

SPECIAL SERVICE AREA NUMBER 13

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2012



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

Board of Directors
Special Service Area Number 39

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of **SPECIAL SERVICE AREA NUMBER 39** (a nonprofit organization) as of December 31, 2012, 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 39** as of December 31, 2012, 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 23, 2013
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 13

Statement of Financial Position

December 31, 2012

ASSETS

Cash and cash equivalents (Note 2)	\$ 652,286
Real estate taxes receivable, less allowance for uncollectible taxes of \$70,000	1,266,103
Receivable from affiliates (Note 3)	<u>135,867</u>
Total Assets	<u><u>\$ 2,054,256</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$ 50,269
Deferred real estate tax income	<u>1,197,411</u>
Total Liabilities	<u>1,247,680</u>

NET ASSETS

Unrestricted funds	<u>806,576</u>
Total Liabilities and Net Assets	<u><u>\$ 2,054,256</u></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, 2012

REVENUES, LOSSES, AND OTHER SUPPORT

Real estate taxes current period	\$ 1,137,034
Real estate taxes prior period	31,859
Interest and other income	81
Loss collection on real estate revenue	<u>(44,659)</u>
Total Support and Revenues	<u>1,124,315</u>

EXPENSES

Program Services:

Advertising and Promotion	67,605
Public Way Maintenance	39,036
Public Way Aesthetics	201,812
Tenant Retention / Attraction	3,184
Safety Programs	378,971
District Planning	23,354
Parking / Transit / Accessibility	668
Other Technical Assistance	20,700
Operational program support	209,858

Supporting Services:

Management and General	<u>177,062</u>
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Total Expenses	<u>1,122,250</u>
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INCREASE IN NET ASSETS	2,065
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NET ASSETS -

Beginning of year	<u>804,511</u>
End of year	<u><u>\$ 806,576</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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 2,065
Adjustments to reconcile change in net assets to net cash provided by operating activities - (Increase) decrease in:	
Real estate taxes receivable	63,656
Receivable from affiliates	(20,000)
Increase (decrease) in:	
Accounts payable and accrued expenses	18,560
Deferred real estate taxes	<u>-</u>
Net Cash Provided by Operating Activities	<u>64,281</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

64,281

CASH AND CASH EQUIVALENTS

Beginning of year	<u>588,005</u>
End of year	<u><u>\$ 652,286</u></u>

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

SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2012

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 Stockyards Industrial Park. The City authorizes a Special Service Area Commission (the Commissioners) to preside over SSA approved annual activities. The annual activities are funded with a tax levy upon taxable properties within a designated area of the Stockyards Industrial Park.

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 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 summary schedule of findings. The statement of activities is required to reflect budget, actual and 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, 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.

SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 28, 2013, 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.

SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2012

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.

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, 2011	\$ 115,867
Allocated expenses	(415,752)
Net line of credit activity	20,000
Cash disbursements to affiliates	<u>415,752</u>
Balance due (to) from at December 31, 2012	<u>\$ 135,867</u>

ADDITIONAL INFORMATION



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

The Board of Directors of
Speicail Service Area Number 39

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

We have audited the financial statements of **SERVICE AREA NUMBER 39** as of and for the year ended December 31, 2012, and have issued our report thereon dated April 23, 2013 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 23, 2013
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 13

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2012 and 2011

	2012		2011		Variance	2011 Budget	Variance
	2012 Actual	2012 Budget	2011 Actual	2011 Budget			
SUPPORT AND REVENUES							
Real estate taxes current period	\$ 1,137,034	\$ 1,197,411	\$ 1,203,350	\$ 1,197,411	5,939		
Real estate taxes prior period	31,859	-	132,625	176,708	(44,083)		
Real estate taxes - carryover		804,511					
Interest and other income	81	-	116	-	116		
	<u>1,168,974</u>	<u>2,001,922</u>	<u>1,336,091</u>	<u>1,374,119</u>	<u>(38,028)</u>		
Total Support and Revenues							
EXPENSES							
Program Services:							
Advertising and Promotion							
Display ads	42,408	63,823	15,566	31,628	(16,062)		
Public/media relations	4,500	21,600	21,600	21,600	-		
Print materials	167	5,000	5,087	-	5,087		
Special events	17,274	24,000	987	4,000	(3,013)		
Website/technology	3,256	3,002	667	502	165		
Service provider direct services	-	-	17,093	17,093	-		
	<u>67,605</u>	<u>117,425</u>	<u>61,000</u>	<u>74,823</u>	<u>(13,823)</u>		
Total Advertising and Promotion							

