

**KEDZIE INDUSTRIAL TRACT
SPECIAL SERVICE AREA NUMBER 7**

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2011

**KEDZIE INDUSTRIAL TRACT
SPECIAL SERVICE AREA NUMBER 7**

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CARY J. HALL
& ASSOCIATES, LLC
Certified Public Accountants and Consultants

Board of Directors
Kedzie Industrial Tract Special Service Area Number 7

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** (a nonprofit organization) as of December 31, 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 **KEDZIE INDUSTRIAL TRACT'S SPECIAL SERVICE AREA NUMBER 7** as of December 31, 2011, and the changes in its net asset and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cary J. Hall & Associates, LLC

April 3, 2012
Chicago, Illinois

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Statement of Financial Position

December 31, 2011

ASSETS

Cash and cash equivalents (Note 2)	\$ 14,392
Real estate taxes receivable, less allowance for uncollectible taxes of \$5,000	<u>119,692</u>
Total Assets	<u>\$ 134,084</u>

LIABILITIES

Deferred property tax revenue	\$ 119,160
Due to affiliated Organization	<u>15,000</u>
Total Liabilities	<u>134,160</u>

NET ASSETS

Unrestricted funds	<u>(76)</u>
Total Liabilities and Net Assets	<u>\$ 134,084</u>

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Statement of Activities

For the Year Ended December 31, 2011

SUPPORT AND REVENUES

Real estate taxes	\$ 109,583
Interest and other income	<u>1,001</u>
Total Support and Revenues	<u>110,584</u>

EXPENSES

Program Services:

Advertising and Promotion	
Website/technology	373
Total Advertising and Promotion	<u>373</u>
Public Way Maintenance	
Gate /Fence maintenance	4,000
Service provider direct services	7,000
Sidewalk snow plowing	<u>3,358</u>
Total Public Way Maintenance	14,358
Tenant Retention / Attraction	
Service provider direct services	1,000
Total Tenant Retention / Attraction	<u>1,000</u>
Safety Programs	
Security subcontractor	57,250
Service provider direct services	7,500
Total Safety Programs	<u>64,750</u>
District Planning	
Service provider direct services	8,000
Total District Planning	<u>8,000</u>

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Statement of Activities

For the Year Ended December 31, 2011

Operational & Administrative Support	
Audit/ Bookkeeping	2,400
Meeting expense	250
Office Rent	800
Office equipment lease	150
Office supplies	150
Utilities / Telephone	150
Postage	255
Office printing	450
Service provider administrative support	9,955
Other: Workers comp insurance	450
Other: Liability insurance	450
Other: Bank fees	180
	<hr/>
Total Operational & Administrative Support	15,640
Loss Collection	<hr/>
	5,000
	<hr/>
Total Expenses	109,121
INCREASE IN NET ASSETS	1,463
NET ASSETS -	
Beginning of year	<hr/>
	(1,539)
End of year	<hr/>
	<u>\$ (76)</u>

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Statement of Cash Flows

For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$	1,463
Adjustments to reconcile change in net assets to net cash provided by operating activities - (Increase) decrease in operating assets:		
Real estate tax receivable		(119,692)
Prepaid expenses		3,048
Increase (decrease) in operating liabilities:		
Due to affiliated Organization		15,000
Deferred property tax revenue		119,160
Accounts payable		(4,587)
		<hr/>
Net Cash Provided by Operating Activities		14,392

NET INCREASE IN CASH AND CASH EQUIVALENTS 14,392

CASH AND CASH EQUIVALENTS

Beginning of year		<hr/>
		-
End of year	\$	<hr/> <hr/> 14,392

SUPPLEMENTAL DISCLOSURE

Cash paid for:		
Interest	\$	<hr/> <hr/> -

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

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - On June 26, 1985, the City Council of the City of Chicago enacted an ordinance, last amended December 15, 1992, which established an area known and designated as City of Chicago Special Service Area #7 and authorized the levy of an annual tax not to exceed an annual rate of five percent of the equalized assessed value of the taxable property therein to provide certain special services in and for the area in addition to the services provided by and to the City of Chicago generally.

In 1977, **The Kedzie Tract Industrial Association, Inc.** ("KTIA") had been created to provide special community services, in addition to those provided by the City of Chicago, to the Kedzie Tract which is the industrial area within the boundaries of Kedzie Avenue on the east, Central Park on the west, 49th Street on the south and 47th Street on the north, all boundaries identical to those defined by SSA #7. Under an agreement between the City of Chicago (represented by the Special Service Area Commission) and The Kedzie Tract Industrial Association, Inc., all activities of Special Service Area #7 were performed by KTIA. Services provided include street resurfacing, snow removal, sewer and water line improvements, electrical improvements, refurbishing of railroad crossings, private security, area clean-up, graffiti removal, and technical assistance to promote commercial and economic development within the area.

On March 12, 2008, the board of directors, with members present from the Chicago City Department of Planning decided to replace KTIA as the service provider with Back of the Yards Neighborhood Council beginning January 1, 2009.

At the annual meeting of KTIA a decision was made to dissolve the Association at midnight on December 31, 2008.

Basis of Presentation - Financial statement presentation follows the requirements under *FASB ASC 958 (formerly SFAS No. 117, Financial Statements of Not-for-Profit Organizations)*. Under *FASB ASC 958*, 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. On December 31, 2011, the Organization had no permanently restricted net assets.

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flow, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments.

