

SPECIAL SERVICE AREA #17

Administered By

CENTRAL LAKE VIEW MERCHANTS ASSOCIATION

FINANCIAL STATEMENTS

**DECEMBER 31, 2012 AND 2011
AND FOR THE YEARS THEN ENDED**

WITH

INDEPENDENT AUDITOR'S REPORT

RUZICKA & ASSOCIATES, LTD.

Certified Public Accountants

Board of Commissioners
Special Service Area #17
Central Lake View Merchants Association
3355 N. Clark Street
Chicago, Illinois 60657

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying component unit financial statements of Special Service Area #17 administered by Central Lake View Merchants Association, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of revenue and expenses and changes in net assets-budget and actual and cash flows for the years 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 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Special Service Area #17, as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Northbrook, IL
February 7, 2013



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CENTRAL LAKE VIEW MERCHANTS ASSOCIATION

SPECIAL SERVICE AREA #17

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 218,811	\$ 5,000
Contract receivable, less reserve of \$11,379	<u>3,058</u>	<u>-</u>
Total assets	<u>\$ 221,869</u>	<u>\$ 5,000</u>
LIABILITIES		
Due to Central Lakeview Merchants Association	\$ 171,297	\$ 1,939
Special Service Area allocation not yet earned	<u>50,572</u>	<u>3,061</u>
Total liabilities	<u>221,869</u>	<u>5,000</u>
NET ASSETS		
Net assets	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 221,869</u>	<u>\$ 5,000</u>

See independent auditor's report and notes to financial statements.

CENTRAL LAKE VIEW MERCHANTS ASSOCIATION

SPECIAL SERVICE AREA #17

**STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN
NET ASSETS-BUDGET AND ACTUAL**

FOR THE ALLOCATION PERIOD JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

FUNDS SPENT OR ENCUMBERED YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance Favorable (Unfavorable)</u>
REVENUE			
Tax allocation	\$ 711,109	\$ 649,158	\$ 61,951
Less: reserve for nonpayment	(19,700)	(11,379)	(8,321)
Net revenue	<u>691,409</u>	<u>\$ 637,779</u>	<u>\$ 53,630</u>
EXPENSES			
Salaries	109,400	107,710	1,690
Benefits	14,870	14,870	0
Program consultant and accounting	12,000	11,641	359
Rent and utilities	30,150	29,761	389
Street beautification	160,208	156,693	3,515
Façade improvements	41,300	36,002	5,298
Maintenance	120,000	121,926	(1,926)
Insurance	3,000	2,365	635
Supplies	16,200	15,980	220
Equipment lease/purchase	9,700	9,700	0
Postage	6,400	6,400	0
Advertising and promotion	106,000	104,353	1,647
Tenant retention/attraction	6,500	6,277	223
District planning	41,781		41,781
Bicycle transit enhancement	5,000	4,805	195
Safety programs	2,400	2,104	296
Dues and subscriptions	300	286	14
Printing and publications	4,000	4,044	(44)
Conferences and meetings	800	800	0
Contingency	1,400	2,062	(662)
Total expenses	<u>691,409</u>	<u>637,779</u>	<u>53,630</u>
Excess of revenue over expense	\$ 0	\$ 0	<u>\$ 0</u>
Net assets beginning of year	<u>\$ 0</u>	<u>\$ 0</u>	
Net assets end of year	<u>\$ 0</u>	<u>\$ 0</u>	

See independent auditor's report and notes to financial statements.

