

SPECIAL SERVICE AREA NUMBER 13

FINANCIAL STATEMENTS

AND

ADDITIONAL INFORMATION

For the Year Ended

December 31, 2013

SPECIAL SERVICE AREA NUMBER 13

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 -2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
ADDITIONAL INFORMATION	
Independent Auditor's Report on Additional Information	10
Comparison Schedules of Actual Revenues and Expenses to Budget for the years ended December 31, 2013 and 2012	11 - 13
Summary Schedule of Findings	14



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

To the Board of Directors - Commissioners of
Special Service Area Number 13

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of **SPECIAL SERVICE AREA NUMBER 13** (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 **SPECIAL SERVICE AREA NUMBER 13** 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 28, 2014
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 13

Statement of Financial Position

December 31, 2013

ASSETS

Cash and cash equivalents (Note 2)	\$ 502,776
Real estate taxes receivable, less allowance for uncollectible taxes of \$70,000	1,261,173
Receivable from affiliates (Note 3)	<u>135,867</u>
Total Assets	<u>\$ 1,899,816</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 27,308
Deferred real estate tax income	<u>1,152,611</u>
Total Liabilities	<u>1,179,919</u>

NET ASSETS

Unrestricted funds	<u>719,897</u>
Total Liabilities and Net Assets	<u>\$ 1,899,816</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, 2013

REVENUES, LOSSES, AND OTHER SUPPORT

Real estate taxes current period	\$ 1,178,357
Real estate taxes prior period	9,322
Interest and other income	31
Loss collection on real estate revenue	<u>(11,037)</u>
Total Support and Revenues	<u>1,176,673</u>

EXPENSES

Program Services:

Advertising and Promotion	77,011
Public Way Maintenance	28,146
Public Way Aesthetics	219,343
Tenant Retention / Attraction	23,354
Safety Programs	433,504
District Planning	165
Parking / Transit / Accessibility	23,898
Other Technical Assistance	9,625
Operational program support	332,897

Supporting Services:

Management and General	<u>115,409</u>
Total Expenses	<u>1,263,352</u>

DECREASE IN NET ASSETS (86,679)

NET ASSETS -

Beginning of year	<u>806,576</u>
End of year	<u>\$ 719,897</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (86,679)
Adjustments to reconcile change in net assets to net cash provided by operating activities - (Increase) decrease in:	
Real estate taxes receivable	4,930
Receivable from affiliates	-
Increase (decrease) in:	
Accounts payable and accrued expenses	(22,961)
Deferred real estate taxes	<u>(44,800)</u>
Net Cash Used in Operating Activities	<u>(149,510)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(149,510)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>652,286</u>
End of year	<u><u>\$ 502,776</u></u>

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

SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2013

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, 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.

SPECIAL SERVICE AREA NUMBER 13

Notes to Financial Statements

December 31, 2013

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, 2014, 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, 2013

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, 2012	\$ 135,867
Allocated expenses	(475,573)
Net line of credit activity	-
Cash disbursements to affiliates	<u>475,573</u>
Balance due (to) from at December 31, 2013	<u>\$ 135,867</u>

ADDITIONAL INFORMATION



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

To the Board of Directors - Commissioners of
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, 2013, and have issued our report thereon dated April 28, 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 28, 2014
Chicago, Illinois

SPECIAL SERVICE AREA NUMBER 13

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
SUPPORT AND REVENUES						
Real estate taxes current period	\$ 1,178,357	\$ 1,196,411	\$ (18,054)	\$ 1,137,034	\$ 1,197,411	\$ (60,377)
Real estate taxes prior period	9,322	-	9,322	31,859	-	31,859
Real estate taxes - carryover	-	389,035	(389,035)	-	804,511	(804,511)
Interest and other income	31	-	31	81	-	81
Total Support and Revenues	1,187,710	1,585,446	(397,736)	1,168,974	2,001,922	(832,948)

EXPENSES

Program Services:

Advertising and Promotion

Display ads	41,276	12,000	29,276	42,408	63,823	(21,415)
Public/media relations	12,500	20,000	(7,500)	4,500	21,600	(17,100)
Print materials	2,054	8,000	(5,946)	167	5,000	(4,833)
Special events	19,417	16,035	3,382	17,274	24,000	(6,726)
Website/technology	1,764	5,000	(3,236)	3,256	3,002	254
Total Advertising and Promotion	77,011	61,035	15,976	67,605	117,425	(49,820)

