

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)

Financial Statements

Years Ended December 31, 2009 and 2008

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-6
Independent Auditor's Report on the Supplementary Information	7
Comparative Schedule of Revenue and Expenditures with Budget Variances	8-10
Schedule of Findings	11

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Howard Street Special Service Area Number 19
(DevCorp North, Contractor)
Chicago, Illinois

We have audited the accompanying statement of financial position of Howard Street Special Service Area number 19 (DevCorp North, Contractor) (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years 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 Howard Street Special Service Area number 19 (DevCorp North, Contractor), as of December 31, 2009 and 2008, 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. The information included in the accompanying Schedule 1 is presented for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the audit of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Bravos & Associates

March 26, 2010
Bloomington, Illinois

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Statement of Financial Position
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 32,423	\$ 6,314
Government Receivables	4,816	5,709
Due from SSA Number 24	-	277
Prepaid Expense	835	785
	\$ 38,074	\$ 13,085
 <u>Total Assets</u>		
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 709	\$ 3,579
Due to SSA Number 24	2,121	-
Due to DevCorp North	12,950	10,790
	15,780	14,369
 <u>Total Current Liabilities</u>		
 <u>Net Assets</u>		
Net assets, unrestricted (Deficit)	22,294	(1,284)
 <u>Total Liabilities and Net Assets</u>		
	\$ 38,074	\$ 13,085

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Statement of Activities
For the Years Ended December 31, 2009 and 2008

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Changes in Unrestricted Net Assets:</u>							
<u>Revenues:</u>							
Tax Levy Revenue	\$ 222,780	\$ 249,600	\$ (26,820)		\$ 188,831	\$ 200,929	\$ (12,098)
 <u>Expenses:</u>							
<u>Program costs:</u>							
1.00 Advertising & Promotion	32,589	30,890	1,699		16,022	21,697	(5,675)
2.00 Public Way Maintenance	52,299	66,960	(14,661)		58,637	54,566	4,071
3.00 Public Way Aesthetics	23,271	32,495	(9,224)		40,280	23,738	14,371
4.00 Tenant Retention/Attraction	15,158	18,590	(3,432)		13,527	15,146	(1,619)
5.00 Façade Improvements	11,713	20,895	(9,182)		10,114	21,997	(11,883)
6.00 Parking Transit Accessibility	1,435	2,399	(964)		1,349	1,560	(211)
7.00 Safety Programs	9,248	14,195	(4,947)		8,484	10,959	(2,475)
8.00 District Planning	4,102	4,698	(596)		7,441	9,148	(1,707)
Total Program Expense	<u>149,815</u>	<u>191,122</u>	<u>(41,307)</u>		<u>155,854</u>	<u>158,811</u>	<u>(5,128)</u>
 <u>Administration</u>							
9.00 Operational & Administrative Support	49,387	47,690	1,697		33,592	31,518	303
10.00 Tax Levy Loss Collection	-	10,788	(10,788)		-	10,600	(10,600)
Total Administration expenses	<u>49,387</u>	<u>58,478</u>	<u>(9,091)</u>		<u>33,592</u>	<u>42,118</u>	<u>(10,297)</u>
Total Expenses	<u>199,202</u>	<u>249,600</u>	<u>(50,398)</u>		<u>189,446</u>	<u>200,929</u>	<u>(15,425)</u>
Increase (Decrease) in Net Assets	23,578				(615)		
 <u>Unrestricted Net Assets:</u>							
Beginning of Year (Deficit)	<u>(1,284)</u>				<u>(669)</u>		
End of Year	<u>\$ 22,294</u>				<u>\$ (1,284)</u>		

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Statement of Cash Flows
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from operating activities:		
Increase (decrease) in net assts	\$ 23,578	\$ (615)
Increase (decrease) in unrestricted net assets		
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
(Increase) decrease in assets:		
Government receivables	893	16,308
Prepaid expense	(50)	(29)
Increase (decrease) in liabilities:		
Accounts payable	(2,870)	2,959
Accrued expenses	<u>-</u>	<u>(325)</u>
Net cash (used) provided by operating activities:	21,551	18,298
Cash flows provided by (used in)Financing activities:		
Line of Credit	-	(55,060)
DevCorp North	2,160	164
Due to SSA Number 24	<u>2,398</u>	<u>(532)</u>
Net cash provided by financing activities	<u>4,558</u>	<u>(55,428)</u>
Net Cash provided (used)	26,109	(37,130)
Cash and Cash Equivalents		
Beginning of the year	<u>6,314</u>	<u>43,444</u>
End of the year	<u>\$ 32,423</u>	<u>\$ 6,314</u>
Supplemental disclosures:		
Interest Paid	<u>\$ 1,729</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Notes to Financial Statements
December 31, 2009 and 2008

Summary of Accounting Policies

Nature of Organization

DevCorp North (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Rogers Park business districts.

