

SPECIAL SERVICE AREA #21
Managed by the Lincoln Square Chamber of Commerce
(a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2009

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

SPECIAL SERVICE AREA #21
Managed by the Lincoln Square Chamber of Commerce
(a taxing district authorized by the City of Chicago)

December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To The Commissioners of
Special Service Area #21
Chicago, Illinois

We have audited the accompanying statement of financial position of Special Service Area #21 (a taxing district authorized by the City of Chicago) as of December 31, 2009, and the related statements of activities – budget versus actual and changes in net assets for the two years ended December 31, 2008 and 2009 and cash flows for the year ended December 31, 2009. 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 present fairly, in all material respects, the financial position of the Special Service Area #21 as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Larry Little, CPA
The A.C.T. Group, Ltd.
Certified Public Accountants
February 9, 2010

SPECIAL SERVICE AREA #21
Managed by The Lincoln Square Chamber of Commerce
(a taxing district authorized by the City of Chicago)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS:

Current Assets

Cash (note 1)	\$ 66,417
Accounts Receivable (note 2)	<u>5,778</u>
TOTAL ASSETS	<u><u>\$ 72,195</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable (note 3)	\$ <u>6,050</u>
TOTAL LIABILITIES	<u><u>\$ 6,050</u></u>

Net Assets

Unrestricted	\$ <u>66,145</u>
TOTAL NET ASSETS	<u><u>\$ 66,145</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 72,195</u></u>
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See accompanying notes and auditor's report.

SPECIAL SERVICE AREA #21
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 STATEMENT OF ACTIVITIES - BUDGET VERSUS ACTUAL AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	BUDGET 2009	ACTUAL 2009	VARIANCE \$	BUDGET 2008	ACTUAL 2008	VARIANCE \$
REVENUES:						
SSA #21 Tax Revenue	\$ 151,900	\$ 143,069	\$ (8,831)	\$ 160,900	\$ 147,485	\$ (13,415)
Miscellaneous Income		700	700		198	198
Bank Refund / Interest Income		199	199		765	765
Loss collection	(8,500)		8,500	(9,600)		9,600
Total Revenue	<u>\$ 143,400</u>	<u>\$ 143,968</u>	<u>\$ 568</u>	<u>\$ 151,300</u>	<u>\$ 148,448</u>	<u>\$ (2,852)</u>
EXPENSES:						
Program Services:						
Area Maintenance:						-
Sidwalk Cleaning & Snow Removal	92,880	49,570	(43,310)	84,829	84,284	(545)
Area Maintenance	-	135	135	-	-	-
Advertising	1,700	200	(1,500)	5,372	5,372	-
Public Way Aesthetics	25,100	26,125	1,025	30,625	13,178	(17,447)
District Planning - SSA Startup Costs	8,800	-	(8,800)	16,300	-	(16,300)
Total Program Expense	<u>\$ 128,480</u>	<u>\$ 76,030</u>	<u>\$ (52,450)</u>	<u>\$ 137,126</u>	<u>\$ 102,834</u>	<u>\$ (34,292)</u>
Management & Administration:						
Administrative - Management	13,420	13,650	230	12,674	14,702	2,028
Administrative - Management: Audit	1,500	1,800	300	1,500	1,440	(60)
Interest Expense						-
Total Management Expense	<u>\$ 14,920</u>	<u>\$ 15,450</u>	<u>\$ 530</u>	<u>\$ 14,174</u>	<u>\$ 16,142</u>	<u>\$ 1,968</u>
TOTAL EXPENSES	<u>\$ 143,400</u>	<u>\$ 91,480</u>	<u>\$ (51,920)</u>	<u>\$ 151,300</u>	<u>\$ 118,976</u>	<u>\$ (32,324)</u>
Net Surplus	<u>\$ -</u>	<u>\$ 52,488</u>	<u>\$ (51,352)</u>	<u>\$ -</u>	<u>\$ 29,472</u>	<u>\$ 29,472</u>
INCREASE (DECREASE) IN NET ASSETS						
Unrestricted		\$ 52,488			\$ 29,472	
Net Assets Released from Restrictions		-			-	
		<u>\$ 52,488</u>			<u>\$ 29,472</u>	
BEGINNING OF YEAR						
Unrestricted Net Assets		\$ 13,657			\$ (15,815)	
Temporarily Restricted Net Assets		-			-	
		<u>\$ 13,657</u>			<u>\$ (15,815)</u>	
END OF YEAR						
Unrestricted Net Assets		\$ 66,145			\$ 13,657	
Temporarily Restricted Net Assets		-			-	
		<u>\$ 66,145</u>			<u>\$ 13,657</u>	

