

**Howard Street**  
**Special Service Area Number 19**  
(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)

Financial Statements

Years Ended December 31, 2011 and 2010

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Howard Street Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Chicago, Illinois

We have audited the accompanying statement of financial position of Howard Street Special Service Area number 19 (DevCorp North D/B/A Rogers Park Business Alliance, Contractor) (a nonprofit organization) as of December 31, 2011 and 2010, 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 D/B/A Rogers Park Business Alliance, 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 through 12 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 5, 2012  
Bloomington, Illinois

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, 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	\$ 56,486	\$ 30,634
Government Receivables	3,207	38,501
Due from SSA Number 24		1,346
Prepaid Expense	<u>530</u>	<u>27</u>
 <u>Total Assets</u>	 <u>\$ 60,223</u>	 <u>\$ 70,508</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 3,648	\$ 619
Accrued expenses	2,500	3,597
Line of Credit-Community First Bank	-	35,000
Due to SSA Number 24	347	-
Due to DevCorp North D/B/A Rogers Park Business Alliance	<u>16,337</u>	<u>9,113</u>
 <u>Total Current Liabilities</u>	 22,832	 48,329
 <u>Net Assets</u>		
 <u>Net assets, unrestricted (Deficit)</u>	 <u>37,391</u>	 <u>22,179</u>
 <u>Total Liabilities and Net Assets</u>	 <u>\$ 60,223</u>	 <u>\$ 70,508</u>

## Howard Street

## Special Service Area Number 19

(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)

## Comparative Statement of Activities

For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Changes in Unrestricted Net Assets:</u>						
Revenues:						
Tax Levy Revenue & Interest Income	\$ 223,687	\$ 253,654	\$ (29,967)	\$ 219,367	\$ 249,346	\$ (29,979)
<u>Expenses:</u>						
<u>Program costs:</u>						
1.00 Advertising & Promotion	40,932	48,284	(7,352)	36,676	46,204	(9,528)
2.00 Public Way Maintenance	44,920	46,055	(1,135)	44,756	39,033	5,723
3.00 Public Way Aesthetics	19,162	26,780	(7,618)	25,483	32,952	(7,469)
4.00 Tenant Retention/Attraction	12,074	12,200	(126)	13,500	18,704	(5,204)
5.00 Façade Improvements	5,467	22,100	(16,633)	34,840	22,952	11,888
6.00 Parking Transit Accessibility	1,817	10,476	(8,659)	1,254	10,990	(9,736)
7.00 Safety Programs	13,103	14,469	(1,366)	10,910	11,852	(942)
8.00 District Planning	5,356	8,551	(3,195)	4,395	8,376	(3,981)
Total Program Expense	142,831	188,915	(46,084)	171,814	191,063	(19,249)
Administration						
10.00 Operational & Administrative Support	65,644	52,739	12,905	47,668	41,839	5,829
11.00 Loss Collection	-	12,000	(12,000)	-	16,444	(16,444)
Total Administration expenses	65,644	64,739	905	47,668	58,283	(10,615)
Total Expenses	208,475	253,654	(45,179)	219,482	249,346	(29,864)
Increase (Decrease) in Net Assets	15,212		(115)			
<u>Unrestricted Net Assets:</u>						
Beginning of Year (Deficit)	22,179			22,294		
End of Year	\$ 37,391			\$ 22,179		

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)  
Comparative Statement of Cash Flows  
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from operating activities:		
Increase (decrease) in net assets	\$ 15,212	\$ (115)
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	35,294	(33,685)
Prepaid expense	(503)	808
Increase (decrease) in liabilities:		
Accounts payable	3,029	(90)
Accrued expenses	<u>(1,097)</u>	<u>3,596</u>
Net cash (used) provided by operating activities:	51,935	(29,486)
Cash flows provided by (used in )Financing activities:		
Line of Credit	(35,000)	35,000
DevCorp North D/B/A Rogers Park Business Alliance	7,224	(3,837)
Due to SSA Number 24	<u>1,693</u>	<u>(3,465)</u>
Net cash provided by financing activities	<u>(26,083)</u>	<u>27,698</u>
Net Cash provided (used)	25,852	(1,788)
Cash and Cash Equivalents		
Beginning of the year	<u>30,634</u>	<u>32,422</u>
End of the year	<u>\$ 56,486</u>	<u>\$ 30,634</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ 261</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Howard Street  
Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Notes to Financial Statements  
December 31, 2011 and 2010

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**Summary of Accounting Policies**

**Nature of Organization**

DevCorp North D/B/A Rogers Park Business Alliance (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, 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 "Howard Street Special Service Area Number 19" to provide special services in addition to those services generally provided by the City. DevCorp North D/B/A Rogers Park Business Alliance 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 2011 and 2010. 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.

Howard Street  
Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Notes to Financial Statements  
December 31, 2011 and 2010

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**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, D/B/A Rogers Park Business Alliance, 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.

**Line of Credit**

A line of credit has been obtained from Community First Bank Chicago in the amount of \$ 100,000 which expired on September 7, 2011. The interest rate is variable based upon the Wall Street Journal prime rate.



