

SPECIAL SERVICE AREA NUMBER 10

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2013

SPECIAL SERVICE AREA NUMBER 10

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
ADDITIONAL INFORMATION	
Independent Auditor's Report on Additional Information	9
Comparison Schedules of Actual Revenues and Expenses to Budget for the years ended December 31, 2013 and 2012	10 - 13
Summary Schedule of Findings	14



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

To the Board of Directors - Commissioners of
Special Service Area Number 10

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **SPECIAL SERVICE AREA NUMBER 10** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, 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 30, 2014
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 10

Statement of Financial Position

December 31, 2013

ASSETS

Cash and cash equivalents (Note 2)	\$ 5,795
Real estate taxes receivable, less allowance for uncollectible taxes of \$32,126	473,775
Receivable from affiliates (Note 4)	<u>134,066</u>
Total Assets	<u><u>\$ 613,636</u></u>

LIABILITIES

Accounts payable	\$ 6,208
Deferred real estate tax income	431,683
Note payable (Note 5)	<u>107,565</u>
Total Liabilities	<u>545,456</u>

NET ASSETS

Unrestricted funds	<u>68,180</u>
Total Liabilities and Net Assets	<u><u>\$ 613,636</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, 2013

REVENUES, LOSSES, AND OTHER SUPPORT

Real estate taxes current period	\$ 395,083
Real estate taxes prior period	7,053
Interest and other income	13
Loss collection on real estate revenue	<u>(2,126)</u>
Total Revenues, Losses and Other Support	<u>400,023</u>

EXPENSES

Program Services:

Advertising and promotion	68,689
Public way maintenance	29,689
Public way aesthetics	10,645
Parking/ transit / accessibility	23,216
Operational program support	225,951

Supporting Services:

Management and General	<u>87,883</u>
------------------------	---------------

Total Expenses

446,073

Interest and Finance Charges (Note 4)

9,197

DECREASE IN NET ASSETS

(55,247)

NET ASSETS -

Beginning of Year

123,427

End of year

\$ 68,180

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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (55,247)
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in:	
Real estate taxes receivable	15,838
Due from affiliate	10,847
Increase (decrease) in:	
Accounts payable	(265)
	<hr/>
Net Cash Used in Operating Activities	<u>(28,827)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on bank loan	<u>(1,649)</u>
Net Cash Used in Financing Activities	<u>(1,649)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(30,476)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>36,271</u>
End of year	<u>\$ 5,795</u>

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

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2013

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 specified as the 47th and Ashland Retail District. 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. The Back of the Yards Neighborhood Council is the sole service provider for Special Service Area (SSA #10") the 47th and Ashland Retail District.

The tax levy is in addition to all other property taxes. Tax levied are billed, collected, and remitted by the City to the Special Service Area. Any unused tax levy for approved activities can be used by the Special Service Area in the succeeding year with City Approval.

Financial Statement Presentation - The City of Chicago requires a schedule of activities and a schedule of findings. The statement of activities is required to reflect budget, actual and the variance amounts. The schedules are presented as additional information in the financial statements.

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, 2013, 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.

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 30, 2014, the date on which the financial statements were available to be issued.

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

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

The Special Service Area receives 100% of its operating support from revenues collected from taxes levied or imposed upon property within the area.

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 2013 of \$24,920, which is included in advertising and promotion expenses.

SPECIAL SERVICE AREA NUMBER 10

Notes to Financial Statements

December 31, 2013

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.

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

	Neighborhood Council	SSA #39	Total
Balance due (to) from at December 31, 2012	\$ 89,913	\$ 55,000	\$ 144,913
Allocated expenses	372,457	-	372,457
Payments - Line of Credit	(10,847)	-	(10,847)
Cash disbursements to affiliates	(372,457)	-	(372,457)
Balance due (to) from at December 31, 2013	<u>\$ 79,066</u>	<u>\$ 55,000</u>	<u>\$ 134,066</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 7.0% at year end. Interest payments are due monthly. At December 31, 2013, the Organization had an outstanding balance of \$107,565.

Principal and interest were paid by the Back of the Yards Neighborhood Council on the line of credit totaling \$10,847, of which \$9,197 was interest expense.



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

To the Board of Directors - Commissioners of
Special Service Area Number 10

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

We have audited the financial statements of **SERVICE AREA NUMBER 10** as of and for the year ended December 31, 2013, and have issued our report thereon dated April 23, 2014 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 30, 2014
Chicago, Illinois

ADDITIONAL INFORMATION

SPECIAL SERVICE AREA NUMBER 10
 Comparison Schedules of Actual Revenues and Expenses to Budget
 For the Years Ended December 31, 2013 and 2012

	2013			2012		
	2013 Actual	2013 Budget	Variance	2012 Actual	2012 Budget	Variance
SUPPORT AND REVENUES						
Real estate taxes current period	\$ 395,083	\$ 431,683	\$ (36,600)	\$ 414,494	\$ 479,604	\$ (65,110)
Real estate taxes prior period	7,053	13,965	(6,912)	38,400	-	38,400
Interest and other income	13	-	13	36	-	36
Total Support and Revenues	402,149	445,648	(43,499)	452,930	479,604	(26,674)

