

**KEDZIE INDUSTRIAL TRACT  
SPECIAL SERVICE AREA NUMBER 7**

*FINANCIAL STATEMENTS*

*AND*

*ADDITIONAL INFORMATION*

*For the Year Ended*

*December 31, 2013*

**KEDZIE INDUSTRIAL TRACT  
SPECIAL SERVICE AREA NUMBER 7**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
<b>ADDITIONAL INFORMATION</b>	
Independent Auditor's Report on Additional Information	9
2013 and 2012 Comparison Schedules of Actual Revenues and Expenses to Budget	10 - 12
Summary Schedule of Findings	13



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

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To the Board of Directors - Commissioners of  
Kedzie Industrial Tract Special Service Area Number 7

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** (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 **KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7** 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 29, 2014  
Chicago, Illinois

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Statement of Financial Position

December 31, 2013

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**ASSETS**

Cash and cash equivalents (Note 2)	\$ 44,824
Real estate taxes receivable, less allowance for uncollectible taxes of \$10,000	<u>106,789</u>
Total Assets	<u><u>\$ 151,613</u></u>

**LIABILITIES**

Deferred property tax revenue	\$ 124,567
Due to affiliated Organization	<u>15,000</u>
Total Liabilities	<u>139,567</u>

**NET ASSETS**

Unrestricted funds	<u>12,046</u>
Total Liabilities and Net Assets	<u><u>\$ 151,613</u></u>

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

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Statement of Activities

For the Year Ended December 31, 2013

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**REVENUES, LOSSES, AND OTHER SUPPORT**

Real estate taxes	\$ 115,141
Real estate taxes - prior period	145
Interest and other income	2,176
Loss collection on real estate revenue	<u>(4,776)</u>
Total Support, Losses and Revenues	<u>112,686</u>

**EXPENSES**

**Program Services:**

Advertising and Promotion	500
Public Way Maintenance	8,233
Safety Programs	61,622
Operational Program Support	26,444

**Supporting Services:**

Management and General	<u>18,103</u>
Total Expenses	<u>114,902</u>

**DECREASE IN NET ASSETS** (2,216)

**NET ASSETS -**

Beginning of year	<u>14,262</u>
End of year	<u>\$ 12,046</u>

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

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Statement of Cash Flows

For the Year Ended December 31, 2013

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (2,216)
Adjustments to reconcile change in net assets to net cash provided by operating activities - (Increase) decrease in operating assets:	
Real estate tax receivable	13,434
Increase (decrease) in operating liabilities:	
Deferred property tax revenue	(5,180)

Net Cash Provided by Operating Activities

6,038

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

6,038

**CASH AND CASH EQUIVALENTS**

Beginning of year

38,786

End of year

\$ 44,824

**SUPPLEMENTAL DISCLOSURE**

Cash paid for:

Interest

\$ -

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

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2013

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - On June 26, 1985, the City Council of the City of Chicago enacted an ordinance, last amended December 15, 1992, which established an area known and designated as City of Chicago Special Service Area #7 and authorized the levy of an annual tax not to exceed an annual rate of five percent of the equalized assessed value of the taxable property therein to provide certain special services in and for the area in addition to the services provided by and to the City of Chicago generally.

In 1977, **The Kedzie Tract Industrial Association, Inc.** ("KTIA") had been created to provide special community services, in addition to those provided by the City of Chicago, to the Kedzie Tract which is the industrial area within the boundaries of Kedzie Avenue on the east, Central Park on the west, 49th Street on the south and 47th Street on the north, all boundaries identical to those defined by SSA #7. Under an agreement between the City of Chicago (represented by the Special Service Area Commission) and The Kedzie Tract Industrial Association, Inc., all activities of Special Service Area #7 were performed by KTIA. Services provided include street resurfacing, snow removal, sewer and water line improvements, electrical improvements, refurbishing of railroad crossings, private security, area clean-up, graffiti removal, and technical assistance to promote commercial and economic development within the area.

On March 12, 2008, the board of directors, with members present from the Chicago City Department of Planning decided to replace KTIA as the service provider with Back of the Yards Neighborhood Council beginning January 1, 2009.

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.



# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

Notes to Financial Statements

December 31, 2013

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## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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. On 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.

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 29, 2014, the date on which the financial statements were available to be issued.

# KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7

## Notes to Financial Statements

December 31, 2013

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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.

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 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 - RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of the Special Service Area Numbers 10, 13, 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.

Total expenses charged to the Organization for service related fees totaled \$44,731 for the year ended December 31, 2013.

The Organization has a payable to an affiliated Organization Back of the Yards / Special Service Area #39 for an advance on a related line of credit in the amount of \$15,000.

