

DEVON AVENUE SPECIAL SERVICE AREA #43

FINANCIAL STATEMENTS

DECEMBER 31, 2011

DEVON AVENUE SPECIAL SERVICE AREA #43
FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

DECEMBER 31, 2011

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REPORT OF INDEPENDENT AUDITORS

CALIBRE
CPA GROUP
PLLC
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS ADVISORS

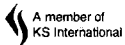
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To the Board of Commissioners of
Devon Avenue Special Service Area #43

We have audited the accompanying statements of financial position of the Devon Avenue Special Service Area #43 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 Devon Avenue Special Service Area #43's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Devon Avenue Special Service Area #43 as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Summary Schedule of Findings that appears on page 7 is 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 audits 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.

The budgetary information in the Statement of Activities on page 3 has not been subjected to the auditing procedures applied in the audits of the basic financial statements. Accordingly, we express no opinion on it.

Chicago, Illinois
April 9, 2012

Calibre CPA Group PLLC

DEVON AVENUE SPECIAL SERVICE AREA #43

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 6,567	\$ 4,128
Service tax receivable, net of allowance for uncollectible accounts	<u>16,982</u>	<u>40,892</u>
Property and equipment	97,033	97,033
Less: accumulated depreciation	<u>(43,910)</u>	<u>(24,503)</u>
Net property and equipment	<u>53,123</u>	<u>72,530</u>
TOTAL ASSETS	<u>\$ 76,672</u>	<u>\$ 117,550</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 18,547	\$ 11,786
Line of credit	<u>15,156</u>	<u>66,000</u>
Total liabilities	33,703	77,786
NET ASSETS - UNRESTRICTED	<u>42,969</u>	<u>39,764</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 76,672</u>	<u>\$ 117,550</u>

See accompanying notes to financial statements.

DEVON AVENUE SPECIAL SERVICE AREA #43

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010

	2011			2010		
	Budget (Unaudited)	Actual	Variance	Budget	Actual	Variance
REVENUE						
Services tax	\$ 183,800	\$ 181,161	\$ 2,639	\$ 189,553	\$ 177,554	\$ 11,999
Interest income	-	20	(20)	-	25	(25)
Total revenue	<u>183,800</u>	<u>181,181</u>	<u>2,619</u>	<u>189,553</u>	<u>177,579</u>	<u>11,974</u>
EXPENSES						
Program Services						
Public Way Maintenance	126,750	104,961	21,789	67,603	54,997	12,606
Public Way Aesthetics	30,656	54,117	(23,461)	100,000	78,036	21,964
Parking/Transit/Accessibility	-	-	-	6,000	-	6,000
Management and General Expenses						
Operational and Administrative Support	16,394	17,912	(1,518)	10,950	13,221	(2,271)
Loss Collection	10,000	986	9,014	5,000	1,797	3,203
Total expenses	<u>183,800</u>	<u>177,976</u>	<u>5,824</u>	<u>189,553</u>	<u>148,051</u>	<u>41,502</u>
CHANGE IN NET ASSETS	-	3,205	(3,205)	-	29,528	(29,528)
NET ASSETS - UNRESTRICTED						
Beginning of year	-	39,764	(39,764)	-	10,236	(10,236)
End of year	<u>\$ -</u>	<u>\$ 42,969</u>	<u>\$ (42,969)</u>	<u>\$ -</u>	<u>\$ 39,764</u>	<u>\$ (39,764)</u>

See accompanying notes to financial statements.

DEVON AVENUE SPECIAL SERVICE AREA #43

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,205	\$ 29,528
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	19,407	19,407
Change in allowance for doubtful accounts	986	1,797
Changes in assets and liabilities		
Receivables	22,924	(22,377)
Accounts payable and accrued expenses	<u>6,761</u>	<u>(164)</u>
Net cash provided by operating activities	<u>53,283</u>	<u>28,191</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(64,047)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	31,156	1,000
Payment on line of credit	<u>(82,000)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(50,844)</u>	<u>1,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,439	(34,856)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>4,128</u>	<u>38,984</u>
End of year	<u>\$ 6,567</u>	<u>\$ 4,128</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid during year	<u>\$ 1,832</u>	<u>\$ 1,940</u>

See accompanying notes to financial statements.

