Branding, Identity Development	-	-	-	-	1,000	(1,000)
8.05 District Market Study, Impact Analysis	-	-	-	-	1,000	(1,000)
8.04 District Master Planning	-	-	-	-	1,000	(1,000)
Totals	12,000	-	12,000	-	4,000	(4,000)

103rd Street - Roseland Special Service Area Number 41
 (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)	Actual	Budget	Over (Under)
<u>Expenses:</u>						
<u>Programs & Administrative Support:</u>						
<u>10.00 Personnel</u>						
10.01 Presidnet	\$ 10,297	\$ 12,849	\$ (2,552)	\$ 8,500	\$ 8,750	\$ (250)
10.02 SSA Project Manager	30,490	26,500	3,990	25,500	26,250	(750)
Totals	40,787	39,349	1,438	34,000	35,000	(1,000)
<u>11.00 Operational & Administrative Support</u>						
11.02 SSA Audit	2,500	2,500	-	2,575	2,500	75
11.03 Bookkeeping	3,000	3,000	-	3,000	3,000	-
11.04 Office Rent	600	600	-	587	6,000	(5,413)
11.05 Office Utilities/Telephone	1,000	2,500	(1,500)	550	3,000	(2,450)
11.06 Office Supplies	1,000	1,000	-	1,600	500	1,100
11.07 Office Equipment Lease/Maintenance	1,000	1,000	-	250	2,000	(1,750)
11.08 Office Printing	500	500	-	475	500	(25)
11.09 Postage	250	250	-	288	250	38
11.10 Meeting Expense	300	300	-	350	200	150
11.12 Bank service charges	931	-	931	-	-	-
11.14 Parking & Mileage	1,500	-	1,500	-	-	-
11.15 Interest expense Line of Credit	-	-	-	220	-	220
Totals	12,581	11,650	931	9,895	17,950	(8,055)

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Schedule of Findings
Year ended December 31, 2012 and 2011

Finding # 1

We have reviewed the Agreement for Special Service Area Number 41 between the City of Chicago and the Contractor for the year ended December 31, 2012 and 2011. We noted no exceptions