

Calumet Heights Avalon Commission

SSA # 50

Financial Statements

Year ended December 31, 2011

(With Independent Auditors' Report Thereon)



CALUMET HEIGHTS AVALON COMMISSION SSA # 50

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Independent Auditors' Report

The Board of Commissioners
Southeast Chicago Chamber of Commerce and SSA # 50:

We were engaged to audit the accompanying statement of assets, liabilities, and net assets of Calumet Heights Avalon Commission SSA # 50 (the Commission), as of December 31, 2011, and the related statement of activities-budget and actual, and cash flows for the year then ended. These financial statements are the responsibility of the Commission'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 the Commission as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2011 budget amounts, which were arrived at by the City of Chicago and the Calumet Heights Avalon Commission Special Service Area # 50, are shown in the statement of activities and are presented for comparison purposes only. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them. The summary schedule of audit findings is a requirement of the City of Chicago and are not required part of the basic financial statements.

M.O Financial Services, Inc.

Flossmoor, IL
April 24, 2012

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Statement of Financial Position

For the year ended December 31, 2011

Assets	
Current assets:	
Cash	\$ 299,324
Levy receivables (note 5)	85,527
Due from Chamber	3,629
<hr/>	
Total assets	\$ 388,480
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Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ -
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Net assets:	
Unrestricted	388,480
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Total liabilities and net assets	\$ 388,480
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The accompanying notes are an integral part of these financial statements.

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Statement of Activities: Budget and Actual

Year ended December 31, 2011

	Actual	Budget	Variance
Revenues:			
Tax levy revenue (note 4)	\$ 506,893	506,893	-
Miscellaneous revenue	-	-	-
Interest revenue	17	-	17
Total revenues	506,910	506,893	17
Expenditures:			
Advertising and promotion services			
Print materials (directories, maps, etc.)	3,715	500	3,215
Special events	-	25,000	(25,000)
Website/technology	1,995	5,000	(3,005)
Service provider direct services	5,194	7,500	(2,306)
Total advertising and promotion services	10,904	38,000	(27,096)
Public way maintenance			
Sidewalk cleaning	2,976	132,000	(129,024)
Snow removal	-	55,440	(55,440)
Service provider direct services	7,523	10,862	(3,339)
Total public way maintenance	10,499	198,302	(187,803)
Public way aesthetic			
Landscaping (Plants, Watering, Pruning, Street Medians, etc.)	-	75,000	(75,000)
Holiday decorations	14,830	20,000	(5,170)
Service provider direct services	7,523	10,862	(3,339)
Total public way aesthetic	22,353	105,862	(83,509)
Tenant retention/attraction			
Property owner/broker/tenant relations	1,115	-	1,115
Technical assistance to businesses	-	2,500	(2,500)
Service provider direct services	1,731	2,500	(769)
Total tenant retention/attraction	2,846	5,000	(2,154)
Parking/transit/accessibility			
Parking transit enhancement	-	2,500	(2,500)
Service provider direct services	3,463	5,000	(1,537)
Total parking/transit/accessibility	3,463	7,500	(4,037)
Safety programs			
Security subcontractor	-	30,000	(30,000)
Service provider direct services	3,463	5,000	(1,537)
Total safety programs	3,463	35,000	(31,537)
District planning			
SSA start up or reconstitution costs	44,695	45,000	(305)
Total district planning services	44,695	45,000	(305)

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Statement of Activities: Budget and Actual

Year ended December 31, 2011

	Actual	Budget	Variance
Operational and administrative support			
Audit/bookkeeping	2,000	5,000	(3,000)
Meeting expense	655	2,500	(1,845)
Office rent	4,000	4,000	-
Office equipment lease/maintenance	3,362	1,500	1,862
Office supplies	569	1,500	(931)
Office utilities/telephone	1,434	1,000	434
Postage	30	2,000	(1,970)
Office printing	463	1,500	(1,037)
Other: training and staff development	667	2,293	(1,626)
Loss collection	-	40,936	(40,936)
Service provider administrative support	7,026	10,000	(2,974)
Total operational and administrative support	20,206	72,229	(52,023)
Total expenditures	\$ 118,430	506,893	(388,463)
Excess of expenditures over revenues	388,480	-	388,480
Net assets, January 1, 2011	-	-	-
Net assets, December 31, 2011	388,480	-	388,480

The accompanying notes are an integral part of these financial statements.