Income Tax Status - The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

Tax Levies / Revenue Recognition - Property taxes are levied pursuant to law in September and an enforceable legal claim attaches to the properties. The taxes are payable in two installments in the following year. The first installment is an estimate based on prior year's tax and is due in March. The second installment, adjusted to reflect any increase or decrease from the previous year, is due approximately in August. Cook County bills and collects all property taxes and remits them to the City of Chicago which remits them to the Organization.

Revenue from property taxes levied is recognized in the statement of activities in the year that it becomes available.

Annually, an estimate for doubtful receivables based on uncollected taxes from prior years is determined. Management determines the allowance based on historical experience. Accounts receivable are written off when deemed uncollectible (generally, after two years.)

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2011

Date of Management's Review - Management has evaluated subsequent events through April 3, 2012, the date on which the financial statements were available to be issued.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at a high quality financial institution. Balances at times may exceed federally insured credit limits.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of the Special Service Area Numbers 10, 13, and 39 and Back of the Yards Neighborhood Council. The Organization contracts with the Back of the Yards Neighborhood Council as the sole service provider in order to administer and provide direct services on behalf of the Organization, which has no employees.

Total expenses charged to the Organization for service related fees totaled \$31,988 for the year ended December 31, 2010.

The Organization has a payable to an affiliated Organization Back of the Yards / Special Service Area #39 for an advance on a related line of credit in the amount of \$15,000.

ADDITIONAL INFORMATION



CARY J. HALL
& ASSOCIATES, LLC
Certified Public Accountants and Consultants

The Board of Directors of
Kedzie Industrial Tract Special Service Area Number 7

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

We have audited the financial statements of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** as of and for the year ended December 31, 2011, and have issued our report thereon dated April 3, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of actual revenues and expenses to budget and summary schedule of findings is presented for the 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.

Cary J. Hall & Associates, LLC

April 3, 2012
Chicago, Illinois

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2011 and 2010

	2011			2010		
	2011	2011	2010	2010	2010	2010
	Actual	Budget	Variance	Actual	Budget	Variance
SUPPORT AND REVENUES						
Real estate taxes current period	\$ 118,628	\$ 119,160	\$ (532)	\$ -	\$ -	\$ -
Carryover from prior years	(9,045)	-	(9,045)	67,197	106,282	(39,085)
Interest and other income	1,001	-	1,001	576	-	576
Total Support and Revenues	110,584	119,160	(8,576)	67,773	106,282	(38,509)
EXPENSES						
Program Services:						
Advertising and Promotion						
Special events	-	1,000	(1,000)	-	500	(500)
Website/technology	373	500	(127)	-	500	(500)
Service provider direct services	-	-	-	2,000	2,000	-
Total Advertising and Promotion	373	1,500	(1,127)	2,000	3,000	(1,000)
Public Way Maintenance						
Gate/fence maintenance	4,000	4,000	-	2,494	500	1,994
Sidewalk snow plowing	3,358	4,000	(642)	2,284	4,000	(1,716)
Supplies	-	200	(200)	-	-	-
Service provider direct services	7,000	7,000	-	5,000	5,000	-
Storage Fees	-	-	-	1,254	1,500	(246)
Total Public Way Maintenance	14,358	15,200	(842)	11,032	11,000	32

See independent auditor's report on additional information.

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2011 and 2010

	2011		2010		Variance	2010		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
Tenant Retention / Attraction								
Service provider direct services	1,000	1,000	-	1,000	-	1,000	-	
Total Tenant Retention / Attraction	1,000	1,000	-	1,000	-	1,000	-	
Safety Programs								
Security subcontractor	57,250	67,000	(9,750)	59,622	(9,750)	60,000	(378)	
Service provider direct fees	7,500	7,500	-	5,500	-	5,500	-	
Total Safety Programs	64,750	74,500	(9,750)	65,122	(9,750)	65,500	(378)	
District Planning								
Service provider direct services	8,000	8,000	-	8,000	-	9,000	(1,000)	
Total District Planning	8,000	8,000	-	8,000	-	9,000	(1,000)	
Other Technical Assistance								
Service provider direct services	-	-	-	1,000	-	1,000	-	
Total Other Technical Assistance	-	-	-	1,000	-	1,000	-	
Services Subtotal	88,481	100,200	(11,719)	88,154	(11,719)	90,500	(2,346)	

See independent auditor's report on additional information.

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2011 and 2010

	2011		2010		Variance	2010		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
Operational & Administrative Support								
Audit/ Bookkeeping	2,400	900	2,650	2,475	1,500	2,475	175	
Meeting expenses	250	250	371	200	-	200	171	
Office equipment lease	150	150	239	240	-	240	(1)	
Office Rent	800	800	1,000	1,000	-	1,000	-	
Office supplies	150	150	488	250	-	250	238	
Utilities / Telephone	150	150	849	420	-	420	429	
Postage	255	255	138	150	-	150	(12)	
Office printing	450	450	210	210	-	210	-	
Service provider administrative support	9,955	9,955	10,488	9,907	-	9,907	581	
Other: Workers compensation	450	450	450	450	-	450	-	
Other: Liability insurance	450	450	480	480	-	480	-	
Other: Bank fees	180	-	165	-	180	-	165	
Total Operational & Administrative Support	15,640	13,960	17,528	15,782	1,680	15,782	1,746	
Loss Collection	5,000	5,000	-	-	-	-	-	
Total Expenses	109,121	119,160	105,682	106,282	(10,039)	106,282	(600)	
Excess of Revenues over Expenses	\$ 1,463	\$ -	\$ (37,909)	\$ -	\$ 1,463	\$ (37,909)	\$ (37,909)	

See independent auditor's report on additional information.

KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Summary Schedule of Findings

For the Year Ended December 31, 2011

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

See independent auditor's report on additional information.