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, 2012 and 2011

	2012		2012		2011		2011	
	Actual	Budget	Budget	Variance	Actual	Budget	Variance	
Public Way Maintenance								
Gate/fence maintenance	4,372	22,233		(17,861)	9,200	8,000	1,200	
Liability/property insurance	-	-		-	2,500	2,500	-	
Storage rental	2,600	2,300		300	2,200	2,000	200	
Supplies	3,454	4,000		(546)	2,309	5,000	(2,691)	
Trash removal	2,979	4,016		(1,037)	3,035	2,000	1,035	
Service provider direct services	-	-		-	141,981	141,981	-	
Other: truck and sweeper rental	9,000	9,000		-	9,000	9,000	-	
Other: fuel	12,425	8,152		4,273	5,471	4,894	577	
Equipment purchase / maintenance	3,092	3,000		92	1,590	2,500	(910)	
Radio airtime	1,114	1,800		(686)	937	1,000	(63)	
Total Public Way Maintenance	39,036	54,501		(15,465)	178,223	178,875	(652)	
Public Way Aesthetics								
Landscaping	85,803	222,861		(137,058)	32,906	150,000	(117,094)	
Streetscape elements purchase/install	79,960	101,944		(21,984)	3,200	80,144	(76,944)	
Decorative banners	3,219	20,000		(16,781)	-	-	-	
Wayfinding / Signage	-	40,000		(40,000)	-	-	-	
Other: Viaduct repair	-	200,000		(200,000)	-	-	-	
Other: Sidewalk repair	32,830	100,000		(67,170)	-	-	-	
Other: Tree grate repair	-	53,567		(53,567)	-	-	-	
Service provider direct services	-	-		-	13,998	13,998	-	
Total Public Way Aesthetics	201,812	738,372		(536,560)	50,104	244,142	(194,038)	

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, 2012 and 2011

	2012		2012		2011		2011	
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget
Tenant Retention/Attraction								
Site marketing	3,184	10,000	(6,816)	-	-	-	-	-
Service provider direct services	-	-	-	10,904	10,904	-	10,904	-
Total Tenant Retention/Attraction	3,184	10,000	(6,816)	10,904	10,904	-	10,904	-
Safety Programs								
Public way surveillance cameras/maintenance	-	5,000	(5,000)	-	-	-	-	-
Security subcontractor	378,971	525,000	(146,029)	319,386	672,953	(353,567)	672,953	(353,567)
Service provider direct fees	-	-	-	12,887	12,887	-	12,887	-
Total Safety Programs	378,971	530,000	(151,029)	332,273	685,840	(353,567)	685,840	(353,567)
District Planning								
District market study, impact analysis, etc.	23,354	35,645	(12,291)	15,000	15,645	(645)	15,645	(645)
Total District Planning	23,354	35,645	(12,291)	15,000	15,645	(645)	15,645	(645)
Parking/Transit/Accessibility								
Public transit enhancements	668	10,000	(9,332)	-	-	-	-	-
Total Public Transit Accessibility	668	10,000	(9,332)	-	-	-	-	-
Other Technical Assistance								
Wi-Fi district infrastructure/maintenance	20,700	75,000	(54,300)	-	-	-	-	-
Total Other Technical Assistance	20,700	75,000	(54,300)	-	-	-	-	-

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, 2012 and 2011

	2012 Actual	2012 Budget	Variance	2011 Actual	2011 Budget	Variance
Personal						
Program personal cost allocation	209,858	209,858	-	-	-	-
	209,858	209,858	-	2,011	2,011	-
Operational & Administrative Support						
Administrative non-personal cost allocation	110,865	110,865	-	-	-	-
Audit	2,500	2,500	-	2,400	2,400	-
Bookkeeping / payroll processing	5,000	5,000	-	1,200	1,200	-
Meeting expense	1,961	1,500	461	1,500	1,500	-
Office equipment lease / Maintenance	2,125	2,125	-	2,500	2,500	-
Office rent	9,000	9,000	-	9,990	9,990	-
Office supplies	4,600	4,400	200	1,500	2,500	(1,000)
Office utilities / telephone	3,725	3,725	-	3,800	3,800	-
Postage	1,250	1,250	-	775	775	-
Office printing	1,675	1,675	-	1,500	1,500	-
Service provider administrative support	-	-	-	77,971	77,971	-
Other: Bank service fees	1,030	500	530	180	-	180
Other: Liability insurance	21,333	21,600	(267)	4,000	4,000	-
Other: Workers comp insurance	11,998	12,322	(324)	350	2,500	(2,150)
Total Operational & Administrative Support	177,062	176,462	600	107,666	110,636	(2,970)
Loss Collection						
	44,659	44,659	-	53,254	53,254	-
Total Expenses	1,166,909	2,001,922	(835,013)	808,424	1,374,119	(565,695)
Excess of Revenues over Expenses	\$ 2,065	\$ -	\$ 2,065	\$ 527,667	\$ -	\$ 527,667

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 13

Summary Schedule of Findings

For the Year Ended December 31, 2012

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.