

**GREATER SOUTHWEST
DEVELOPMENT
CORPORATION – SPECIAL
SERVICE AREA #3**

**Financial Statements and
Auditor's Report**

December 31, 2009

**MANNING SILVERMAN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
(847) 459-8850**

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
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MANNING SILVERMAN

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*Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Southwest Development Corporation
Chicago, Illinois

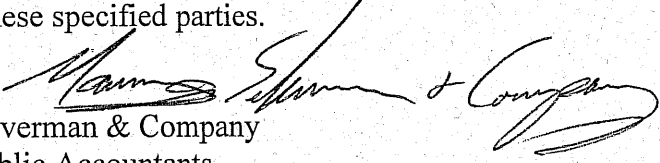
We have audited the accompanying statement of financial position of Greater Southwest Development Corporation - Special Service Area #3 as of December 31, 2009 and the related statements of activities and change in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 Greater Southwest Development Corporation - Special Service Area #3 as of December 31, 2009 and the changes in its net assets and cash flows for the year then ended in conformity with accounting requirements outlined by the City of Chicago.

The accompanying Schedule of Expenses – Budget to Actual is presented for purposes of additional analysis, as required by the City of Chicago, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of Greater Southwest Development Corporation and the Planning and Development Departments of the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.


Manning Silverman & Company
Certified Public Accountants

June 7, 2010

"Thank you for the opportunity to serve you and for your referrals!"

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009**

ASSETS

Cash and Cash Equivalents	\$ 206,314
Equipment, Less Accumulated Depreciation of \$15,395	<u>32,502</u>
Total Assets	<u>\$ 238,816</u>

NET ASSETS

Unrestricted Net Assets	<u>\$ 238,816</u>
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See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2009**

	<u>Budget</u>	<u>Actual</u>
Revenues		
Tax Collections from the City of Chicago	\$ 577,171	\$ 523,908
Interest Earned		7,183
	<u>577,171</u>	<u>531,091</u>
Expenses (Schedules Attached)		
Advertising and Promotion	165,393	135,795
Public Way Maintenance	72,086	62,386
Public Way Aesthetics	103,198	103,982
Tenant Retention/Attraction	38,244	37,978
Façade Improvements	64,121	39,469
Safety Programs	20,122	23,182
District Planning	36,755	17,755
Administration	103,516	89,280
Depreciation		6,842
	<u>603,435</u>	<u>516,669</u>
Excess of Revenues over Expenses (Expenses over Revenues) and Change in Net Assets	\$ <u>(26,264)</u>	14,422
Net Assets, Beginning of Year		<u>224,394</u>
Net Assets, End of Year		\$ <u><u>238,816</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009**

Cash Flows from Operating Activities:	
Increase in Net Assets	\$ 14,422
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	<u>6,842</u>
Net Cash Provided by Operating Activities and Increase in Cash	21,264
Cash and Cash Equivalents, Beginning of Year	<u>185,050</u>
Cash and Cash Equivalents, End of Year	<u>\$ 206,314</u>

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**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 1 – Organization and Nature of Operations

Greater Southwest Development Corporation (“GSDC”) is the catalyst for creating and maintaining a vital greater Southwest Chicago community by empowering, building and sustaining development to raise the quality of life for its neighborhood residents, businesses and industries.

Special Service Area #3 (SSA) was authorized by City of Chicago ordinance and is administered by GSDC. It represents a specified geographic area within the city of Chicago from which a portion of the property tax collections are allocated to GSDC. The defined territory is bounded by the area fronting in whole or in part on West 63rd Street from South Bell Avenue to South Central Park Avenue; on South Kedzie Avenue from West 62nd Street to West 64th Street; and on South Western Avenue from West 61st Street to West 64th Street.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

GSDC, including the SSA, uses the accrual method of accounting.

Presentation of these financial statements is governed by the requirements of the City of Chicago. The financial statements of SSA reflect only assets, revenues and expenses allocated to the activities of SSA. No other assets, liabilities, revenues or expenses of GSDC are reported herein.

Under United States Generally Accepted Accounting Principles (GAAP) GSDC 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. SSA has no temporarily or permanently restricted net assets.

Cash and Cash Equivalents

All certificates of deposit purchased with a maturity of three to twelve months are considered to be short-term investments, which are recorded at cost. Under GAAP these investments should be reflected at their market values, along with any unrealized gains or losses. However, the effect of using the cost method of valuation is not materially different from the results that would have been obtained under the market valuation method.

Administrative Services

Certain expenses incurred by the SSA are paid to GSDC as reimbursement of overhead. The total of such expenses for 2009 was \$132,579.

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2009**

Income Taxes

GSDC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and it is not considered to be a private foundation. GAAP requires that tax positions be recognized or derecognized in the financial statements based on a "more likely than not" threshold; this applies to positions taken or expected to be taken in a tax return. Management does not believe its financial statements include any uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment and Depreciation

Equipment is recorded at cost. Subsequent improvements are capitalized, while expenditures for maintenance and repairs that do not extend the useful lives of the equipment are charged to expense as incurred. The equipment is depreciated over its estimated service life, which is 5 years; this may be different than actual economic life.