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, 2013 and 2012

	2013		2012		Variance	2012		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
Public Way Maintenance								
Gate/fence maintenance	2,700	12,000	4,372	22,233	(9,300)	4,372	22,233	(17,861)
Storage rental	2,200	2,400	2,600	2,300	(200)	2,600	2,300	300
Supplies	1,316	4,000	3,454	4,000	(2,684)	3,454	4,000	(546)
Trash removal	2,370	3,500	2,979	4,016	(1,130)	2,979	4,016	(1,037)
Other: truck and sweeper rental	9,000	12,000	9,000	9,000	(3,000)	9,000	9,000	-
Other: fuel	7,255	8,000	12,425	8,152	(745)	12,425	8,152	4,273
Equipment purchase / maintenance	2,317	6,000	3,092	3,000	(3,683)	3,092	3,000	92
Radio airtime	988	800	1,114	1,800	188	1,114	1,800	(686)
Total Public Way Maintenance	28,146	48,700	39,036	54,501	(20,554)	39,036	54,501	(15,465)
Public Way Aesthetics								
Landscaping	144,975	170,000	85,803	222,861	(25,025)	85,803	222,861	(137,058)
Streetscape elements purchase/install	54,043	85,000	79,960	101,944	(30,957)	79,960	101,944	(21,984)
Decorative banners	20,325	20,000	3,219	20,000	325	3,219	20,000	(16,781)
Wayfinding / Signage	-	5,000	-	40,000	(5,000)	-	40,000	(40,000)
Other: Viaduct repair	-	-	-	200,000	-	-	200,000	(200,000)
Other: Sidewalk repair	-	-	32,830	100,000	-	32,830	100,000	(67,170)
Other: Tree grate repair	-	-	-	53,567	-	-	53,567	(53,567)
Total Public Way Aesthetics	219,343	280,000	201,812	738,372	(60,657)	201,812	738,372	(536,560)

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, 2013 and 2012

	2013		2013		2012		2012	
	Actual	Budget	Variance	Actual	Budget	Actual	Budget	Variance
Tenant Retention/Attraction								
Site marketing	6,687	20,000	(13,313)	3,184	10,000	3,184	10,000	(6,816)
Data collection	16,667	20,000	(3,333)	-	-	-	-	-
Total Tenant Retention/Attraction	23,354	40,000	(16,646)	3,184	10,000	3,184	10,000	(6,816)
Safety Programs								
Public way surveillance cameras/maintenance	-	-	-	-	5,000	-	5,000	(5,000)
Security subcontractor	433,504	650,000	(216,496)	378,971	525,000	378,971	525,000	(146,029)
Service provider direct fees	-	-	-	-	-	-	-	-
Total Safety Programs	433,504	650,000	(216,496)	378,971	530,000	378,971	530,000	(151,029)
District Planning								
Commission development	165	2,500	(2,335)	-	-	-	-	-
District market study, impact analysis, etc.	-	-	-	23,354	35,645	23,354	35,645	(12,291)
Total District Planning	165	2,500	(2,335)	23,354	35,645	23,354	35,645	(12,291)
Parking/Transit/Accessibility								
Supplemental transit	17,817	15,000	2,817	-	-	-	-	-
Public transit enhancements	-	-	-	668	10,000	668	10,000	(9,332)
Other: fuel	6,081	5,000	1,081	-	-	-	-	-
Total Public Transit Accessibility	23,898	20,000	3,898	668	10,000	668	10,000	(9,332)
Other Technical Assistance								
Wi-Fi district infrastructure/maintenance	9,625	20,000	(10,375)	20,700	75,000	20,700	75,000	(54,300)
Total Other Technical Assistance	9,625	20,000	(10,375)	20,700	75,000	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, 2013 and 2012

	2013		2012		Variance	2012		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
Personal								
Program personal cost allocation	332,897	332,844	209,858	209,858	53	209,858	209,858	-
	332,897	332,844	209,858	209,858	53	209,858	209,858	-
Operational & Administrative Support								
Administrative non-personal cost allocation	70,105	70,105	110,865	110,865	-	110,865	110,865	-
Audit	2,500	6,500	2,500	2,500	(4,000)	2,500	2,500	-
Bookkeeping / payroll processing	3,915	3,915	5,000	5,000	-	5,000	5,000	-
Meeting expense	3,000	3,000	1,961	1,500	-	1,961	1,500	461
Office equipment lease / Maintenance	4,110	4,110	2,125	2,125	-	2,125	2,125	-
Office rent	12,000	12,000	9,000	9,000	-	9,000	9,000	-
Office supplies	2,550	2,550	4,600	4,400	-	4,600	4,400	200
Office utilities / telephone	4,950	4,950	3,725	3,725	-	3,725	3,725	-
Postage	1,448	1,500	1,250	1,250	(52)	1,250	1,250	-
Office printing	3,000	3,000	1,675	1,675	-	1,675	1,675	-
Subscriptions	88	-	-	-	88	-	-	-
Other: Bank service fees	543	500	1,030	500	43	1,030	500	530
Other: Liability insurance	7,200	7,200	21,333	21,600	-	21,333	21,600	(267)
Other: Workers comp insurance	-	-	11,998	12,322	-	11,998	12,322	(324)
Total Operational & Administrative Support	115,409	119,330	177,062	176,462	(3,921)	177,062	176,462	600
Loss Collection								
	11,037	11,037	44,659	44,659	-	44,659	44,659	-
Total Expenses	1,274,389	1,585,446	1,166,909	2,001,922	(311,057)	1,166,909	2,001,922	(835,013)
Excess of Revenues over Expenses	\$ (86,679)	\$ -	\$ 2,065	\$ -	\$ (86,679)	\$ 2,065	\$ -	\$ 2,065

See independent auditor's report on additional information.

SPECIAL SERVICE AREA NUMBER 13

Summary Schedule of Findings

For the Year Ended December 31, 2013

We have read the requirements of the Service Provider Agreement between Special Service Area # 13, 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.

Certain items of emphasis are provided:

The total revenues used during the year ended December 31, 2013, were made available from the budgeted sources in amounts specified in the budget.

See independent auditor's report on additional information.