

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

Financial Statements

Year Ended December 31, 2011 and 2010

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Bravos & Associates

Certified Public Accountants

324 Ridgewood Drive
Bloomington, Illinois 60108
(630) 893 - 6753

Fax (630) 893-7296 email: bravostw@Comcast.net

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, 2011 and 2010, 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, 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 comparative schedule of tax levy revenue and interest income on page 8 and the schedule of expenses and budget variances on pages 9 and 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

March 7, 2012
Bloomington, Illinois

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, 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	\$ 100,495	\$ 52,465
Accounts receivable	<u>17,690</u>	<u>12,852</u>
Total Assets	<u>\$ 118,185</u>	<u>\$ 65,317</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 1,231	\$ 6,738
Line of Credit - US Bank	<u>-</u>	<u>48,800</u>
Total Current Liabilities	1,231	55,538
<u>Net assets</u>		
Net assets, unrestricted	<u>116,954</u>	<u>9,779</u>
Total Liabilities and Net Assets	<u>\$ 118,185</u>	<u>\$ 65,317</u>

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Comparative Statement of Activities
For the Years Ended December 31, 2011 and 2010

	Year Ended December 2011			Year End December 2010		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Changes in Unrestricted Net Assets:</u>						
Revenues:						
Tax Levy Revenue	\$ 212,749	\$ 235,350	\$ (22,601)	\$ 126,457	\$ 217,550	\$ (91,093)
Interest Income	29	-	29	20	-	20
Total Revenue	212,778	235,350	(22,572)	126,477	217,550	(91,073)
Expenses:						
<u>Program costs:</u>						
1.00 Advertising & Promotion	5,610	7,000	(1,390)	5,000	8,500	(3,500)
2.00 Public Way Maintenance	29,152	64,000	(34,848)	32,201	60,500	(28,299)
3.00 Public Way Aesthetics	8,693	17,500	(8,807)	9,690	30,000	(20,310)
4.00 Tenant Retention/Attraction	1,250	-	1,250	1,000	-	1,000
5.00 Façade Improvements	-	11,000	(11,000)	15,000	6,000	9,000
7.00 Safety Programs	38,003	90,000	(51,997)	46,632	57,600	(10,968)
8.00 District Planning	2,000	6,000	(4,000)	2,000	6,000	(4,000)
Total Program Expense	84,708	195,500	(110,792)	111,523	168,600	(57,077)
Administration						
10.00 Operational & Administrative Support	20,895	19,850	1,045	30,791	28,950	1,841
11.00 Tax Levy Loss Collection	-	20,000	(20,000)	-	20,000	(20,000)
Total Administration expenses	20,895	39,850	(18,955)	30,791	48,950	(18,159)
Total Expenses	105,603	235,350	(129,747)	142,314	217,550	(75,236)
Increase in Net Assets	107,175			(15,837)		
<u>Unrestricted Net Assets:</u>						
Beginning of Year	9,779			25,616		
End of Year	\$ 116,954			\$ 9,779		

The accompanying notes are an integral part of this statement.

103rd Street- Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, 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	\$ 107,175	\$ (15,837)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts receivable	(4,838)	(7,116)
Accounts payable	<u>(5,507)</u>	<u>(10,068)</u>
Total cash Provided (Used)	96,830	(33,021)
Cash Flows from Financing activities:		
Line of Credit	<u>(48,800)</u>	<u>48,800</u>
Total Cash Provided (Used)	48,030	15,779
Cash and Cash Equivalents		
Beginning of the year	<u>52,465</u>	<u>36,686</u>
End of the year	<u>\$ 100,495</u>	<u>\$ 52,465</u>
Supplemental disclosures:		
Interest Paid	<u>\$ 220</u>	<u>\$ 1,359</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, 2011 and 2010

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, 2011 and 2010, 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 is the lesser of \$ 248,728 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 2011 and 2010

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.

Credit Line of Credit

The Special Service Area Number 41 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.

Bravos & Associates

Certified Public Accountants

324 Ridgewood Drive

Bloomington, Illinois 60108

(630) 893 - 6753

Fax (630) 893-7296 email: bravostw@Comcast.net

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

March 7, 2012

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, 2011 and 2010

Tax Levy Revenue and Interest Income received from the City of Chicago

	<u>2011</u>	<u>2010</u>
	<u>Income</u> <u>(Returned to City)</u>	<u>Income</u> <u>(Returned to City)</u>
<u>Tax Levy Revenue</u>		
Tax Year 2004	\$ -	\$ -
Tax Year 2005	-	-
Tax Year 2006	(44)	(682)
Tax Year 2007	(417)	20
Tax Year 2008	(657)	22,004
Tax Year 2009	86,795	97,999
Tax Year 2010	<u>122,234</u>	<u>-</u>
Total received during year - Cash Basis	207,911	119,341
<u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	(12,852)	(5,736)
End of year	<u>17,690</u>	<u>12,852</u>
<u>Total tax levy revenue - Accrual Basis</u>	\$ 212,749	\$ 126,457
<u>Interest Income</u>		
Interest earned - Bank Accounts	\$ -	\$ -
Interest paid by City of Chicago	<u>29</u>	<u>20</u>
Total Interest earned	<u>\$ 29</u>	<u>\$ 20</u>