Note 3 – Revenues

All revenues (except interest on short-term investments) are received from the City of Chicago and are to be used for rehabilitating, advertising, promoting and maintaining the defined area. The allocated tax collections during 2009 were \$523,908, and nothing was due from the city for 2009 at December 31, 2009.

Note 4 – Concentrations

SSA receives approximately 100% of its revenues from the City of Chicago as an allocation of tax collections for the specified geographic area within the city and its operations and activities are concentrated in that relatively small geographic area. Future operations could be affected by changes in the economic or other conditions in that geographical area and/or by changes in the availability of city funding.

GSDC maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Corporation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related thereto.

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2009**

Note 5 – Litigation

In the normal course of business, GSDC may be named as a defendant in various legal actions. Currently a former employee has made certain allegations against GSDC. After consultation with legal counsel, GSDC intends to defend its position and is of the opinion that the ultimate resolution of this matter will not have a material adverse effect on the financial statements. Accordingly GSDC has not recorded any liability in connection with this matter.

SUPPLEMENTAL INFORMATION

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
SCHEDULE OF EXPENSES – BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2009**

	<u>Budget</u>	<u>Actual</u>
Advertising and Promotions		
1.01 Display Ads	\$ 7,500	\$ 7,354
1.02 Promotions	20,000	28,092
1.03 Print Materials	500	827
1.05 Special Events	107,000	71,960
1.06 Website/Technology	12,000	12,810
1.07 Direct Services	<u>18,393</u>	<u>14,752</u>
 Total Advertising and Promotions	 <u>165,393</u>	 <u>135,795</u>
 Public Way Maintenance		
2.01 Equipment Purchase and Maintenance	5,000	2,053
2.03 Graffiti Removal Program	2,000	1,520
2.04 Liability/ Property Insurance	7,500	3,559
2.08 Wages/Fringe Benefits	44,465	43,950
2.10 Supplies	10,000	8,183
2.14 Service Provider Direct Service	<u>3,121</u>	<u>3,121</u>
 Total Public Way Maintenance	 <u>72,086</u>	 <u>62,386</u>
 Public Way Aesthetics		
3.01 Banners/Install/Maintenance	37,000	41,701
3.02 Holiday Decorations	7,500	2,735
3.03 Landscaping	53,000	52,733
3.05 Streetscape Elements		
3.07 Direct Services	4,698	4,698
3.08 Other: Community Pride Campaign	<u>1,000</u>	<u>2,115</u>
 Total Public Way Aesthetics	 <u>103,198</u>	 <u>103,982</u>
 Tenant Retention/Attraction		
4.01 Property Owner/Tenant Relations		1,034
4.02 Pre-Development	1,000	
4.03 Site Marketing Materials		13,000
4.04 Technical Assistance to Businesses	1,000	17,700
4.06 Direct Services	6,244	6,244
4.07 Other: Consult	<u>30,000</u>	
 Total Tenant Retention/Attraction	 <u>38,244</u>	 <u>37,978</u>

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**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
SCHEDULE OF EXPENSES – BUDGET TO ACTUAL (Continued)
YEAR ENDED DECEMBER 31, 2009**

	<u>Budget</u>	<u>Actual</u>
Façade Improvements		
5.01 Façade Enhancement	40,000	33,348
5.02 Awning Rebate Program	1,000	3,000
5.04 Service Provider Direct Service	3,121	3,121
5.05 Other: Retail Support Program	20,000	
	<u>64,121</u>	<u>39,469</u>
Total Façade Improvements		
Safety Programs		
7.02 Security Rebate	17,000	20,060
7.09 Service Provider	3,122	3,122
	<u>20,122</u>	<u>23,182</u>
Total Safety Programs		
District Planning		
8.02 District Branding, Identity Development	18,000	
8.04 District Master Plan, Corridor Plans, Streetscape Plans, etc.	1,000	
8.07 Service Provider Direct Service	17,755	17,755
	<u>36,755</u>	<u>17,755</u>
Total District Planning		
Administration		
9.01 Audit/Bookkeeping	4,000	
9.02 Meeting Expense	10,000	2,828
9.04 Office Rent	30,855	30,855
9.05 Office Supplies	2,000	1,427
9.06 Office Utilities/Phone	8,378	8,378
9.07 Postage	500	500
9.08 Office Printing	2,000	2,000
9.09 Administrative Support	35,440	35,440
9.10 Subscriptions and Dues		46
9.11 Other: Legal, Travel, etc.	7,250	4,659
9.12 Other: Cleaning, Internet	3,093	3,147
	<u>103,516</u>	<u>89,280</u>
Total Administration		
Total	<u>\$ 603,435</u>	<u>\$ 509,827</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**GREATER SOUTHWEST DEVELOPMENT CORPORATION -
SPECIAL SERVICE AREA #3
SUMMARY SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2009**

We have read the agreement between the City of Chicago and Greater Southwest Development Corporation and, after conducting the audit, have determined that no exceptions were noted.