EXPENSES

Program Services:						
Advertising and Promotion						
Display ads	6,570	13,000	(6,430)	22,167	24,921	(2,754)
Print materials	12,425	7,000	5,425	8,937	17,000	(8,063)
Special events	24,920	20,000	4,920	58,316	53,000	5,316
Website / Technology	2,414	1,965	449	995	2,000	(1,005)
Public and/or media relations	18,000	20,000	(2,000)	-	-	-
Holiday and seasonal promotions	4,360	3,000	1,360	-	-	-
Total Advertising and Promotion	68,689	64,965	3,724	90,415	96,921	(6,506)
Public Way Maintenance						
Equipment and maintenance	1,448	1,200	248	896	1,500	(604)
Sidewalk power washing	-	3,000	(3,000)	2,500	5,031	(2,531)
Storage rental	2,200	2,400	(200)	2,600	2,300	300
Supplies	1,136	1,200	(64)	2,774	1,500	1,274
Trash removal service	1,989	2,500	(511)	2,883	3,500	(617)

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, 2013 and 2012

	2013 Actual	2013 Budget	Variance	2012 Actual	2012 Budget	Variance
Public Way Maintenance - continued						
Sidewalk cleaning	8,500	5,000	3,500	-	-	-
Other: Truck and Sweeper Lease	8,250	9,000	(750)	8,250	9,000	(750)
Other: Fuel	5,254	6,000	(746)	5,867	4,500	1,367
Other: Radio airtime	912	800	112	886	800	86
Total Public Way Maintenance	29,689	31,100	(1,411)	26,656	28,131	(1,475)
Public Way Aesthetics						
Landscaping	1,132	1,000	132	-	-	-
Banners and or /Holiday decoration	9,513	6,500	3,013	10,763	14,000	(3,237)
Total Public Way Aesthetics	10,645	7,500	3,145	10,763	14,000	(3,237)
Facade Improvements						
Awning rebate program	-	-	-	3,650	8,000	(4,350)
Total Façade Improvements	-	-	-	3,650	8,000	(4,350)
Parking/ Transit / Accessibility						
Other - Lease	14,667	16,000	(1,333)	14,667	16,000	(1,333)
Other - Fuel	8,549	6,000	2,549	7,865	5,000	2,865
Other - Maintenance	-	2,000	(2,000)	422	2,000	(1,578)
Total Parking / Transit / Accessibility	23,216	24,000	(784)	22,954	23,000	(46)

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, 2013 and 2012

	2013		2013		2012		2012	
	Actual	Budget	Budget	Variance	Actual	Budget	Budget	Variance
Safety Programs								
Security services	-	-	-	-	10,000	10,000	10,000	-
Total Safety Programs	-	-	-	-	10,000	10,000	10,000	-
Personal								
Program personal cost allocation	225,951	225,950	225,950	1	192,562	214,085	214,085	(21,523)
Total Personal Allocation	225,951	225,950	225,950	1	192,562	214,085	214,085	(21,523)
Operational & Administrative Support								
Administrative personnel cost allocation	36,896	36,896	36,896	-	44,192	44,192	44,192	-
Audit/ Bookkeeping	4,551	6,551	6,551	(2,000)	3,682	3,500	3,500	182
Meeting expense	1,463	1,200	1,200	263	1,863	1,500	1,500	363
Office equipment / maintenance	4,110	4,110	4,110	-	1,948	2,125	2,125	(177)
Office rent	9,500	9,500	9,500	-	9,158	9,000	9,000	158
Office supplies	2,550	2,550	2,550	-	2,200	2,400	2,400	(200)
Office utilities / telephone	4,950	4,950	4,950	-	3,415	3,725	3,725	(310)
Postage	1,500	1,500	1,500	-	1,146	1,250	1,250	(104)
Office printing	2,550	2,550	2,550	-	1,535	1,675	1,675	(140)
Subscriptions	88	-	-	88	-	-	-	-
Other: Bank service fees and interest	2,525	3,000	3,000	(475)	1,569	500	500	1,069

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, 2013 and 2012

	2013		2012		Variance
	Actual	Budget	Actual	Budget	
Operational & Administrative Support - continued					
Other: Liability insurance	7,200	7,200	5,316	5,800	(484)
Other: Workers comp insurance	10,000	10,000	4,400	4,800	(400)
Total Operational & Administrative Support	87,883	90,007	80,424	80,467	(43)
Loss Collection	2,126	2,126	5,000	5,000	-
Total Expenses	448,199	445,648	442,424	479,604	(37,180)
Excess of (Expenses) Revenues over Expenses	\$ (46,050)	\$ -	\$ 10,506	\$ -	\$ 10,506

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 10

Summary Schedule of Findings

For the Year Ended December 31, 2013

We have read the requirements of the Service Provider Agreement between Special Service Area # 10, Contractor, and the City of Chicago. Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions.

Certain items of emphasis are provided:

The total revenues used during the year ended December 31, 2013, were made available from the budgeted sources in amounts specified in the budget.

See independent auditor's report on additional information.