

SPECIAL SERVICE AREA NUMBER 10

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2011

SPECIAL SERVICE AREA NUMBER 10

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

Board of Directors
Special Service Area Number 10

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 10** (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 **SPECIAL SERVICE AREA NUMBER 10** 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 18, 2012
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 10

Statement of Financial Position

December 31, 2011

ASSETS

Cash and cash equivalents (Note 2)	\$ 105,337
Real estate taxes receivable, less allowance for uncollectible taxes of \$30,000	474,692
Receivable from affiliates (Note 4)	<u>144,913</u>
Total Assets	<u><u>\$ 724,942</u></u>

LIABILITIES

Accounts payable	\$ 7,055
Deferred real estate tax income	431,683
Note payable (Note 5)	<u>173,283</u>
Total Liabilities	<u>612,021</u>

NET ASSETS

Unrestricted funds	<u>112,921</u>
Total Liabilities and Net Assets	<u><u>\$ 724,942</u></u>

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

SPECIAL SERVICE AREA NUMBER 10

Statement of Activities

For the Year Ended December 31, 2011

SUPPORT AND REVENUES

Real estate taxes current period	\$ 391,421
Real estate taxes prior period	79,129
Interest and other income	63
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Total Support and Revenues	470,613

EXPENSES

Program Services:

Advertising and Promotion

Display ads	14,635
Special events	50,354
Website / Technology	1,000
Service provider direct services	34,527
	<hr/>
Total Advertising and Promotion	100,516

Public Way Maintenance

Equipment and maintenance	1,000
Storage rental	2,000
Sidewalk power washing	4,600
Trash removal service	2,400
Service provider direct services	92,227
Other: Truck and sweeper lease	9,000
Other - Fuel	1,000
Other: Maintenance	1,000
Other: Radio airtime	1,152
	<hr/>
Total Public Way Maintenance	114,379

Public Way Aesthetics

Holiday decoration	5,750
	<hr/>
Total Public Way Aesthetics	5,750

Tenant Retention / Attraction

Service provider direct services	12,857
	<hr/>
Total Retention / Attraction	12,857

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

SPECIAL SERVICE AREA NUMBER 10

Statement of Activities

For the Year Ended December 31, 2011

Façade Improvements	
Awning rebate program	4,900
Service provider direct services	<u>12,272</u>
Total Façade Improvements	17,172
Parking/ Transit / Accessibility	
Service provider direct services	62,907
Other - Lease	<u>17,926</u>
Total Parking / Transit / Accessibility	80,833
Operational & Administrative Support	
Audit/ Bookkeeping	3,600
Meeting expense	1,500
Office equipment / Maintenance	2,500
Office rent	9,990
Office supplies	2,500
Office utilities / telephone	3,800
Postage	775
Office printing	1,285
Service provider administrative support	34,559
Other: Bank service fees	4,262
Other: Liability insurance	4,000
Other: Workers comp insurance	<u>2,567</u>
Total Operational & Administrative Support	71,338
Loss Collection	<u>20,000</u>
Total Expenses	<u>422,845</u>
INCREASE IN NET ASSETS	47,768
NET ASSETS -	
Beginning of year	<u>65,153</u>
End of year	<u><u>\$ 112,921</u></u>

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

SPECIAL SERVICE AREA NUMBER 10

Statement of Cash Flows

For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 47,768
Adjustments to reconcile change in net assets to net cash (used in) operating activities - (Increase) decrease in:	
Real estate taxes receivable	8,903
Prepaid expenses	13,115
Due to/from affiliate	(68,948)
Increase (decrease) in:	
Accounts payable	3,693
Deferred real estate taxes	(21,725)
	<hr/>
Net Cash (Used in) Operating Activities	(17,194)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	143,000
Payments on bank loan	(96,894)
	<hr/>
Net Cash Provided by Financing Activities	46,106

NET INCREASE IN CASH AND CASH EQUIVALENTS

28,912

CASH AND CASH EQUIVALENTS

Beginning of year	<hr/> 76,425
End of year	<hr/> <hr/> \$ 105,337

SUPPLEMENTAL DISCLOSURE

Cash paid for:	
Interest	<hr/> <hr/> \$ 4,362

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

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Organization is chartered by the City of Chicago to provide additional services on behalf of the City of Chicago within a defined geographic area of the Back of the Yards Neighborhood. The service programs include security patrols, street cleaning and beautification, shuttle bus service and other promotional services for the commercial and civic interests in the service area.

