

**SPECIAL SERVICE AREA NUMBER 13**

*FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*For the Year Ended*

*December 31, 2011*

**SPECIAL SERVICE AREA NUMBER 13**

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

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Board of Directors  
Special Service Area Number 13

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 13** (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 13** 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 13

### Statement of Financial Position

December 31, 2011

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#### ASSETS

Cash and cash equivalents (Note 2)	\$ 588,004
Real estate taxes receivable, less allowance for uncollectible taxes of \$70,000	1,329,759
Receivable from affiliates (Note 3)	<u>115,867</u>
Total Assets	<u>\$ 2,033,630</u>

#### LIABILITIES

Accounts payable and accrued expenses	\$ 31,708
Deferred real estate tax income	<u>1,197,411</u>
Total Liabilities	<u>1,229,119</u>

#### NET ASSETS

Unrestricted funds	<u>804,511</u>
Total Liabilities and Net Assets	<u>\$ 2,033,630</u>

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

# SPECIAL SERVICE AREA NUMBER 13

## Statement of Activities

For the Year Ended December 31, 2011

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### SUPPORT AND REVENUES

Real estate taxes current period	\$ 1,203,350
Real estate taxes prior period	132,625
Interest and other income	116
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Total Support and Revenues	1,336,091

### EXPENSES

#### Program Services:

#### Advertising and Promotion

Display ads	15,566
Public media relations	21,600
Print materials	5,087
Service provider direct services	17,093
Special events	987
Website/technology	667
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Total Advertising and Promotion	61,000

#### Public Way Maintenance

Gate/fence maintenance	9,200
Liability/property insurance	2,500
Storage rental	2,200
Supplies	2,309
Trash removal service	3,035
Service provider direct services	141,981
Truck and sweeper rental	9,000
Vehicle maintenance and repairs	1,590
Other: Fuel	5,471
Other: Radio airtime	937
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Total Public Way Maintenance	178,223

#### Public Way Aesthetics

Landscaping	32,906
Streetscape elements purchase/install	3,200
Service provider direct services	13,998
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Total Public Way Aesthetics	50,104

#### Safety Programs

Service provider direct services	12,887
Security subcontractor	319,386
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Total Safety Programs	332,273

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

**SPECIAL SERVICE AREA NUMBER 13**

Statement of Activities

For the Year Ended December 31, 2011

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<b>Tenant Retention / Attraction</b>	
Service provider direct services	10,904
Total Tenant Retention	<u>10,904</u>
<b>District Planning</b>	
Distirct market study, impact analysis, etc.	
Total District Planning	<u>15,000</u>
<b>Supporting Services:</b>	
Operational & Administrative Support	
Audit	2,400
Bookkeeping / payroll processing	1,200
Meeting expenses	1,500
Office equipment lease / Maintenance	2,500
Office rent	9,990
Office supplies	1,500
Telephone	3,800
Postage	775
Office printing	1,500
Service provider administrative support	77,971
Other: Finance charges and bank fees	180
Other: Liability insurance	4,000
Other: Workers comp. insurance	350
Total Operational & Administrative Support	<u>107,666</u>
<b>Loss Reserve</b>	<u>53,254</u>
Total Expenses	<u>808,424</u>
<b>INCREASE IN NET ASSETS</b>	527,667
<b>NET ASSETS -</b>	
Beginning of year	<u>276,844</u>
End of year	<u><u>\$ 804,511</u></u>

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

**SPECIAL SERVICE AREA NUMBER 13**

Statement of Cash Flows

For the Year Ended December 31, 2011

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 527,667
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in:	
Real estate taxes receivable	(560,158)
Receivable from affiliates	(34,059)
Increase (decrease) in:	
Accounts payable and accrued expenses	8,467
Deferred real estate taxes	<u>503,665</u>
Net Cash Provided by Operating Activities	<u>445,582</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

445,582

**CASH AND CASH EQUIVALENTS**

Beginning of year	<u>142,422</u>
End of year	<u><u>\$ 588,004</u></u>

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

## SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2011

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### **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 13**

### Notes to Financial Statements

December 31, 2011

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#### **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 - RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of the Back of the Yards Business Association, Special Service Area Numbers 7, 10 and 39 and Back of the Yards Neighborhood Council. The Organization contracts with the Back of the Yards Neighborhood Council as the sole service provider in order to administer and provide direct services on behalf of the Organization, which has no employees.

**SPECIAL SERVICE AREA NUMBER 13**

Notes to Financial Statements

December 31, 2011

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**NOTE 3 - RELATED PARTY TRANSACTIONS - CONTINUED**

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

	<u>Neighborhood Council</u>
Balance due (to) from at December 31, 2010	\$ 81,808
Allocated expenses	(331,744)
Net line of credit activity	34,059
Cash disbursements to affiliates	<u>331,744</u>
Balance due (to) from at December 31, 2011	<u><u>\$ 115,867</u></u>

**ADDITIONAL INFORMATION**



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

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Board of Directors  
Special Service Area Number 13

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

We have audited the financial statements of **SPECIAL SERVICE AREA NUMBER 13** 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 13**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2011 and 2010