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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 D/B/A Rogers Park Business Alliance, 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 5, 2012  
Bloomington, Illinois

Howard Street  
Special Service Area Number 19  
(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)  
Comparative Sscheduel 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	(119)	(258)
Tax Year 2007	(4,933)	2,959
Tax Year 2008	(2,326)	69,970
Tax Year 2009	52,605	112,979
Tax Year 2010	213,712	
Total received during year - Cash Basis	258,939	185,650
 <u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year	(38,501)	(4,816)
End of year	3,207	38,501
 <u>Total tax levy revenue - Accrual basis</u>	223,645	219,335
 Interest Income		
Interest earned - Bank accounts	-	
Interest paid by City of Chicago	42	32
<u>Total Interest income earned</u>	42	32
 <u>Total Tax Levy Revenue and Interest Income</u>	\$ 223,687	\$ 219,367

Howard Street

Special Service Area Number 19

(DevCorp North B/E/A Rogers Park Business Alliance, Contractor)

Comparative Schedule of Expenses with Budget Variances

For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<u>Expenses:</u>						
<u>Programs:</u>						
1.00 Advertising & Promotion						
1.01 Display Ads	\$ 5,826	\$ 6,200	\$ (374)	\$ 3,539	\$ 3,700	\$ (161)
1.02 Holiday/Seasonal Promotions	3,982	500	3,482	2,149	3,500	(1,351)
1.03 Print Materials	696	5,500	(4,804)	2,762	8,500	(5,738)
1.04 Public/Media Relations Services	1,250	7,000	(5,750)	2,000	7,500	(5,500)
1.05 Special Events	14,804	16,000	(1,196)	13,688	10,000	3,688
1.06 Website/Technology	-	600	(600)	-	1,100	(1,100)
1.07 Service Provider Direct Services	14,374	12,484	1,890	12,538	11,904	634
<u>Total</u>	<u>40,932</u>	<u>48,284</u>	<u>(7,352)</u>	<u>36,676</u>	<u>46,204</u>	<u>(9,528)</u>
<u>2.00 Public Way Maintenance</u>						
2.01 Equipment Purchase & Maintenance	2,525	3,000	(475)	2,867	3,291	(424)
2.02 Gate/Fence Maintenance	-	-	-	-	100	(100)
2.03 Graffiti Removal	-	-	-	-	200	(200)
2.04 Liability/Property Insurance	400	1,000	(600)	579	100	479
2.05 Sidewalk Cleaning	-	-	-	-	1,000	(1,000)
2.06 Sidewalk Power Washing	-	450	(450)	-	350	(350)
2.07 Sidewalk Snow Plowing	8,666	4,675	3,991	11,554	15,500	(3,946)
2.08 Staff Wages & Fringe Benefits	23,924	21,000	2,924	20,894	3,456	17,438
2.09 Storage Rental	1,874	1,900	(26)	1,750	1,800	(50)
2.10 Supplies	670	2,500	(1,830)	422	3,300	(2,878)
2.11 Trash Removal Service	1,225	1,150	75	1,224	1,350	(126)
2.12 Vermin Abatement Program	-	2,500	(2,500)	-	2,600	(2,600)
2.13 Window Washing	1,148	2,000	(852)	-	-	-
2.14 Service Provider Direct Services	2,623	2,280	343	1,881	1,786	95
2.15 Other: Maintenance Stipend	1,865	3,600	(1,735)	3,585	4,200	(615)
<u>Total</u>	<u>44,920</u>	<u>46,055</u>	<u>(1,135)</u>	<u>44,756</u>	<u>39,033</u>	<u>5,723</u>

Howard Street

Special Service Area Number 19

(DevCorp North B/E/A Rogers Park Business Alliance, Contractor)

Comparative Schedule of Expenses with Budget Variances

For the Years Ended December 31, 2011 and 2010

	2011		2010		Over (Under) Variance
	Actual	Budget	Actual	Budget	
<u>Expenses:</u>					
<u>Programs:</u>					
<u>3.00 Public Way Aesthetics</u>					
3.01 Decorative Banner	\$ -	\$ 8,000	\$ (8,000)	\$ 2,500	\$ (2,050)
3.02 Holiday Decorations	3,400	2,100	1,300	5,500	3,764
3.03 Landscaping	13,139	10,600	2,539	8,600	900
3.04 Property Insurance	-	-	-	500	(500)
3.05 Streetscape Elements	-	3,800	(3,800)	9,800	(9,800)
3.06 Wayfinding/Signage	-	-	-	100	(100)
3.07 Service Provider Direct Services	2,623	2,280	343	5,952	317
<u>Total</u>	<u>19,162</u>	<u>26,780</u>	<u>(7,618)</u>	<u>32,952</u>	<u>(7,469)</u>
<u>4.00 Tenant Retention/Attraction</u>					
4.01 Property Owner/Broker/Tenant relations	496	400	96	600	(452)
4.03 Site Marketing Materials	-	1,600	(1,600)	1,800	(987)
4.04 Technical Assistance to Businesses	66	200	(134)	900	(900)
4.06 Service Provider Direct Services	11,512	10,000	1,512	11,904	634
4.07 Other: Tenant Attraction Services	-	-	-	3,500	(3,499)
<u>Total</u>	<u>12,074</u>	<u>12,200</u>	<u>(126)</u>	<u>18,704</u>	<u>(5,204)</u>
<u>5.00 Façade Improvements</u>					
5.01 Façade Enhancement Program	1,901	10,000	(8,099)	17,000	11,571
5.02 Awning Rebate Program	-	8,000	(8,000)	-	-
5.03 Signage/Gate Removal Program	-	1,000	(1,000)	-	-
5.04 Service Provider Direct Services	3,566	3,100	466	5,952	317
<u>Total</u>	<u>5,467</u>	<u>22,100</u>	<u>(16,633)</u>	<u>22,952</u>	<u>11,888</u>