**ADDITIONAL INFORMATION**



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

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The Board of Directors of  
Kedzie Industrial Tract Special Service Area Number 7

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

We have audited the financial statements of **KEDZIE INDUSTRIAL TRACT SERVICE AREA NUMBER 7** as of and for the year ended December 31, 2013, and have issued our report thereon dated April 29, 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 29, 2014  
Chicago, Illinois

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

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
<b>SUPPORT AND REVENUES</b>						
Real estate taxes current period	\$ 115,141	\$ 124,567	\$ (9,426)	\$ 134,752	\$ 129,847	\$ 4,905
Real estate taxes - prior period	145	-	145	679	-	679
Carryover from prior years	-	10,000	(10,000)	-	-	-
Interest and other income	2,176	-	2,176	3	-	3
<b>Total Support and Revenues</b>	<b>117,462</b>	<b>134,567</b>	<b>(17,105)</b>	<b>135,434</b>	<b>129,847</b>	<b>5,587</b>

**EXPENSES**

**Program Services:**

<b>Advertising and Promotion</b>						
Special events	-	-	-	819	1,000	(181)
Website/technology	500	500	-	221	500	(279)
Print materials	-	1,000	(1,000)	-	-	-
<b>Total Advertising and Promotion</b>	<b>500</b>	<b>1,500</b>	<b>(1,000)</b>	<b>1,040</b>	<b>1,500</b>	<b>(460)</b>

**Public Way Maintenance**

Gate/fence maintenance	3,540	2,500	1,040	3,200	2,000	1,200
Sidewalk snow plowing	1,530	4,000	(2,470)	936	4,000	(3,064)
Supplies	340	300	40	330	200	130
Sidewalk cleaning	2,823	3,000	(177)	-	-	-
<b>Total Public Way Maintenance</b>	<b>8,233</b>	<b>9,800</b>	<b>(1,567)</b>	<b>4,466</b>	<b>6,200</b>	<b>(1,734)</b>

See independent auditor's report on additional information.

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2013 and 2012

	2013		2012		Variance	2012 Budget	Variance
	Actual	Budget	Actual	Budget			
<b>Tenant Retention / Attraction</b>							
Site marketing (Materials, Services, etc.)	-	-	-	1,000		1,000	(1,000)
Total Tenant Retention / Attraction	-	-	-	1,000		1,000	(1,000)
<b>Safety Programs</b>							
Security subcontractor	61,622	72,800	(11,178)	63,085	70,000	70,000	(6,915)
Total Safety Programs	61,622	72,800	(11,178)	63,085	70,000	70,000	(6,915)
<b>Personal</b>							
Program personal cost allocation	26,444	26,444	-	24,500	24,500	24,500	-
Total Personal	26,444	26,444	-	24,500	24,500	24,500	-

See independent auditor's report on additional information.

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2013 and 2012

	2013		2012		Variance	2012		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
<b>Operational &amp; Administrative Support</b>								
Administrative non-personal cost allocation	9,965	9,965	-	8,362	-	8,362	-	-
Audit/ Bookkeeping	3,432	4,932	(1,500)	2,500	1,500	1,000	1,500	1,500
Office Rent	1,500	1,500	-	813	13	800	13	13
Office utilities	200	200	-	138	(12)	150	(12)	(12)
Office supplies	282	100	182	163	13	150	13	13
Office equipment lease	200	200	-	138	(12)	150	(12)	(12)
Office printing	500	500	-	450	-	450	-	-
Postage	100	100	-	255	-	255	-	-
Meeting expenses	758	750	8	250	-	250	-	-
Bank fees	666	500	166	148	(32)	180	(32)	(32)
Other: Liability insurance	500	500	-	413	(37)	450	(37)	(37)
Other: Workers compensation	-	-	-	375	(75)	450	(75)	(75)
<b>Total Operational &amp; Administrative Support</b>	<b>18,103</b>	<b>19,247</b>	<b>(1,144)</b>	<b>14,005</b>	<b>1,358</b>	<b>12,647</b>	<b>1,358</b>	<b>1,358</b>
<b>Loss Collection</b>	<b>4,776</b>	<b>4,776</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>119,678</b>	<b>134,567</b>	<b>(14,889)</b>	<b>121,096</b>	<b>(8,751)</b>	<b>129,847</b>	<b>(8,751)</b>	<b>(8,751)</b>
<b>Excess of (Expenses) Revenues over Expenses</b>	<b>\$ (2,216)</b>	<b>\$ -</b>	<b>\$ (2,216)</b>	<b>\$ 14,338</b>	<b>\$ 14,338</b>	<b>\$ -</b>	<b>\$ 14,338</b>	<b>\$ 14,338</b>

See independent auditor's report on additional information.

**KEDZIE INDUSTRIAL TRACT SPECIAL SERVICE AREA NUMBER 7**

Summary Schedule of Findings  
For the Year Ended December 31, 2013

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We have read the requirements of the Service Provider Agreement between Special Service Area # 7, 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.

See independent auditor's report on additional information.