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Statement of Cash Flows

For the year ended December 31, 2011

Cash flows from operating activities:	
Net increase in net assets	\$ 388,480
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
Increase in levy receivable	(85,527)
Increase in due from chamber	(3,629)
Net cash provided by operating activities	299,324
Cash flows provided by investing activities:	-
Cash flows provided by financing activities:	-
Net increase in cash	299,324
Cash as of January 1, 2011	-
Cash as of December 31, 2011	\$ 299,324

The accompanying notes are an integral part of these financial statements.

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Notes to the Financial Statements

Year ended December 31, 2011

(1) Organization Description

Special Service Areas (SSA), known as Business Improvement Districts or BIDs in other cities, are local tax districts that fund expanded services and programs through a localized property tax levy within contiguous areas. The enhanced services and programs are in addition to those currently provided through the City.

SSA-funded projects typically include but are not limited to: public way maintenance and beautification; district marketing and advertising; business retention/attraction, special events and promotional activities; auto and bike transit; security; façade improvements; and other commercial and economic development initiatives.

The City contracts with local non-profits, called Service Providers, to manage SSAs. SSA Commissioners for each SSA district, which are appointed by the Mayor, oversee and recommend the annual services, budget and Service Provider Agency to the City. There are currently 44 active SSAs in Chicago.

Calumet Heights Avalon Commission (the Commission) Special Service Area No. 50 (SSA # 50) was created December 8, 2010 by ordinance of the Chicago City Council. The Commission began financial operations upon receipt of real estate tax assessment revenues in January 2011. The Commission is funded annually by a special tax assessment. The Commission's operations are overseen by the Southeast Chicago Chamber of Commerce (the Chamber).

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America; revenues are recognized when earned and expenses are recognized when incurred. Tax revenues are accounted for using the accrual basis; revenues are recognized when they are both measurable and available. Available means the current period or soon enough thereafter to pay current liabilities. The Commission considers tax revenue to be available if it is collected within 60 days of the end of the year.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Commission maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Notes to the Financial Statements

Year ended December 31, 2011

classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements have been prepared to focus on the Commission as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted, as recommended by the Accounting Codification Standards (ACS) No.958-205, “Not-for-Profit Entities Presentation of Financial Statements”.

Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained by the Commission. Generally, the donors to these assets permit the Commission to use all or part of the income earned on related investments for general or specific purposes. The Commission did not maintain any permanently restricted net assets during fiscal year 2011.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Commission and/or passage of time. The Commission did not maintain any temporarily restricted net assets during fiscal year 2011.

Unrestricted net assets: Net assets not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Donated Services

Donated services are recognized as contributions in accordance with FASB ACS 958-605 “Not-for-Profit Entities, Revenue Recognition”, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Commission.

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Notes to the Financial Statements

Year ended December 31, 2011

Income Tax

The Commission, as a Special Service Area established by the City of Chicago, is excluded from federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Net Assets

Unrestricted net assets are \$388,480 as of December 31, 2011.

(3) Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentration of credit risk consist of cash deposits. The Commission maintains bank accounts at one local bank that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2011, the Commission had \$49,404 in excess of FDIC insured limits while experiencing no loss of deposits.

(4) Real Estate Tax Revenue

The Organization's principle source of revenue is from real estate taxes levied on certain property located in the boundaries listed in Note 1. The taxes are assessed and collected by Cook County, and paid to the City of Chicago, which then remits to the Organization. Taxes are levied in one year, but paid in two installments the following year by the property owners. The Organization recognizes this revenue in the year in which the funds become available.

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Notes to the Financial Statements

Year ended December 31, 2011

(5) Levy Receivable

Levy receivable consist of the following at December 31:

	<u>2011</u>
City of Chicago	<u>\$ 85,527</u>

All of the Commission's receivables are due within the next fiscal year.

(6) Loss Collection

The Commission uses the allowance for doubtful account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts in the financial statements. At December 31, 2011, the Commission had loss collections included in the budget in the amounts of \$40,936. As of December 31, 2011, the Commission deemed \$0 to be uncollectible.

CALUMET HEIGHTS AVALON COMMISSION SSA # 50

Service Provider Agreement Compliance

Summary Schedule of Audit Findings

Year ended December 31, 2011

We have read the agreement and, after conducting the audit, has determined that no exceptions were noted.