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. At December 31, 2011, the Organization had no permanently restricted net assets.

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.

Date of Management's Review - Management has evaluated subsequent events through April 18, 2012, the date on which the financial statements were available to be issued.

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. On December 31, an estimated receivable and deferred revenue amount is recognized as an estimate of the actual amounts to be received in the subsequent year.

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.)

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

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

NOTE 3 - FESTIVAL EXPENSES

A significant portion of the Organization's program to promote the commercial and civic interests of the service area involves coordinating and producing the "El Grito" Street Festival. Expenses incurred include the costs of a carnival midway, performers, other entertainment and security patrols. The financial statements reflect the costs for 2011 of \$50,354, which is included in advertising and promotion expenses.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Organization is an affiliate of the Back of the Yards Business Association, Special Service Area Numbers 7, 13 and 39 and Back of the Yards Neighborhood Council. The Organization contracts with Back of the Yards Neighborhood Council as sole service provider in order to administer and provide direct services on behalf of the Organization which has no employees.

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2011

NOTE 4 - RELATED PARTY TRANSACTIONS - CONTINUED

The transactions and balances due (to) from each of the affiliates are summarized below.

	<u>Neighborhood Council</u>	<u>SSA #39</u>	<u>Total</u>
Balance due (to) from at December 31, 2010	\$ 20,965	\$ 55,000	\$ 75,965
Allocated expenses	375,115	-	375,115
Advance - Line of credit	42,444	-	42,444
Cash disbursements to affiliates	<u>(348,611)</u>	<u>-</u>	<u>(348,611)</u>
Balance due (to) from at December 31, 2011	<u>\$ 89,913</u>	<u>\$ 55,000</u>	<u>\$ 144,913</u>

NOTE 5 - NOTE PAYABLE

The Organization has available a line of credit with a local bank totaling \$205,000. The unpaid principal balance under the loan is secured by future tax revenue and bears interest at 9.25% at year end. Interest payments are due monthly. At December 31, 2011, the Organization had an outstanding balance of \$173,283.

ADDITIONAL INFORMATION



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

The Board of Directors of
Special Service Area Number 10

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

We have audited the financial statements of **SPECIAL SERVICE AREA NUMBER 10** as of and for the year ended December 31, 2011, and have issued our report thereon dated April 18, 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 18, 2012
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 10

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	2010	2010
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Variance
SUPPORT AND REVENUES								
Real estate taxes current period	\$ 391,421	\$ 431,683	\$ (40,262)	\$ 353,376	\$ 432,408	\$ (79,032)	\$ 432,408	\$ (79,032)
Real estate taxes prior period	79,129	-	79,129	60,211	38,987	21,224	38,987	21,224
Interest and other income	63	-	63	63	-	63	-	63
Total Support and Revenues	470,613	431,683	38,930	413,650	471,395	(57,745)	471,395	(57,745)
EXPENSES								
Program Services:								
Advertising and Promotion								
Display ads	14,635	20,000	(5,365)	15,418	22,400	(6,982)	22,400	(6,982)
Holiday / Seasonal	-	-	-	2,260	5,000	(2,740)	5,000	(2,740)
Print materials	-	-	-	3,922	1,000	2,922	1,000	2,922
Special events	50,354	50,000	354	50,000	50,000	-	50,000	-
Website / Technology	1,000	1,000	-	1,754	2,020	(266)	2,020	(266)
Service provider direct services	34,527	34,527	-	54,100	46,960	7,140	46,960	7,140
Total Advertising and Promotion	100,516	105,527	(5,011)	127,454	127,380	74	127,380	74
Public Way Maintenance								
Equipment and maintenance	1,000	1,000	-	1,412	1,500	(88)	1,500	(88)
Sidewalk power washing	4,600	6,770	(2,170)	-	3,475	(3,475)	3,475	(3,475)
Storage rental	2,000	2,000	-	2,233	1,000	1,233	1,000	1,233
Supplies	-	-	-	1,627	1,500	127	1,500	127
Trash removal service	2,400	2,000	400	3,647	3,500	147	3,500	147
Service provider direct services	92,227	92,227	-	79,000	82,069	(3,069)	82,069	(3,069)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