See accompanying notes and auditor's report.

SPECIAL SERVICE AREA #21
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 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2009

Cash Flows From Operating Activities

Change in Net Assets	\$	52,488
Adjustments to Reconcile Net Surplus to Net Cash Provided (Used) by Operating Activities		
(Increase) in Accounts Receivable		(5,778)
Increase in Accounts Payable		<u>310</u>
Net Cash Provided By Operating Activities		<u>47,020</u>
Cash At Beginning Of Year		<u>19,397</u>
Cash At End Of Year -- 12/31/09	\$	<u><u>66,417</u></u>

See accompanying notes and auditor's report.

SPECIAL SERVICE AREA #21
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. Nature of Activities and Significant Accounting Policies

Nature of Activities: Special Service Area #21 (the Taxing District) is a taxing district authorized by the City of Chicago located in Chicago, Illinois. It is managed by the Lincoln Square Chamber of Commerce. Its scope of services is to coordinate and supervise various activities with regard to the Lincoln Square area. These services include coordinating marketing and promotional activities, sidewalk maintenance, beautification activities, and other technical assistance activities to promote commercial and economic development in the area. The primary source of SSA funds is from real estate taxes on non-exempt commercial property located in the area, which are collected by the City of Chicago.

Cash and Cash Equivalents: The Taxing District defines cash and cash equivalents as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The Taxing District maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Taxing District has not experienced any losses in such accounts. The Taxing District believes it is not exposed to any significant credit risk on cash and cash equivalents.

Financial Statement Presentation: The Taxing District is required to present information regarding its financial position and activities according to Article 3.07 of the Agreement for Special Service Area #21 between the City of Chicago and Lincoln Square Chamber of Commerce. As of December 31, 2009, the Taxing District had net unrestricted net assets of \$66,145.

Contributions: Under the Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily unrestricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), temporarily restricted net assets are reclassified to

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2009, all net assets were unrestricted.

Revenue Recognition: The Taxing District's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred.

Income Taxes: The Lincoln Square Chamber of Commerce is the service provider for SSA #21, which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

Estimates: The preparation of financial statements in conformity with U.S. 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 the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Accounts Receivable

Accounts receivable consist of a 2008 tax revenue received by the SSA in 2010.

3. Accounts Payable

Accounts payable consists of contractor work performed in 2009 but paid in 2010.

4. Related Party Transaction

The Taxing District's Contractor is the Lincoln Square Chamber of Commerce. The Chamber of Commerce is reimbursed for ongoing administration expenses including staff compensation,

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

and allocations of rent and utilities in addition to grant funding. As of December 31, 2009, the Taxing District paid \$25,900 for administrative fees and expense reimbursements and \$8,250 for banners.

SPECIAL SERVICE AREA #21
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SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Planning and Development, we have read the requirements contained in the Agreement for Special Service Area #21 between the City of Chicago and Lincoln Square Chamber of Commerce.

Per Article 5.03, the Contractor (SSA #21) established a separate checking account at Ravenswood National Bank in Chicago, Illinois. All Service Tax Funds were automatically deposited into this checking account. The Contractor did not commingle Service Tax Funds with funds from any other source.

The Board of Commissioners adapted a policy in early 2009 that all disbursement checks require two signatures. During the audit it was noted that two checks before this policy was in place had only one signature. All subsequent checks had two signatures.