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, 2009 and 2008, 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 on January 1, 2007 (updating the previous agreement), whereby the City has establish a special service area known and designated as “Howard Street Special Service Area Number 19” to provide special services in addition to those services generally provided by the City. DevCorp North has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 1% 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 \$ 179,229 or the amount of service tax funds collected for the years to 2009 and 2008. 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 shall continue through December 31, 2021.

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.

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Notes to Financial Statements
December 31, 2009 and 2008

Summary of Accounting Policies – Continued

Concentration of Credit Risk

The Organization maintains its cash balances at three financial institutions in the Chicago metropolitan area, which are 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

Howard Street Special Service Area Number 19 shares office space, equipment and employees through its affiliation with DevCorp North, the contractor.

Howard Street Special Service Area Number 19 has no employees of its own, but reimburses the contractor for the payroll and related costs of the individuals working on the programs. In addition, the contractor also receives reimbursements for a portion of its operating expenses, and use of office equipment and supplies.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Howard Street Special Services Area Number 19
(DevCorp North, 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 26, 2010
Bloomington, Illinois

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2009 and 2008

	<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>Programs:</u>						
<u>1.00 Advertising & Promotion</u>						
1.01 Display Ads	3,014	1,400	1,614	1,646	1,000	646
1.02 Holiday/Seasonal Promotions	-	3,200	(3,200)	198	2,000	(1,802)
1.03 Print Materials	6,527	3,200	3,327	1,822	1,300	522
1.05 Special Events	8,702	7,000	1,702	2,242	7,000	(4,758)
1.06 Website/Technology	-	100	(100)	-	200	(200)
1.07 Service Provider Direct Services	14,346	15,990	(1,644)	10,114	10,197	(83)
<u>Total</u>	<u>32,589</u>	<u>30,890</u>	<u>1,699</u>	<u>16,022</u>	<u>21,697</u>	<u>(5,675)</u>
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase & Maintenance	3,926	9,500	(5,574)	5,328	8,300	(2,972)
2.03 Graffiti Removal	-	200	(200)	-	350	(350)
2.06 Sidewalk Power Washing	-	350	(350)	-	100	(100)
2.07 Sidewalk Snow Plowing	4,175	2,000	2,175	2,989	1,500	1,489
2.08 Staff Wages & Fringe Benefits	31,522	32,611	(1,089)	31,443	29,477	1,966
2.09 Storage Rental	1,673	1,600	73	1,508	1,200	308
2.10 Supplies	1,691	3,300	(1,609)	2,600	2,700	(100)
2.11 Trash Removal Service	965	1,300	(335)	921	800	121
2.12 Vermin Abatement Program	-	5,500	(5,500)	4,075	100	3,975
2.14 Service Provider Direct Services	2,152	2,399	(247)	2,023	2,039	(16)
2.15 Other: Maintenance Stipend	6,195	8,200	(2,005)	7,750	8,000	(250)
<u>Total</u>	<u>52,299</u>	<u>66,960</u>	<u>(14,661)</u>	<u>58,637</u>	<u>54,566</u>	<u>4,071</u>
<u>3.00 Public Way Aesthetics</u>						
3.01 Decorative Banner	8,175	800	7,375	5,002	1,400	3,602
3.02 Holiday Decorations	1,587	4,200	(2,613)	4,764	3,600	1,164
3.03 Landscaping	6,336	12,600	(6,264)	16,849	7,200	9,649
3.05 Streetscape Elements	-	6,800	(6,800)	8,271	6,000	2,271
3.06 Wayfinding/Signage	-	100	(100)	-	100	(100)
3.07 Service Provider Direct Services	7,173	7,995	(822)	5,394	5,438	(44)
<u>Total</u>	<u>23,271</u>	<u>32,495</u>	<u>(9,224)</u>	<u>40,280</u>	<u>23,738</u>	<u>14,371</u>
<u>4.00 Tenant Retention/Attraction</u>						
4.01 Property Owner/Broker/Tenant relations	62	100	(38)	42	100	(58)
4.03 Site Marketing Materials	750	1,600	(850)	-	1,200	(1,200)
4.04 Technical Assistance to Businesses	-	900	(900)	-	250	(250)
4.06 Service Provider Direct Services	14,346	15,990	(1,644)	13,485	13,596	(111)
<u>Total</u>	<u>15,158</u>	<u>18,590</u>	<u>(3,432)</u>	<u>13,527</u>	<u>15,146</u>	<u>(1,619)</u>