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	
Public Way Maintenance - continued								
Other: Truck and Sweeper Lease	9,000	9,000	9,000	6,854	-	9,000	6,854	2,146
Other: Fuel	1,000	1,000	6,749	2,500	-	6,749	2,500	4,249
Other: Maintenance	1,000	1,000	-	-	-	-	-	-
Other: Radio airtime	1,152	1,200	1,607	2,300	(48)	1,607	2,300	(693)
Total Public Way Maintenance	114,379	116,197	105,275	104,698	(1,818)	105,275	104,698	577
Public Way Aesthetics								
Banner maintenance	-	-	6,726	6,000	-	6,726	6,000	726
Service provider direct services	-	-	4,000	-	-	4,000	-	4,000
Holiday decoration	5,750	5,000	3,000	6,704	750	3,000	6,704	(3,704)
Streetscape elements	-	-	14,522	15,407	-	14,522	15,407	(885)
Total Public Way Aesthetics	5,750	5,000	28,248	28,111	750	28,248	28,111	137
Tenant Retention / Attraction								
Service provider direct services	12,857	12,857	15,000	13,699	-	15,000	13,699	1,301
Total Retention / Attraction	12,857	12,857	15,000	13,699	-	15,000	13,699	1,301
Façade Improvements								
Awning rebate program	4,900	7,000	6,250	5,250	(2,100)	6,250	5,250	1,000
Service provider direct services	12,272	12,272	12,000	11,579	-	12,000	11,579	421
Total Façade Improvements	17,172	19,272	18,250	16,829	(2,100)	18,250	16,829	1,421

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

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	
Parking/ Transit / Accessibility								
Service provider direct services	62,907	62,907	46,500	45,203	-	46,500	1,297	
Other - Lease	17,926	18,000	18,000	15,600	(74)	18,000	2,400	
Other - Fuel	-	-	13,711	13,000	-	13,711	711	
Other - Maintenance	-	-	3,216	7,429	-	3,216	(4,213)	
Total Parking / Transit / Accessibility	80,833	80,907	81,427	81,232	(74)	81,427	195	
Operational & Administrative Support								
Audit/ Bookkeeping	3,600	3,600	3,600	2,330	-	3,600	1,270	
Meeting expense	1,500	1,500	1,285	482	-	1,285	803	
Office equipment / maintenance	2,500	2,500	2,000	658	-	2,000	1,342	
Office rent	9,990	9,990	6,660	7,180	-	6,660	(520)	
Office supplies	2,500	2,500	1,500	801	-	1,500	699	
Office utilities / telephone	3,800	3,800	3,500	3,471	-	3,500	29	
Postage	775	775	1,250	3,870	-	1,250	(2,620)	
Office printing	1,285	1,250	1,750	1,875	35	1,750	(125)	
Service provider admin. support	34,559	38,527	42,949	44,735	(3,968)	42,949	(1,786)	

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10
 Comparison Schedule of Actual Revenues and Expenditures to Budget
 For the Years Ended December 31, 2011 and 2010

	2011 Actual	2011 Budget	Variance	2010 Actual	2010 Budget	Variance
Operational & Administrative Support - Continued						
Other: Bank service fees	4,262	600	3,662	2,000	(7,350)	9,350
Other: Liability insurance	4,000	4,000	-	4,000	3,734	266
Other: Workers comp insurance	2,567	2,800	(233)	3,750	4,184	(434)
Total Operational & Administrative Support	71,338	71,842	(504)	74,244	65,970	8,274
Loss Collection	20,000	20,081	(81)	30,000	33,476	(3,476)
Total Expenses	422,845	431,683	(8,838)	479,898	471,395	8,503
Excess of Revenues over Expenses	\$ 47,768	\$ -	\$ 47,768	\$ (66,248)	\$ -	\$ (66,248)

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

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.