DEVON AVENUE SPECIAL SERVICE AREA #43

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1. ORGANIZATION

Devon North Town Business and Professional Association (Association) d/b/a West Ridge Chamber of Commerce is an Illinois not-for-profit corporation and is exempt from federal taxes under Section 505(c)(6) of the Internal Revenue Code. The Devon Avenue Special Service Area (SSA) #43 was created as a result of the City of Chicago's Department of Planning and Developments acceptance of the Association's application. The SSA program through the City of Chicago provides communities with the financial means to create, maintain and manage clean, attractive and competitive commercial districts. The SSA raises funds through a small assessment placed on each taxpaying property within a certain boundary. SSA's are governed by the State of Illinois statute, authorized by the City of Chicago ordinance and administered locally with oversight by a local Board of Commissioners.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Service Tax Receivable - Service tax due and unpaid at year end are recorded as service tax receivable. Allowance for uncollectible accounts at December 31, 2011 and 2010 was \$2,783 and \$1,797, respectively.

Statement of Cash Flows - For purposes of this statement, SSA #43 considers deposits in banks to be cash equivalents.

Use of Estimates - The preparation of the statement requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Basis of Accounting - SSA #43 reports on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board which require SSA #43 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, SSA #43 did not have any temporarily or permanently restricted net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property & Equipment - Property and equipment is carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently.

Depreciation is computed on the straight-line method with an estimated useful life of 5 years.

Subsequent Events - Management has evaluated subsequent events through April 9, 2012, the date which the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

NOTE 3. RELATED PARTY

The West Ridge Chamber of Commerce's Executive Director provides certain direct services in addition to the Chamber providing administrative support to SSA #43. Total reimbursement to the West Ridge Chamber of Commerce for the years ended December 31, 2011 and 2010 was \$31,958 and \$18,977, respectively.

NOTE 4. LINE OF CREDIT

The Devon North Town Business and Professional Association d/b/a West Ridge Chamber of Commerce maintains a promissory note on behalf of SSA #43, which is due January 23, 2012. The line of credit was extended through January 23, 2013 with the same terms. The total available line of credit is \$75,000 with a variable interest rate based on the Wall Street Journal Prime Rate with a minimum of 6.5%. As of December 31, 2011, the outstanding balance due to Devon Bank on the line is \$15,156 . As of December 31, 2010, the outstanding balance due to Devon Bank on the line was \$66,000 . Interest is paid on a monthly basis by the West Ridge Chamber of Commerce and SSA #43 reimburses the Chamber.

ADDITIONAL INFORMATION

DEVON AVENUE SPECIAL SERVICE AREA #43

SUMMARY SCHEDULE OF FINDINGS

DECEMBER 31, 2011

Segregation of Duties

The City of Chicago Department of Law – Internal Audit Special Service Area Financial and Accounting Guide (the Guide) recommends that the monthly bank reconciliations be performed by someone who does not have check signing authority. In addition, it recommends that the Executive Director review the unopened monthly bank statement.

SSA #43's checking account requires two signatures on all checks. The Executive Director and the Chairman of the Board of Commissioners are authorized signors on the account. The Executive Director is the only employee of the Chamber and the SSA. The Executive Director prepares the bank reconciliation and forwards a copy to the Chairman. However, toward the end of 2011, since no Commissioners had been appointed and approved by the City of Chicago, there were not two authorized signors approving and authorizing checks and review of bank reconciliations was not occurring.

We recommend that a Board of Commissioners be formally approved for the Organization. In addition, since there is only one employee, we recommend a duplicate copy of the monthly bank statements be sent directly to the Chairman for review. We recommend that the Chairman document the review of the monthly bank reconciliation by initialing and dating the reconciliation.

Documentation of Procedures

The Guide recommends the establishment of a vision statement, mission statement, personnel evaluation policy, document destruction and retention policy and computer back-up procedures.

The SSA has adopted a mission statement and document retention policy, but has not formally documented a vision statement, personnel evaluation policy, or computer back-up procedures.

We recommend that the SSA consider formalizing and documenting in writing a vision statement, personnel evaluation policy, and computer back-up procedures. We recommend that all policies and procedures be reviewed at least annually and updated as considered necessary.

Allocation of Expenses

The Guide recommends formalizing in a written agreement any cost sharing agreement among related organizations. Also, documentation should be maintained to support the allocation basis of expenses between organizations.

The SSA shares office space, personnel and other administrative expenses with the West Ridge Chamber of Commerce. Reimbursement is made monthly via wire transfer. Documentation of approval of the reimbursements is not being maintained.

We recommend that all cost sharing arrangements be clearly documented and approved by both organizations. In addition, supporting documentation for both the basis of allocation, such as timesheets, and approval of the reimbursement should be maintained.