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2009 and 2008

<u>Expenses:</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Programs:</u>						
<u>5.00 Façade Improvements</u>						
5.01 Façade Enhancement Program	4,000	8,000	(4,000)	-	8,000	(8,000)
5.02 Windows Project	540	2,900	(2,360)	-	1,800	(1,800)
5.03 Signage/Gate Removal Program	-	2,000	(2,000)	-	2,000	(2,000)
5.04 Service Provider Direct Services	7,173	7,995	(822)	10,114	10,197	(83)
<u>Total</u>	<u>11,713</u>	<u>20,895</u>	<u>(9,182)</u>	<u>10,114</u>	<u>21,997</u>	<u>(11,883)</u>
<u>6.00 Parking/Transit/Accessibility</u>						
6.01 Bicycle Advocacy	-	100	(100)	-	100	(100)
6.02 On-Street Parking	-	100	(100)	-	-	-
6.09 Parking Fee Subsidy	-	100	(100)	-	-	-
6.10 Public Transit Enhancements	-	500	(500)	-	100	(100)
6.13 Service Provider Direct Services	1,435	1,599	(164)	1,349	1,360	(11)
<u>Total</u>	<u>1,435</u>	<u>2,399</u>	<u>(964)</u>	<u>1,349</u>	<u>1,560</u>	<u>(211)</u>
<u>7.00 Safety Programs</u>						
7.01 Public Way Surveillance Cameras/Maintenance	2,075	5,600	(3,525)	3,317	5,600	(2,283)
7.02 Security Rebate Program	-	500	(500)	447	500	(53)
7.06 Safety Seminars	-	100	(100)	-	100	(100)
7.09 Service Provider Direct Services	7,173	7,995	(822)	4,720	4,759	(39)
<u>Total</u>	<u>9,248</u>	<u>14,195</u>	<u>(4,947)</u>	<u>8,484</u>	<u>10,959</u>	<u>(2,475)</u>
<u>8.00 District Planning</u>						
8.01 SSA Work Plans, Visioning, etc.	-	100	(100)	-	100	(100)
8.02 District Branding	516	600	(84)	698	1,600	(902)
8.05 Parking Studies	-	-	-	-	650	(650)
8.07 Service Provider Direct Services	3,586	3,998	(412)	6,743	6,798	(55)
<u>Total</u>	<u>4,102</u>	<u>4,698</u>	<u>(596)</u>	<u>7,441</u>	<u>9,148</u>	<u>(1,707)</u>

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Schedule of Expenses with Budget Variances
For the Years Ended December 31, 2009 and 2008

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Variance</u>
<u>Administration:</u>						
<u>10.00 Operational & Administrative Support</u>						
10.01 Audit/Bookkeeping	11,225	8,600	2,625	8,984	7,622	1,362
10.02 Meeting Expense	403	1,000	(597)	347	1,436	(1,089)
10.03 Office Equipment Lease/Maintenance	5,663	4,500	1,163	1,236	515	721
10.04 Office Rent	8,400	8,400	-	2,000	2,000	-
10.05 Office Supplies	3,266	2,000	1,266	2,804	1,514	1,290
10.06 Office Utilities/Telephone	2,523	2,000	523	1,217	766	451
10.07 Postage	332	250	82	494	494	-
10.08 Office Printing	800	800	-	607	515	92
10.09 Service Provider Administrative Support	14,346	15,990	(1,644)	13,485	13,596	(111)
10.10 Subscriptions/Dues	375	750	(375)	647	800	(153)
10.11 Other: Training & Development	325	2,200	(1,875)	1,771		
10.11 Other: Line of Credit	1,729	1,200	529	-	2,260	(2,260)
<u>Total</u>	<u>49,387</u>	<u>47,690</u>	<u>1,697</u>	<u>33,592</u>	<u>31,518</u>	<u>303</u>

Howard Street
Special Service Area Number 19
(DevCorp North, Contractor)
Schedule of Findings
Year ended December 31, 2009 and 2008

Finding # 1

We have reviewed the Agreement for Special Service Area Number 19 between the City of Chicago and the Contractor (DevCorp North) for the year ended December 31, 2009 and 2008.

We noted no exceptions