	2011			2010		
	2011 Actual	2011 Budget	Variance	2010 Actual	2010 Budget	Variance
<b>SUPPORT AND REVENUES</b>						
Real estate taxes current period	\$ 1,203,350	\$ 1,197,411	5,939	\$ 565,131	\$ 693,746	(128,615)
Real estate taxes prior period	132,625	176,708	(44,083)	73,976	17,500	56,476
Interest and other income	116	-	116	37	-	37
Total Support and Revenues	1,336,091	1,374,119	(38,028)	639,144	711,246	(72,102)
<b>EXPENSES</b>						
<b>Program Services:</b>						
Advertising and Promotion						
Display ads	15,566	31,628	(16,062)	26,848	25,000	1,848
Public/media relations	21,600	21,600	-	-	-	-
Print materials	5,087	-	5,087	2,922	2,000	922
Special events	987	4,000	(3,013)	4,465	3,000	1,465
Website/technology	667	502	165	1,303	2,000	(697)
Service provider direct services	17,093	17,093	-	-	12,996	(12,996)
Total Advertising and Promotion	61,000	74,823	(13,823)	35,538	44,996	(9,458)

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 13**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2011 and 2010

	2011		2010		2010		
	Actual	Budget	Actual	Budget	Actual	Budget	Variance
<b>Public Way Maintenance</b>							
Equipment purchase and maintenance	-	-	3,256	1,500			1,756
Gate/fence maintenance	9,200	8,000	4,150	10,000			(5,850)
Liability/property insurance	2,500	2,500	-	6,500			(6,500)
Storage rental	2,200	2,000	2,233	2,000			233
Supplies	2,309	5,000	1,290	3,500			(2,210)
Trash removal	3,035	2,000	3,799	4,700			(901)
Service provider direct services	141,981	141,981	21,137	82,922			(61,785)
Other: truck and sweeper rental	9,000	9,000	9,000	-			9,000
Other: fuel	5,471	4,894	5,471	-			5,471
Vehicle maintenance and repairs	1,590	2,500	-	-			-
Radio airtime	937	1,000	836	-			836
<b>Total Public Way Maintenance</b>	<b>178,223</b>	<b>178,875</b>	<b>51,172</b>	<b>111,122</b>			<b>(59,950)</b>
<b>Public Way Aesthetics</b>							
Landscaping	32,906	150,000	17,514	50,000			(32,486)
Streetscape elements purchase/install	3,200	80,144	6,500	30,000			(23,500)
Wayfinding / Signage		-	162	-			162
Service provider direct services	13,998	13,998	-	9,891			(9,891)
<b>Total Public Way Aesthetics</b>	<b>50,104</b>	<b>244,142</b>	<b>24,176</b>	<b>89,891</b>			<b>(65,715)</b>

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 13**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2011 and 2010

	2011		2010		Variance	2010 Actual	2010 Budget	Variance
	Actual	Budget	Actual	Budget				
<b>Tenant Retention/Attraction</b>								
Service provider direct services	10,904	10,904	-	6,785	-	-	6,785	(6,785)
Total Tenant Retention/Attraction	10,904	10,904	-	6,785	-	-	6,785	(6,785)
<b>Safety Programs</b>								
Public way surveillance cameras/maintenance	-	-	-	6,000	-	-	6,000	(6,000)
Security subcontractor	319,386	672,953	304,443	280,000	(353,567)	304,443	280,000	24,443
Service provider direct fees	12,887	12,887	-	8,777	-	-	8,777	(8,777)
Total Safety Programs	332,273	685,840	304,443	294,777	(353,567)	304,443	294,777	9,666
<b>District Planning</b>								
District market study, impact analysis, etc.	15,000	15,645	19,008	5,000	(645)	19,008	5,000	14,008
Total District Planning	15,000	15,645	19,008	5,000	(645)	19,008	5,000	14,008

See independent auditor's report on additional information.

**SPECIAL SERVICE AREA NUMBER 13**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2011 and 2010

	2011		Variance	2010		Variance
	Actual	Budget		Actual	Budget	
<b>Operational &amp; Administrative Support</b>						
Audit	2,400	2,400	-	2,600	2,400	200
Bookkeeping / payroll processing	1,200	1,200	-	770	750	20
Meeting expense	1,500	1,500	-	1,266	1,000	266
Office equipment lease / Maintenance	2,500	2,500	-	2,000	2,000	-
Office rent	9,990	9,990	-	6,660	6,660	-
Office supplies	1,500	2,500	(1,000)	1,500	1,500	-
Office utilities / telephone	3,800	3,800	-	3,500	3,500	-
Postage	775	775	-	1,250	1,250	-
Office printing	1,500	1,500	-	1,195	1,500	(305)
Service provider administrative support	77,971	77,971	-	124,121	78,745	45,376
Other: Bank service fees	180	-	180	-	4,000	(4,000)
Other: Liability insurance	4,000	4,000	-	4,000	7,000	(3,000)
Other: Workers comp insurance	350	2,500	(2,150)	350	3,750	(3,400)
<b>Total Operational &amp; Administrative Support</b>	<b>107,666</b>	<b>110,636</b>	<b>(2,970)</b>	<b>149,212</b>	<b>114,055</b>	<b>35,157</b>
<b>Loss Collection</b>	<b>53,254</b>	<b>53,254</b>	<b>-</b>	<b>35,000</b>	<b>44,620</b>	<b>(9,620)</b>
<b>Total Expenses</b>	<b>808,424</b>	<b>1,374,119</b>	<b>(565,695)</b>	<b>618,549</b>	<b>711,246</b>	<b>(92,697)</b>
<b>Excess of Revenues over Expenses</b>	<b>\$ 527,667</b>	<b>\$ -</b>	<b>\$ 527,667</b>	<b>\$ 20,595</b>	<b>\$ -</b>	<b>\$ 20,595</b>

See independent auditor's report on additional information.



**SPECIAL SERVICE AREA NUMBER 13**

Summary Schedule of Findings

For the Year Ended December 31, 2011

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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.