

SPECIAL SERVICE AREA #48

Administered by

OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION

FINANCIAL STATEMENTS

**DECEMBER 31, 2010
AND FOR THE YEAR THEN ENDED**

WITH

INDEPENDENT AUDITOR'S REPORT

RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

Board of Commissioners
Special Service Area #48
Administered by
Old Town Merchants and Residence Association
1520 N. Wells Street
Chicago, Illinois 60610

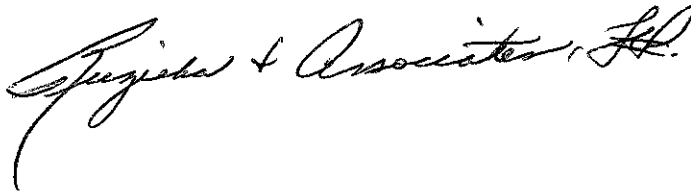
INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying component unit financial statements of Special Service Area #48 administered by the Old Town Merchants and Residents Association as of December 31, 2010 and for the years then ended. These component unit financial statements are the responsibility of Special Service Area #48's management. Our responsibility is to express an opinion on these component unit 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Special Service Area #48 as of December 31, 2010, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

April 27, 2011



SPECIAL SERVICE AREA #48
Administered by
OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

Cash	\$ 134,535
Tax allocation receivable	<u>35,296</u>
Total assets	<u><u>\$ 169,831</u></u>

LIABILITIES

Accounts payable	\$ 56,646
Special Service Area allocation not yet earned	<u>113,185</u>
Total liabilities	<u>169,831</u>

NET ASSETS

Net assets	<u>-</u>
Total liabilities and net assets	<u><u>\$ 169,831</u></u>

See independent auditor's report and notes to financial statements.

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**STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL**

FOR THE ALLOCATION PERIOD JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

FUNDS SPENT OR ENCUMBERED YEAR ENDED DECEMBER 31, 2010

	Budget	Actual	Budget Variance Favorable (Unfavorable)
REVENUE			
Tax allocation	\$ 169,860	\$ 56,675	\$ 113,185
Interest		1	(1)
	\$ 169,860	\$ 56,676	\$ 113,184
EXPENSES			
Salaries and benefits	26,848	11,064	15,784
Start-up costs	45,000	43,043	1,957
Public way maintenance	47,500		47,500
Public way aesthetics	25,000		25,000
Parking/transit/accessibility	6,000		6,000
Audit and bookkeeping	5,000		5,000
Meeting	1,000		1,000
Office supplies	1,000		1,000
Postage	500	328	172
Printing and publications	1,320	365	955
Advertising and promotion	500	586	(86)
Contingency	10,192	1,290	8,902
Total expenses	169,860	56,676	113,184
Excess of revenue over expense	\$ 0	\$ 0	\$ 0

See independent auditor's report and notes to financial statements.

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STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities:

Change in net assets	\$	
Increase in tax allocation receivable		(35,296)
Increase in accounts payable		56,646
Increase in Special Service Area contract not yet earned		<u>113,185</u>
Cash flow from operations		134,535
Cash, beginning of year		
Cash, end of year	<u>\$</u>	<u>134,535</u>

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NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2010

1. Purpose of Organization and nature of SSA #48:

Old Town Merchants and Residence Association (the Association) is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501 C-6 of the Internal Revenue Code. The Association, by contract with the City of Chicago, is the provider of special services to the Old Town area funded by Special Service Area #48 taxes. Special Service Area #48 is bounded by Wells Street from Schiller Avenue to North Avenue and North Avenue from LaSalle Street to Orleans Street. Special Services authorized in the Establishment Ordinance include maintenance and beautification activities; security programs; recruitment and promotion of new businesses in the Area and retention and promotion of existing businesses in the Area; coordinated marketing and promotional activities; strategic planning for the general development of the Area; financing of storefront façade and signage improvements; parking and transit programs; and other technical assistance activities to promote commercial and economic development, including, but not limited to, enhanced local land use oversight and control initiatives, community service and pre-development costs.

2. Summary of Significant Accounting Policies:

The Organization's accounts are maintained on the accrual basis of accounting. Tax revenues are recognized based on the period of collection, which is generally one year later than the tax levy year. The full SSA award based on the approved budget is initially recorded as a grant receivable offset by Special Service Area allocation not yet earned. SSA revenues are earned as eligible expenses are incurred with a corresponding reduction in the amount not yet earned. The SSA grant receivable is reduced as funds are collected from the city of Chicago.

3. Estimates:

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

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SUMMARY SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2010

We have read the Service Provider Agreement.

Certain categories experienced cost overruns while other categories were under spent. The SSA #48 Commission approved the changes in the relevant budget categories and also approved the cost overruns. In no case were funds expended more than the entitled revenue generated by SSA #48.