Howard Street

Special Service Area Number 19

(DevCorp North B/B/A Rogers Park Business Alliance, Contractor)

Comparative Schedule of Expenses with Budget Variances

For the Years Ended December 31, 2011 and 2010

	2011			2010		
	<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>6.00 Parking/Transit/Accessibility</u>						
6.01 Bicycle Advocacy	\$ -	\$ 200	\$ (200)	\$ -	\$ 1,600	\$ (1,600)
6.02 On-Street Parking	-	100	(100)	-	100	(100)
6.09 Parking Wayfinding/Signage	-	100	(100)	-	100	(100)
6.10 Public Transit Enhancements	-	8,500	(8,500)	-	8,000	(8,000)
6.13 Service Provider Direct Services	1,817	1,576	241	1,254	1,190	64
<u>Total</u>	<u>1,817</u>	<u>10,476</u>	<u>(8,659)</u>	<u>1,254</u>	<u>10,990</u>	<u>(9,736)</u>
<u>7.01 Public way Surveillance Cameras/ Maintenance</u>						
7.02 Security Rebate Program	3,928	6,400	(2,472)	4,641	5,800	(1,159)
7.06 Safety Seminars	-	100	(100)	-	100	(100)
7.09 Service Provider Direct Services	9,175	7,969	1,206	6,269	5,952	317
<u>Total</u>	<u>13,103</u>	<u>14,469</u>	<u>(1,366)</u>	<u>10,910</u>	<u>11,852</u>	<u>(942)</u>
<u>8.00 District Planning</u>						
8.01 SSA Work Plans, Visioning, etc.	-	100	(100)	-	100	(100)
8.02 District Branding	-	3,800	(3,800)	720	3,800	(3,080)
8.03 District Market Study: Impact Analysis, etc	-	-	-	540	1,000	(460)
8.04 District Master Plan, Corridor Plans, Streetscape, Plans	-	-	-	-	500	(500)
8.05 Parking Studies	-	-	-	-	-	-
8.07 Service Provider Direct Services	5,356	4,651	705	3,135	2,976	159
<u>Total</u>	<u>5,356</u>	<u>8,551</u>	<u>(3,195)</u>	<u>4,395</u>	<u>8,376</u>	<u>(3,981)</u>

Howard Street

Special Service Area Number 19  
 (DevCorp North B/B/A Rogers Park Business Alliance, Contractor)  
 Comparative Schedule of Expenses with Budget Variances  
 For the Years Ended December 31, 2011 and 2010

	2011		2010		Over (Under) Variance
	Actual	Budget	Actual	Budget	
<u>Expenses:</u>					
<u>Programs:</u>					
<u>Administration:</u>					
<u>10.00 Operational &amp; Administrative Support</u>					
10.01 SSA Audit	\$ 3,200	\$ 2,225	\$ 975	\$ 2,500	\$ 700
10.02 Bookkeeping	11,194	9,000	2,194	6,700	3,814
10.03 Meeting Expense	1,025	1,500	(475)	1,000	(317)
10.04 Office Equipment Lease/Maintenance	4,184	3,584	600	1,500	55
10.05 Office Rent	14,263	8,400	5,863	8,000	-
10.06 Office Supplies	3,091	3,000	91	4,196	1,196
10.07 Office Utilities/Telephone	3,153	2,000	1,153	2,822	822
10.08 Postage	1,222	1,200	22	535	-
10.09 Office Printing	1,500	1,500	-	1,500	-
10.10 Service Provider Administrative Support	17,271	15,000	2,271	11,904	634
10.11 Subscriptions/dues	1,658	600	1,058	800	(296)
10.12 Other: Line of Credit Expenses	370	1,730	(1,360)	1,200	(939)
10.13 Other: Training & Development	3,513	3,000	513	1,200	160
<u>Total</u>	<u>65,644</u>	<u>52,739</u>	<u>12,905</u>	<u>47,668</u>	<u>5,829</u>

Howard Street  
Special Service Area Number 19  
(DevCorp North D/B/A Rogers Park Business Alliance, Contractor)  
Schedule of Findings  
Year ended December 31, 2011 and 2010

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Finding # 1

We have reviewed the Agreement for Special Service Area Number 19 between the City of Chicago and the Contractor for the year ended December 31, 2011 and 2010.

We noted no exceptions