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, 2011 and 2010

	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Actual	Budget	Over (Under)	Actual	Budget	Over (Under)
<u>Expenses:</u>						
<u>Programs:</u>						
<u>1.00 Advertising & Promotion</u>						
1.03 Print Materials	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ (1,000)
1.05 Special Events	60	-	60	-	2,000	(2,000)
1.06 Website/Technology	550	2,000	(1,450)	-	500	(500)
1.07 Service Provider Direct Services	5,000	5,000	-	5,000	5,000	-
Total	5,610	7,000	(1,390)	5,000	8,500	(3,500)
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase & Maintenance	-	5,000	(5,000)	-	6,500	(6,500)
2.05 Sidewalk Cleaning	23,152	50,000	(26,848)	26,201	45,000	(18,799)
2.06 Sidewalk Power Washing	-	-	-	-	-	-
2.07 Sidewalk Snow Plowing	-	1,000	(1,000)	-	1,000	(1,000)
2.14 Service Provider Direct Services	6,000	6,000	-	6,000	6,000	-
2.15 Other: Anti-Litter campaign	-	2,000	(2,000)	-	2,000	(2,000)
Total	29,152	64,000	(34,848)	32,201	60,500	(28,299)
<u>3.00 Public Way Aesthetics</u>						
3.01 Decorative Banner	-	2,500	(2,500)	-	9,000	(9,000)
3.02 Holiday Decorations	3,693	10,000	(6,307)	4,690	6,000	(1,310)
3.03 Landscaping	-	-	-	-	9,000	(9,000)
3.05 Streetscape Elements Purchase/Install	-	-	-	-	1,000	(1,000)
3.07 Service Provider Direct Services	5,000	5,000	-	5,000	5,000	-
Total	8,693	17,500	(8,807)	9,690	30,000	(20,310)

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, 2011 and 2010

	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>Administration:</u>						
<u>4.00 Tenant Retention/Attraction</u>						
4.04 Technical Assistance to Businesses	\$ 1,250	\$ -	\$ 1,250	\$ 1,000	\$ -	\$ 1,000
Total	<u>1,250</u>	<u>-</u>	<u>1,250</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<u>5.00 Façade Improvements</u>						
5.01 Façade Enhancement Program	-	10,000	(10,000)	15,000	5,000	-
5.04 Service Provider Direct Services	-	1,000	(1,000)	-	1,000	-
Total	<u>-</u>	<u>11,000</u>	<u>(11,000)</u>	<u>15,000</u>	<u>6,000</u>	<u>-</u>
<u>7.00 Safety Programs</u>						
7.07 Security Subcontractor	33,003	85,000	(51,997)	41,632	52,600	(10,968)
7.09 Service Provider Direct Services	5,000	5,000	-	5,000	5,000	-
Total	<u>38,003</u>	<u>90,000</u>	<u>(51,997)</u>	<u>46,632</u>	<u>57,600</u>	<u>(10,968)</u>

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, 2011 and 2010

<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	-	1,000	(1,000)	-	1,000	(1,000)
8.04 District Master Plan, Corridor Plans	-	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>10.00 Operational & Administrative Support</u>						
10.01 SSA Audit	2,575	2,500	75	2,500	2,500	-
10.02 Bookkeeping	3,000	3,000	-	3,000	3,000	-
10.03 Meeting Expense	350	200	150	249	200	49
10.04 Office Equipment Lease	250	1,000	(750)	2,000	2,000	-
10.05 Office Rent	587	600	(13)	6,000	6,000	-
10.06 Office Supplies	1,600	500	1,100	500	500	-
10.07 Office Utilities/Telephone	550	300	250	3,000	3,000	-
10.08 Postage	288	250	38	250	250	-
10.09 Office Printing	475	500	(25)	500	500	-
10.10 Service Provider Administrative Support	11,000	11,000	-	11,000	11,000	-
10.12 Interest expense Line of Credit	220	-	220	1,359	-	1,359
10.13 Bank service charges	-	-	-	433	-	433
Total	20,895	19,850	1,045	30,791	28,950	1,841

103rd Street - Roseland
Special Service Area Number 41
(Calumet Area Industrial Commission, Contractor)
Schedule of Findings
Year ended December 31, 2011 and 2010

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, 2011 and 2010. We noted no exceptions