CENTRAL LAKE VIEW MERCHANTS ASSOCIATION

SPECIAL SERVICE AREA #17

**STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN
NET ASSETS-BUDGET AND ACTUAL**

FOR THE ALLOCATION PERIOD JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

FUNDS SPENT OR ENCUMBERED YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Actual</u>	Budget Variance Favorable (Unfavorable)
REVENUE			
Tax allocation	\$ 541,941	\$ 444,294	\$ 97,647
Less: accounts receivable write down	(94,586)		(94,586)
Net revenue	<u>447,355</u>	<u>\$ 444,294</u>	<u>\$ 3,061</u>
EXPENSES			
Salaries	79,870	83,966	(4,096)
Benefits and transportation	12,510	7,324	5,186
Program consultant and accounting	11,750	8,647	3,103
Rent and utilities	25,080	31,760	(6,680)
Street beautification	158,000	95,739	62,261
Façade improvements	25,000	2,321	22,679
Maintenance	99,991	107,960	(7,969)
Insurance	2,890	2,149	741
Supplies	10,450	11,475	(1,025)
Equipment lease/purchase	4,500	3,514	986
Telephone			0
Postage	4,500	4,553	(53)
Advertising and promotion	75,300	77,971	(2,671)
Printing and publications	7,000	4,471	2,529
Conferences and meetings	400	850	(450)
Contingency	24,700	1,594	23,106
Less: accounts receivable write down	(94,586)		(94,586)
Total expenses	<u>447,355</u>	<u>444,294</u>	<u>3,061</u>
Excess of revenue over expense	\$ 0	\$ 0	<u>\$ 0</u>
Net assets beginning of year	<u>\$ 0</u>	<u>\$ 0</u>	
Net assets end of year	<u>\$ 0</u>	<u>\$ 0</u>	

See independent auditor's report and notes to financial statements.

CENTRAL LAKEVIEW MERCHANTS ASSOCIATION

SPECIAL SERVICE AREA #17

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$	\$
(Increase) decrease in contract receivable	(3,058)	182,096
Increase (decrease) in amount due Central Lakeview Merchants Association	169,358	(106,641)
Increase (decrease) in Special Service Area contract not yet earned	<u>47,511</u>	<u>(71,683)</u>
Cash flow from operations	213,811	3,772
Cash, beginning of year	5,000	1,228
Cash, end of year	<u>\$ 218,811</u>	<u>\$ 5,000</u>

See independent auditor's report and notes to financial statements.

SPECIAL SERVICE AREA #17
Administered By
CENTRAL LAKE VIEW MERCHANTS ASSOCIATION

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2012 AND 2011

1. Purpose of Organization and nature of SSA #17:

Central Lake View Merchants Association (the Association) is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501 C-6 of the Internal Revenue Code. The Association is dedicated to assist in the planning, developing, and servicing of the Lakeview neighborhood of Chicago. The Association, by contract with the City of Chicago, is the provider of special services to the Lake View area funded by Special Service Area #17 taxes. Special Service Area #17 is both sides of Sheffield from the north side of Diversey to the south side of Irving Park, Diversey on the north side only from 916 W. Diversey to 1012 W. Diversey, Clark Street from Fletcher to Irving Park, Belmont from Halsted to Racine, Addison from 835 W. Addison to 1117 W. Addison, and the south side of Irving Park from the east side of Clark Street up to and including the parking lot just east of Fremont. The expansion areas are the south side of Irving Park from the east side of Clark Street up to and including the parking lot just east of Fremont, Sheffield south of Irving Park to just north of Waveland, Diversey on the north side only from 1012 W. Diversey to 916 W. Diversey and Addison from 1117 W. Addison to Reta. Special Services authorized in the Establishment Ordinance include maintenance and beautification activities; security programs; recruitment and promotion of new businesses in the Area and retention and promotion of existing businesses in the Area; coordinated marketing and promotional activities; strategic planning for the general development of the Area; financing of storefront façade and signage improvements; parking and transit programs; and other technical assistance activities to promote commercial and economic development, including, but not limited to, enhanced local land use oversight and control initiatives, community service and pre-development costs.

2. Summary of Significant Accounting Policies:

The Organization's accounts are maintained on the accrual basis of accounting. Tax revenues are recognized based on the period of collection, which is generally one year later than the tax levy year. The full SSA award less a reserve for non-collection based on the approved budget is initially recorded as a grant receivable offset by Special Service Area allocation not yet earned. SSA revenues are earned as eligible expenses are incurred with a corresponding reduction in the amount not yet earned. The SSA grant receivable is reduced as funds are collected from the city of Chicago.

3. Estimates:

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

SPECIAL SERVICE AREA #17
Administered By
CENTRAL LAKE VIEW MERCHANTS ASSOCIATION
SUMMARY SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2012 AND 2011

We have read the Service Provider Agreement.

Certain categories experienced cost overruns while other categories were under spent. The SSA #17 Commission approved the changes in the relevant budget categories and also approved the cost overruns. In no case did Central Lakeview Merchants Association expend more than the entitled revenue generated by SSA #17.