

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, 2012

(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, 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Special Service Area #21 (a taxing district authorized by the City of Chicago, which comprise the statement of financial position, and the related statements of activities budget versus actual and changes in net assets, 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 the 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 of material misstatement.

An audit includes 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 unqualified audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Special Service Area #21 as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The A.C.T. Group, Ltd.

The A.C.T. Group, Ltd.
Certified Public Accountants
Chicago, Illinois
March 7, 2013

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, 2012

ASSETS:

Current Assets

Cash (note 1)	\$ 110,178
Accounts Receivable (note 2)	1,131
TOTAL ASSETS	<u>\$ 111,309</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable (note 3)	\$ 3,320
TOTAL LIABILITIES	<u>3,320</u>

Net Assets

Unrestricted	107,989
TOTAL NET ASSETS	<u>107,989</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 111,309</u>
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The accompanying notes are an integral part of the financial statements.

SPECIAL SERVICE AREA #21
 Managed by The Lincoln Square Chamber of Commerce
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 STATEMENT OF ACTIVITIES - BUDGET VERSUS ACTUAL AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	BUDGET 2012	ACTUAL 2012	VARIANCE \$	BUDGET 2011	ACTUAL 2011	VARIANCE \$
REVENUES:						
SSA #21 Tax Revenue	\$ 211,500	148,339	\$ (63,161)	\$ 148,400	145,898	\$ (2,502)
Miscellaneous Income		-	-		795	795
Loss collection	(11,479)	-	11,479	(14,000)	-	14,000
Total Revenue	<u>200,021</u>	<u>148,339</u>	<u>(51,682)</u>	<u>134,400</u>	<u>146,693</u>	<u>12,293</u>
EXPENSES:						
Program Services:						
Area Maintenance:						
Sidewalk Cleaning & Snow Removal	86,000	56,526	(29,474)	69,400	69,955	555
Area Maintenance	-	1,607	1,607		53	53
Advertising	14,000	6,765	(7,235)	2,200	200	(2,000)
Tenant Retention/Attraction	4,000		(4,000)			
Parking/Transit/Accessibility	2,471		(2,471)			
District Planning	20,000		(20,000)			
Public Way Aesthetics	40,300	55,677	15,377	48,320	39,764	(8,556)
Community Garden		300	300		2,178	2,178
Total Program Expense	<u>166,771</u>	<u>120,875</u>	<u>(45,896)</u>	<u>119,920</u>	<u>112,149</u>	<u>(7,771)</u>
Management & Administration:						
Administrative - Management	23,871	25,242	1,371	11,980	11,740	(240)
Administrative - Non-Personnel	9,379	3,400	(5,979)	2,500	2,750	250
Total Management Expense	<u>33,250</u>	<u>28,642</u>	<u>(4,608)</u>	<u>14,480</u>	<u>14,490</u>	<u>10</u>
TOTAL EXPENSES	<u>200,021</u>	<u>149,517</u>	<u>(50,504)</u>	<u>134,400</u>	<u>126,639</u>	<u>(7,761)</u>
Net Surplus (deficit)	<u>\$ -</u>	<u>(1,177)</u>	<u>\$ (1,177)</u>	<u>\$ -</u>	<u>20,054</u>	<u>\$ 20,054</u>
INCREASE (DECREASE) IN NET ASSETS						
Unrestricted		(1,177)			20,054	
Net Assets Released from Restrictions		-			-	
		<u>(1,177)</u>			<u>20,054</u>	
BEGINNING OF YEAR						
Unrestricted Net Assets		109,166			89,112	
Temporarily Restricted Net Assets		-			-	
		<u>109,166</u>			<u>89,112</u>	
END OF YEAR						
Unrestricted Net Assets		107,989			109,166	
Temporarily Restricted Net Assets		-			-	
		<u>107,989</u>			<u>109,166</u>	

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

SPECIAL SERVICE AREA #21
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Cash Flows From Operating Activities

Change in Net Assets	\$ (1,177)
Adjustments to Reconcile Net Surplus to Net Cash Used by Operating Activities	
Accounts Receivable	455
Accounts Payable	<u>(1,874)</u>
Net Cash Used By Operating Activities	<u>(2,596)</u>
Cash At Beginning Of Year	<u>112,774</u>
Cash At End Of Year -- 12/31/12	<u>\$ 110,178</u>

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

SPECIAL SERVICE AREA #21
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012, the Taxing District had net unrestricted net assets of \$107,989.

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, 2012

unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2012, 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.

Subsequent Events: Subsequent events have been evaluated through March 7, 2013, which is the date the financial statements were available to be issued.

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 2012 tax revenue received by the SSA in 2013. Actual cash received by the SSA in 2012 was \$148,795.

3. Accounts Payable

Accounts payable consists of contractor work performed in 2012 but paid in 2013.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, and allocations of rent and utilities and other budgeted items. As of December 31, 2012, the Taxing District paid \$24,004 for administrative fees and expense reimbursements.

5. Future Plans

The Commissioners of SSA#21 are starting a strategic plan for future cityscape in the area. They plan on using funds that have accumulated for this strategic plan.

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SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 Housing and Economic 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 and no exceptions were noted.

Per Article 5.03, the Contractor (SSA #21) established two separate checking accounts at local banks 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.